



2015 Sustainability Report



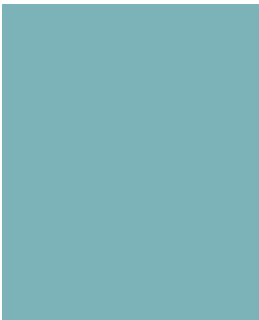
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SUSTAINABILITY REPORT FEEDBACK
We welcome feedback from stakeholders regarding our 2015 Sustainability Report. For further information or to provide comments, please contact:

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Message from the President and CEO



lundin mining

DEAR STAKEHOLDERS,

Once again Lundin Mining has achieved a very successful year with progress in key areas essential to maintaining a sustainable and successful business. Stakeholder support has never been stronger and our responsibility and sincere desire is to continue to prove, through performance, that such support is well founded.

In addition to maintaining and enhancing stakeholder support, advancing our progress in other areas critical to the sustainability of our Company each year gets greater focus. The areas we strive to excel in include achieving higher levels of safety and environmental performance, achieving project operating and environmental permitting approvals, improving employee satisfaction and career planning, extending mine life, improving capital allocation for better returns, enhancing the use of technology, improving profitability with more efficient operations, and continuing to increase transparency and depth of reporting to all stakeholders.

While the depressed metals markets and corresponding reduced revenues gave our local communities, employees, service providers and shareholders significant challenges, affirmative action to minimize the effects of the low metals price environment has shown good results.

Highlights of 2015 included the first full year of production of two new assets in the Company – the Eagle Mine in Michigan, and the Candelaria mining complex in Chile. While the operatorship of those mines was exciting, in the early months of Lundin Mining's new ownership of Candelaria, the Copiapó area experienced a major natural disaster – the flooding of the Copiapó river valley, which devastated communities, businesses and farms for more than 100 km along the river course. Though there was a tragic loss of life due to the flood, the communities, mining companies and local government pulled together quickly to manage the disaster and Lundin Mining played a significant leadership role, first in disaster relief followed immediately by rebuilding support, which continues today.

Across the Company we experienced excellent safety performance, and as a Corporation, we achieved our best ever safety record with a Total Recordable Injury Frequency (TRIF) rate performance of 0.9. Tragically, we experienced one fatality, at the Neves-Corvo mine in Portugal, in an unusual incident involving the failure of the boom on a contractor's mobile manlift. This year to date, better than target safety performance continues, attesting to the success of our active safety performance improvement initiatives.

Environmentally, we achieved good progress on adherence to our increasingly stringent standards, with no serious environmental incidents at any of our sites. We also introduced proactive independent tailings audits, updated a number of our key environmental operating standards and guidelines, and increased the depth of our environmental teams and use of specialist consultants, to ensure our ongoing environmental performance trends towards best in class.

The mining industry faces increasingly stringent permitting requirements in an environment where major project permitting processes are becoming more and more politicized, more time-consuming, less science-based and less predictable. These trends put projects at risk and may delay employment and positive investment opportunities for local communities. To meet these challenges, we have staffed up with additional permitting expertise and we have achieved notable successes including approval of the Candelaria 2030 Project Environmental Impact Assessment, new tailings facility permits at Zinkgruvan and other successes in achieving various mine permit amendments routine to mine operations.

During 2015, stakeholder engagement and community investment reached record levels, with highlights including the addition of a management position at corporate to focus on these efforts, the development of new social performance standards and a landmark, multi-year community investment program put in place with the Municipality of Tierra Amarilla, the nearest community to the Candelaria Mine.

As part of a multi-phased initiative, in particular in the areas of social responsibility and environmental standards, Lundin Mining increased hands-on involvement with a number of industry institutions including the Mining Association of Canada, International Zinc Association, SveMin and Euromines. We have also recently committed to the UN Global Compact and have increased our depth of disclosure within this Sustainability Report and through the Carbon Disclosure Project.

This Sustainability Report documents our performance in all of these areas. I trust you will find it to be informative and to illustrate how the Company continues to strive for better performance across all aspects of our business – aspects that are crucial to running a sustainable business, with high standards and welcome in the communities where we work.

Looking ahead, goals for 2016 include advancing our recent commitment to the UN Global Compact, advancing updates on our Responsible Mining Framework and implementing related operating guidelines, progressing our safety and environmental performance, improving our bottom line economic performance to keep the Company's balance sheet strong in a period of continued difficult metal prices, and achieving lasting benefits through projects deemed of value to the communities where we operate.

Paul Conibear
President & Chief Executive Officer

About This Report

This is Lundin Mining Corporation’s (“Lundin” or “the Company” or “LMC”) fifth annual sustainability report focusing on matters that reflect the significant economic, environmental, and social performance of our business, and our approach to managing these issues.

Our goal is to continuously improve our sustainability performance and reporting. We understand the importance our stakeholders place on sustainability and responsible mining. While all stakeholders are important to us, this report was prepared with a specific audience in mind: employees, communities near our operations, and investors.

More detailed information regarding our financial and operational information for the reporting period can be found in our 2015 Annual Information Form and 2015 Audited Financial Statements. Unless otherwise stated, all currency figures are in \$US.

SUSTAINABILITY REPORTING FRAMEWORK AND CYCLE



REPORTING PERIOD

January 1, 2015 – December 31, 2015



DATE OF LAST REPORT

December 31, 2014



REPORTING CYCLE

Annual



REPORTING FRAMEWORK

Global Reporting Initiative
G4 Mining and Metals Sector Disclosures



IN ACCORDANCE OPTION

Core (+ 9 Comprehensive General
Standard Disclosures)

REPORT SCOPE AND DATA

Our 2015 Sustainability Report covers operating mines that are majority owned and managed by LMC and includes the following sites:

- Aguablanca (Spain)*
- Neves-Corvo (Portugal)
- Candelaria (Chile)
- Zinkgruvan (Sweden)
- Eagle (USA)

*In January 2016, the permanent closure of Aguablanca was announced.

Operations data are reported on a 100% ownership basis. This means that we report 100% of the data for our 80% interest in Candelaria. Summary level information is provided with respect to continued responsibilities and mine closure activities regarding our closed sites of Galmoy, Vueltas del Rio, and Storliden. LMC also holds a 24% (non-operating) equity interest in the world-class Tenke Fungurume copper/cobalt mine in the Democratic Republic of Congo and in the Freeport Cobalt Oy business, which includes a cobalt refinery located in Kokkola, Finland. The scope of the 2015 Sustainability Report is limited to operations managed by LMC; however, performance information with respect to Tenke is included in Appendix A.

Certain labour practice indicators and performance data regarding employees, health and safety, and training are also included for our corporate offices in Toronto, Canada and Haywards Heath, UK, as well as our exploration sites.

DEFINING OUR REPORT CONTENT

This report covers our material issues – the topics that reflect our most important economic, environmental, and social impacts, as well as issues identified as being important to our stakeholders.

Our materiality assessment is guided by the GRI (G4) Reporting Principles in the identification of the key sustainability topics that present both risks and opportunities to LMC. Stakeholder inclusiveness is an important component of our materiality process, and informs us of perceptions about internal and external risks and priorities, as is consideration of topics in an overall sustainability context.

We conduct our materiality assessments annually, and in 2015 we expanded our materiality process to a larger group of internal stakeholders in the consideration of the identification of material sustainability topics. In September of 2015 we conducted a separate assessment at Eagle Mine and integrated their responses into our collated group results. Quantitative and qualitative data was gathered through ongoing stakeholder

engagement during the reporting period, as well as a materiality survey which, when collated, incorporated feedback and perceptions from: community members, employees, contractors and labour unions, government authorities, non-governmental organizations, customers, lenders, and shareholders.

Consensus on, and prioritization of, material topics to be managed, measured, and disclosed in our sustainability report was obtained at the senior executive level. Other sources of information which contributed to the process included internal corporate strategy and risk assessment metrics, combined with newly updated corporate standards, our Responsible Mining Policy (RMP), Responsible Mining Framework (RMF) and Responsible Mining Management System (RMMS), and operational reviews (such as monthly executive team reporting and quarterly reports to the Board of Director’s Health, Safety, Environment, and Community Committee). We also monitor regulatory developments and policy trends, industry and peer publications, and media coverage to reflect a wider sustainability context.

The material issues and topics that form the content of the LMC 2015 Sustainability Report are depicted to the right.

There were certain issues in 2015 that were not defined as material, although they are topics of interest to our internal and external stakeholders as well as our potential audience and therefore received a certain amount of coverage. These topics included grievance mechanisms, human rights, biodiversity, and product stewardship.

Our G4 Content Index lists the General Standard Disclosures and Specific Standard Disclosures (performance indicators) found in this report and is located on pages 95-101.

BOUNDARIES – WHERE IMPACTS OCCUR

Our material sustainability issues may affect stakeholders inside our organization (LMC and its subsidiaries as defined by our financial reporting), outside our organization, or both. Within the report narrative we have tried to describe why each material aspect is important and to whom. Where this is not the case we have provided specific stakeholder aspect boundary coding in the Content Index.

INDEPENDENT ASSURANCE

In 2015, Prizma LLC (Prizma) provided third party, limited assurance to LMC with respect to our stakeholder engagement processes as well as select key performance indicators relating to our material aspects of health and safety, water use and discharge, energy consumption, greenhouse gas emissions, and stakeholder engagement, as well as follow up from 2014 on stakeholder grievance mechanisms. Prizma’s Independent Assurance Statement can be found on pages 93-94.

MATERIAL ISSUES

GOVERNANCE

Business Integrity/Ethics	Risk Management Compliance
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ECONOMIC

Economic Performance	Local Procurement
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OUR PEOPLE

Our Workforce Health and Safety	Labour Relations Professional Training and Development
---------------------------------	--

SOCIAL

Local Communities Stakeholder Engagement	Community Investment Social Aspects of Mine Closure Planning
--	--

ENVIRONMENT

Water	Effluents and Waste
Mine Closure Planning	Air Emissions
Energy Consumption Reduction and Efficiency	Permitting

About Lundin Mining

Lundin Mining Corporation is a diversified Canadian base metals mining company with operations in Chile, Portugal, Sweden, Spain and the United States. The Company's headquarters are in Toronto, Canada, with an operations and project support office in Haywards Heath, south of London, UK. Lundin Mining's principal products and sources of sales are primarily copper, nickel and zinc concentrates.

Our Mission is to develop and continuously upgrade a base metals mineral resource and mining portfolio which provides leading returns to shareholders and upholds our strong commitment to Responsible Mining through the following priority business objectives:

- Responsible and profitable development of mineral resources and operations while generating shared value with host communities and other stakeholders.
- Generation of a steady pipeline of high potential development opportunities while maximizing value from our existing operations and maintaining a strong corporate balance sheet.
- Development of a high performance culture across all operations; being an employer and partner of choice.

Our Mission and commitment to Responsible Mining are underpinned by the following Guiding Principles:

- We are committed to achieving a safe, productive and healthy work environment wherever we operate. The health and safety of our employees and contractors is first and foremost in everything that we do.
- We engage in open and inclusive dialogue with local communities and our stakeholders in a spirit of transparency, cooperation and good faith. We recognize every community as unique and respect the cultural and historical perspectives and rights of those affected by our operations. We work to improve the long-term well-being of those affected by our activities.
- We foster the provision of lasting benefits to local communities, aligned with their priorities.
- We are vigilant and collaborative in our protection of the environment and in seeking ways to minimize our environmental impacts.
- We conduct our activities in accordance with recognized standards for respect of Indigenous and human rights.
- We maintain high standards of ethics, corporate governance and honesty in all aspects of our business.

To support our commitment to these guiding principles we engage with our industry peers, associations, governments, non-governmental organizations, and civil society to communicate on our performance and to contribute to best practice development. We meet or surpass applicable legal requirements wherever we work and we seek to continuously improve our performance.



LMC VALUES

What we believe in and how we operate

STEWARDSHIP
Safety and well-being of our people, communities, contractors, and the environment, leading to increasing stakeholder support.

Our Reputation is built and maintained through transparency, ethical behaviour, consistency, and integrity.

VALUE CREATION
Delivery of strong returns on invested capital. Growth through strategic exploration, value added projects and acquisitions.

High Performance is achieved through superior execution of our exploration, projects, and operations. A continuous cost/benefit focus in everything we do.

CULTURE
Our Style is entrepreneurial. Our people are motivated to achieve superior results, aligning interests with shareholders.

Trust is demonstrated through mutual respect and teamwork, embracing our diverse workforce and the communities where we operate.

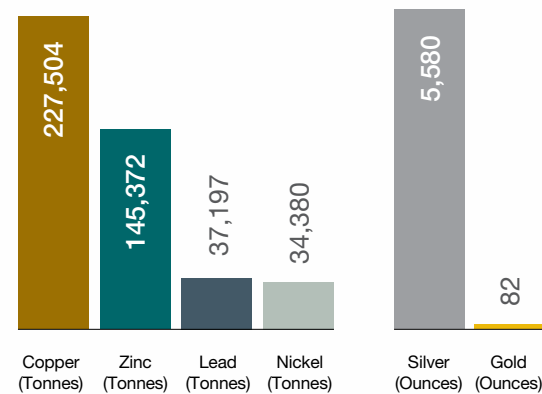


2015 Performance Highlights

5 Operations in 7 Countries



Metal Production Statistics
(contained metal)



3,200
Employees

4,000
Contractors

99%
Local* Hire

*Local is defined as in-country.

\$14.8 million
Community Investment



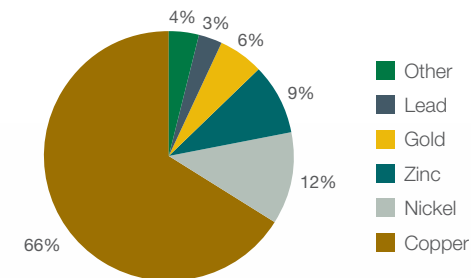
0.9* Total Recordable
Injury Frequency Rate
*One fatality

\$1.7 billion
Revenue Generated

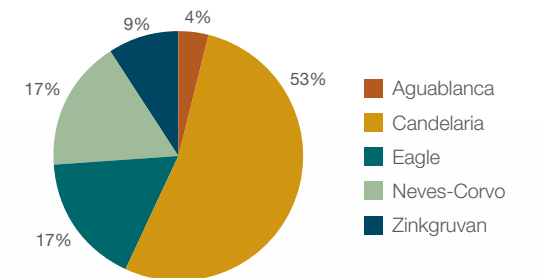


Implementation
of Responsible
Mining Framework

Sales Breakdown by Metal



Sales Breakdown by Mine



GREENHOUSE
GAS REDUCTION
INITIATIVES



2,388 GJ
Energy Savings

397 tonnes
CO₂e Savings




Our Operations



Eagle, USA
NICKEL-COPPER

● ●

Interest	100%
Number of Employees	209
Number of Contractors	245
Mine Type:	underground
Mine Life:	8 years to 2023 (extension possibilities)

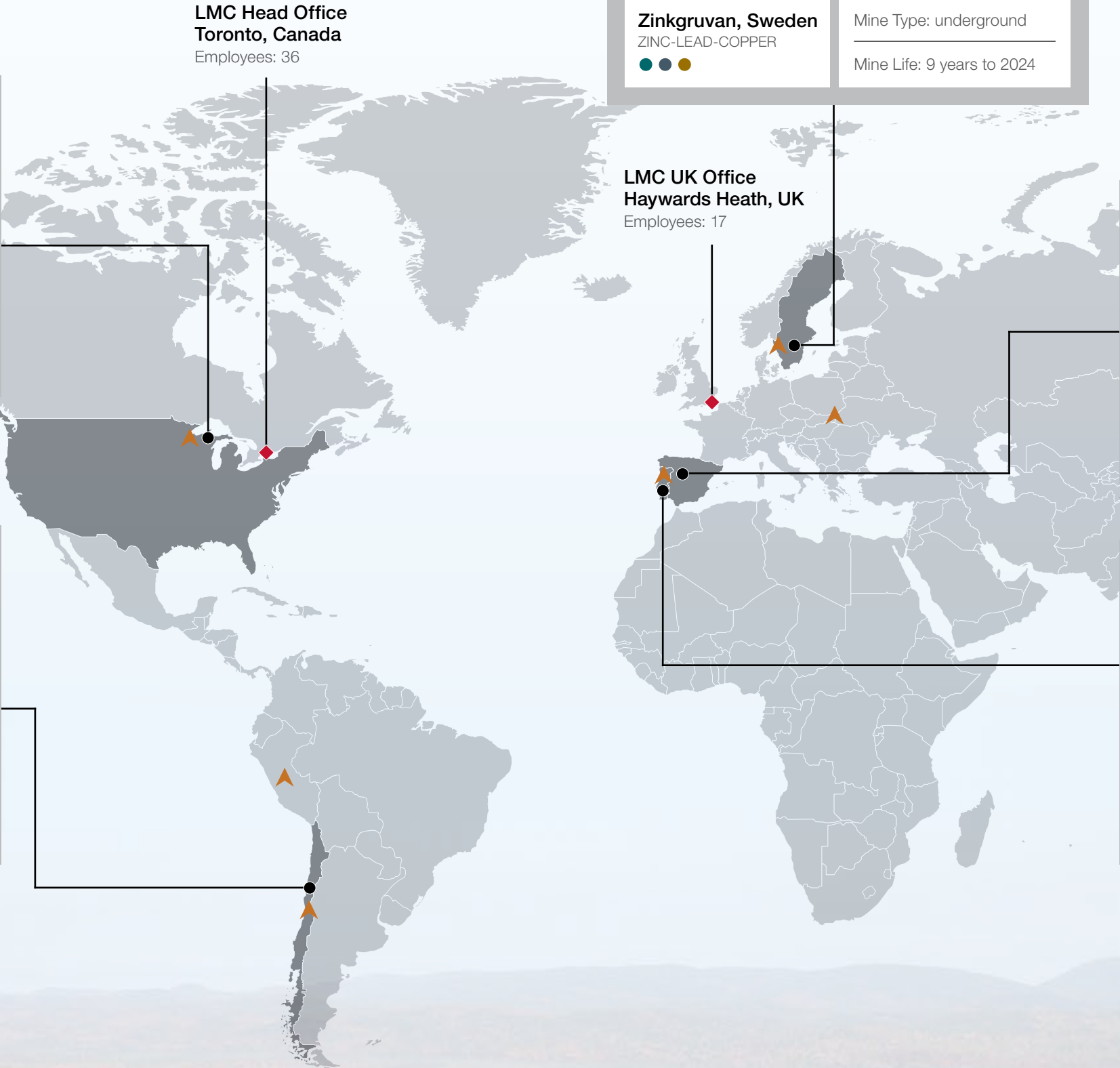



Candelaria, Chile
COPPER-GOLD-SILVER

● ● ●

Interest	80%
Number of Employees	1,417
Number of Contractors	2,834
Mine Type:	open pit/underground
Mine Life:	16 years to 2032 (extension possibilities)

● Copper	● Lead
● Zinc	● Gold
● Nickel	● Silver





Zinkgruvan, Sweden
ZINC-LEAD-COPPER

● ● ●

Interest	100%
Number of Employees	378
Number of Contractors	60
Mine Type:	underground
Mine Life:	9 years to 2024

▲ **EXPLORATION ACTIVITIES**

- Candelaria, Chile (Copper, Gold)
- Eagle, USA (Nickel, Copper)
- Neves-Corvo, Portugal (Copper, Zinc)
- Zinkgruvan, Sweden (Zinc, Copper)
- Peru (Copper)
- Eastern Europe (Copper, Gold)
- Chile (Copper, Gold)



Aguablanca, Spain*
NICKEL-COPPER

● ●

Interest	100%
Number of Employees	181
Number of Contractors	31
Mine Type:	open pit/underground

*In January 2016, the permanent closure of Aguablanca was announced.



Neves-Corvo, Portugal
COPPER-ZINC

● ●

Interest	100%
Number of Employees	1,058
Number of Contractors	1,043
Mine Type:	underground
Mine Life:	9 years to 2024 (extension possibilities)

Our Operations

AGUABLANCA

The Aguablanca nickel-copper mine is located in the province of Badajoz, 80 km by road to Seville, Spain, and 140 km from a major seaport at Huelva. Operations consist of an open pit mine that was completed in April 2015, an underground mine, and an on-site processing facility with a production capacity of 1.9 million tonnes per annum (mtpa). In January of 2016, Lundin announced the permanent closure of Aguablanca.

CANDELARIA

The Candelaria Mining Complex, comprising of Minera Candelaria and Minera Ojos del Salado, produces copper concentrates from open pit and underground mines located near Copiapó in the Atacama Province, Region III of Chile. Minera Candelaria consists of an open pit mine and an underground mine providing copper ore to an on-site concentrator with a capacity of 75,000 tonnes per day. Minera Ojos del Salado comprises two underground mines, Santos and Alcaparrosa, and an on-site concentrator with a capacity of 3,800 tonnes per day.

EAGLE

Eagle Mine is an underground, high-grade nickel and copper mine located in western Marquette County of Michigan's Upper Peninsula. It is the first mine to be permitted under Michigan's Part 632 Non Ferrous Mineral Mining Law. The mine is expected to produce 365 million pounds of nickel, 295 million pounds of copper, and trace amounts of other minerals over its estimated eight-year mine life.

NEVES-CORVO

Neves-Corvo is a copper, zinc, and lead underground mine located approximately 100 km north of Faro, Portugal, in the western part of the Iberian Pyrite Belt. The mine has been a significant producer of copper since 1989 and in 2006 commenced treating zinc ores. The facilities include a shaft with a total hoisting capacity of up to 4.7 mtpa, a copper plant with 2.5 mtpa processing capacity and a zinc plant with 1.2 mtpa processing capacity. The zinc plant has the flexibility to process zinc or copper ores.

ZINKGRUVAN

The Zinkgruvan Mine, located 200 km southwest of Stockholm, has been known since the 16th century, and has been producing zinc, lead, and silver on a continuous basis since 1857. The operation, which has excellent concentrate qualities and high ore grades, consists of an underground mine, processing facilities and associated infrastructure with a nominal production capacity of 1.3 million tonnes of ore per year.

EXPLORATION AND NEW BUSINESS DEVELOPMENT GROUP

The strategy of the Exploration and New Business Development Group (EXNBD) is to support production growth, economic viability, and sustainability of LMC by:

- Further developing/expanding mineral resource/reserve potential at existing sites, optimizing existing processing or extending mine lives
- Maintaining a certain proportion of greenfield exploration in the LMC portfolio with new business/discovery potential

Due to overall market conditions and capital expenditure reductions, in 2015 EXNBD tightened its focus to expansion efforts through surface and underground drilling at the bulk of its operations: Candelaria, Eagle, Neves-Corvo and Zinkgruvan. Our total exploration expense budget in 2015 was \$51.6 million. Our primary exploration focus for 2016 will be at Eagle and Candelaria with significant drill programs planned.

OUR CUSTOMERS AND MARKETS

LMC's principal products and sources of sales are copper, zinc, lead, and nickel concentrate. Concentrates are transported by truck or rail to ports for shipping, or are transported directly to smelter facilities for further processing.

Concentrates are sold in multi-year sales contracts to a variety of primarily European-based smelter customers. End-users of our products are global and are mostly concentrated in China, India and Europe.

OUR SUPPLY CHAIN

LMC relies on an international network of suppliers for the provision of products and services required to support business activities at our mines. The largest categories of suppliers across our operations in 2015 included: mining contractors, maintenance, mechanical, electrical, construction, exploration drilling, engineering, equipment and parts, energy, chemicals, explosives, and transportation.

All LMC suppliers are expected to conform to the Company's Code of Conduct, Ethical Values and Anti-Corruption Policy, as well as our Responsible Mining Policy, and Responsible Mining Framework. This helps ensure that we select and work alongside suppliers who share our values and have acceptable protocols in place with respect to labour, health and safety, environmental, and human rights business practices.

MEMBERSHIPS AND ASSOCIATIONS

Involvement with memberships and industry associations enables LMC to keep current regarding matters of public policy, emerging sector and sustainability trends, regulatory updates, and the sharing of industry best practices. In 2015, LMC was a member or participant in the following industry associations:

Corporate

- The European Association of Mining Industries, Metal Ores & Industrial Metals (Euromines)
- The Global Copper Industry Venture (European Copper Institute)
- The International Lead Association
- The International Zinc Association
- The Mining Association of Canada (MAC)
- The Nickel Institute
- Prospectors and Developers Association of Canada (PDAC)



Operations at night, Candelaria

Eagle

- American Exploration and Mining Association
- Michigan Chamber of Commerce
- Michigan Manufacturing Association

Candelaria

- The Chilean Mining Association
- CORPROA (Atacama regional development corporation)
- Mining Council
- National Society of Mining

Neves-Corvo

- The Portuguese Extractive Industry Association (ANIET)

Zinkgruvan

- The Swedish Mining Association (SveMin)



Sustainability Performance Compared to 2015 Targets

Aligned with our Responsible Mining Policy, we strive for continuous improvement in our health, safety, environment, and social performance through risk assessments, stakeholder feedback, and the monitoring of existing processes and procedures. These management activities are represented in the development of our annual sustainability targets below:

2015 TARGET	RESULT	HIGHLIGHTS
GOVERNANCE		
Sustainability Policy and Management System Update Review and update of our Sustainability Policy and Management System Standards. Implementation of both in all business units.	<div></div>	Lundin rolled out its Responsible Mining Policy and Responsible Mining Framework in 2015 and is in the process of completing a Responsible Mining Management System (RMMS), which will replace the existing HSEC Management System and will be completed by the end of 2016
HEALTH AND SAFETY		
Zero Fatalities	<div></div>	One fatal incident occurred in 2015 at Neves-Corvo
Total Recordable Injury Rate (TRIF) 0.9	<div></div>	0.9
SOCIAL RESPONSIBILITY		
Stakeholder Engagement Approve and implement the LMC Stakeholder Engagement Standard, roll out to all active sites and prepare stakeholder maps for each site.	<div></div>	A Stakeholder Engagement Standard and Procedure was developed in 2015 and distributed to all sites; however, continued roll-out at sites and implementation work into 2016 will be required

- Achieved
- Partially Achieved
- Not Achieved

2015 TARGET	RESULT	HIGHLIGHTS
ENVIRONMENTAL MANAGEMENT		
Overall Performance No incidents at or above Level 3 at active or legacy sites.	<div></div>	We did not have any incidents at or above Level 3
Water Implementation of the LMC water standard, including a water management plan with a revised water balance for each operation.	<div></div>	Neves-Corvo made a significant investment in systems to allow it to reduce the quantity of treated effluent discharged into a river, with the aim of reducing the risk of environmental impacts
Energy/GHG Continue to work with the energy management teams at Candelaria to identify energy use optimization and improvement opportunities.	<div></div>	Candelaria supported the July 2014 Mining Council and Ministry of Energy Cooperation Agreement Third Party Energy Audit successfully completed in August 2015 Energy Workshops for staff and contractors implemented in 2015
Mineral Waste Introduce a corporate Tailings Management Standard, including an Independent Third Party Tailings Review procedure. Review of tailings and major water retention facilities to be initiated by the end of 2015.	<div></div>	Independent Third Party Geotechnical Tailings Reviews successfully completed in 2015
Mine Closure 1. Update the LMC Mine Closure Planning Corporate Standard 2. Complete the Mine Closure Plan update at Aguablanca 3. Commence the review of Candelaria's Mine Closure Plan 4. Revise the Neves-Corvo Mine Closure Plan as required every five years	<div></div> <div></div> <div></div> <div></div>	Aguablanca continues to work cooperatively with the government to progress mine closure towards final approval in accordance with applicable regulations and standards
Biodiversity Update the Biodiversity Action Plans and define the priority conservation values and initiatives at each site.	<div></div>	Biodiversity Management Plans are in the process of being updated to align with the new Biodiversity Management Group Procedure at all operational sites



2016 Sustainability Goals



**GOVERNANCE**

- Meet or exceed the ten principles contained within the UN Global Compact (signed in 2015)
- Review existing Risk Management Policy, Group Standard and Framework, to ensure they reflect management's philosophy regarding risk and develop a plan to ensure alignment across the organization
- Complete the Responsible Mining Management System (RMMS) and develop a communication plan for roll-out at the end of 2016




**ECONOMIC PERFORMANCE**


- Improve efficiencies and profitability at all mines
- Improve return on capital invested; manage a healthy balance sheet for the next stage of growth
- Advance growth opportunities



**OUR PEOPLE**

- TRAINING AND DEVELOPMENT**
Achievable, measurable improvement in career development initiatives, succession planning and inter-operation transfers
- Measure training hours




**HEALTH AND SAFETY**


- Zero fatalities
- Total Recordable Injury Frequency (TRIF) Rate – 0.9
- Lost Day Ratio (LDR) – 10% decrease over 2015
- Hand injury – 10% decrease over 2015
- Visible Felt Leadership – 20% of line supervision trained



**SOCIAL RESPONSIBILITY**

- Implementation of stakeholder engagement standard at all sites and operations
- Implementation of community investment standard at all sites and operations
- Roll out social impact management standard at all sites and operations
- Develop an implementation plan for UN Global Compact
- Put a process in place for reporting on social activities and integrate social reporting into HSE reporting



**ENVIRONMENTAL MANAGEMENT**

- No Level 3 or above incidents at active or legacy sites
- Refinement of Responsible Mining Management System and roll out to sites
- Review and update the priority conservation values and initiatives at each site
- Identify opportunities for reduction of greenhouse gas emissions intensity
- Progress permitting efforts for tailings facility expansion projects
- Complete audits of the Mine Closure Standard at all sites
- Develop and implement an Environmental Audit Tracking Tool and Procedure

Responsible Mining and Managing Sustainability

Lundin Mining Corporation (LMC) is committed to Responsible Mining. Our reputation as a good corporate citizen is vital to the long-term success of our business, and we seek to create enduring relationships and shared values with our local communities and our stakeholders.

LMC meets applicable laws and regulations in all jurisdictions where we operate, and we seek to continuously improve our sustainability performance. We strive to align our policies and procedures with international best practice and guidance for social and environmental performance and to ensure that LMC meets its objectives and targets. Management monitors and reviews performance and we publicly communicate our efforts annually.

Our Responsible Mining Policy describes LMC's specific commitments and sets the direction for how operations and projects will comply with LMC's corporate values and Guiding Principles.

In 2015, a review of LMC's HSE management system was initiated to reduce redundancies, simplify, where possible, improve alignment, and address gaps in governance matters.

Specifically, social standards were identified as a key area of focus. LMC is in the process of implementing a new company-wide Responsible Mining Management System (RMMS) to support consistency across sites owned or operated by LMC. The RMMS will integrate a range of management requirements related to the health, safety, environment, and socio-economic

aspects of LMC's business and to ensure implementation of our Responsible Mining Policy.

The RMMS seeks to:

- a) ensure that sound management practices and processes are in place in sites across LMC;
- b) describe and formalize the expectations of LMC with respect to health, safety, environment and community management;
- c) provide a systematic approach to the identification of health, safety, environment and community issues and ensure that a system of risk identification, assessment and management is in place, including regular monitoring and continuous improvement;
- d) provide a framework and systematic approach to health, safety, environment and community with an aim to earn and maintain social licence; and
- e) provide a structure to drive continued improvement of health, safety, environment and community programs and performance.

In 2015, we also finalized LMC's Responsible Mining Framework (RMF), which includes our Mission, Guiding Principles and Values Statement (located in our "About Lundin Mining" section on pages 6-7). The full RMF can be accessed on our corporate website at www.lundinmining.com.



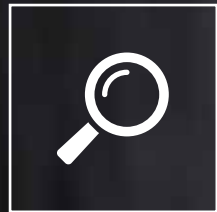
Responsible Mining Policy

Lundin Mining Corporation (LMC) is committed to Responsible Mining. We view transparent and sustainable practices as central to being a successful base metals – focused producer. Our reputation as a good corporate citizen is vital to the long-term success of the business, and we seek to create enduring relationships and shared value with our local communities and our stakeholders. We conduct our business responsibly by adhering to the following principles:

- 1 We are resolute in our effort to achieve Zero Harm. We strive to ensure the health and safety of our employees and contractors is first and foremost in everything we do. As a leader in health and safety we promote the well-being of people in our host communities.
- 2 We conduct our business activities ethically and transparently, in accordance with the Company's Code of Conduct and Ethical Values Policy.
- 3 We strive to meet or exceed legal requirements in fulfilling the commitments of this policy.
- 4 We aim to design, develop and operate our facilities to minimize their overall environmental impact and take into account their eventual closure. We efficiently use water, energy and other resources, and responsibly manage wastes. We contribute to the conservation of biodiversity by promoting research, partnerships and responsible land management practices.
- 5 We assess the risks and impacts of our operations and integrate these considerations into our planning and operational decision-making processes. We strive for continuous improvement in our health, safety, environmental and community performance.
- 6 We are accountable to our stakeholders. We engage with host communities early and throughout the life cycle of projects to understand their expectations and to develop relationships based on mutual trust.
- 7 We provide training to assist with meeting our Responsible Mining objectives. We empower our employees and contractors to do the right thing, and we expect everyone to act responsibly.
- 8 We work closely with host communities and our partners to provide lasting benefits in the form of self-sustaining programs and other initiatives that enhance the quality of life where we operate.
- 9 We treat people with dignity and we respect human rights as set forth in the United Nations Universal Declaration of Human Rights.
- 10 We respect and take into consideration the rights, interests, concerns, traditional land uses and cultural activities of Indigenous peoples within our sphere of influence.
- 11 We develop and implement corporate governance processes to underwrite our Responsible Mining commitments.
- 12 We monitor and measure our performance against the principles of this policy, and we publicly report our progress.

For more detail on how we implement the commitments of this Policy, see Lundin's Responsible Mining Framework, available on our website at www.lundinmining.com.

Paul Conibear
President and CEO
For and on behalf of the Board
May 2015



Governance



Responsible mining
framework and policy



Values
Statement



Updated Code
of Conduct



OUR APPROACH

Governance is an integral part of our commitment to responsible mining, our Responsible Mining Policy, and our Responsible Mining Framework. We are working to ensure robust corporate governance processes to support our corporate responsibility and sustainability commitment, while maintaining a high level of ethical standards throughout all aspects of our business.

Board of Directors

The Board of Directors ("the Board") is primarily responsible for the oversight of management, as well as LMC's strategy and business affairs. The Board's chairman, together with the lead director, is responsible for ensuring appropriate governance mechanisms are in place for monitoring LMC's development through regular contact with the President and CEO, and for ensuring that the Board regularly receives reports concerning the development of LMC's business and operations. This includes progress and continuous improvement efforts with respect to its economic, environmental, and social performance.

The Board has a total of eight members (seven male members and one female member); five of whom are independent, non-executive directors. The Board members are required to own common shares in the Company to align their interests with those of shareholders.

The Board also has four standing committees including the (1) Audit Committee, (2) Human Resources/Compensation Committee, (3) Corporate Governance and Nominating Committee, and (4) Health, Safety, Environment and Community Committee. Committee mandates are reviewed and updated regularly to maintain continued relevancy and to provide an effective framework for a high standard of governance.

The Health, Safety, Environment and Community (HSEC) Committee includes three board members and is the committee with primary oversight of the health, safety, environmental, and social impacts of LMC. Informed by quarterly reports from key departments, the HSEC Committee meets at least four times per year relating to the oversight of health, safety, environment and social risks; review of policies and the HSEC management system; compliance with applicable legal and regulatory requirements; as well as performance, leadership, and external reporting associated with these matters.

In addition to the HSEC Committee and the Board, the senior management who formally review and approve LMC's Sustainability Report and have ensured all identified material aspects receive coverage in the report are: the President and Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Vice President, Environment, and the Manager of Corporate Social Responsibility.

Business Ethics

At LMC, our directors, officers, employees, consultants, contractors and subsidiaries are expected to conduct business activities ethically and transparently and in accordance with our Code of Conduct, Ethical Values and Anti-Corruption Policy (the "Code") to promote honest and ethical conduct as a member of the business community. The Code was most recently revised in early 2016 to further enhance existing anti-corruption and human rights policies, and is available on our corporate website at www.lundinmining.com. In addition to our Code, our Values Statement – what we believe in and how we operate – is embedded in our Responsible Mining Framework. All of these documents form LMC's approach to doing business.

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To ensure compliance with the Code and the high behavioural standards we expect, the Company distributes a copy of the Code to our employees during the induction process and annually. The Code is posted and readily accessible at key locations at operational sites and on our internal website. We also distribute our Code to our contractors, suppliers, and service providers so they also conduct their activities in accordance with these standards.

Definitions and expectations relating to the avoidance of situations which may constitute a conflict of interest are articulated within the Code. Employees, officers, and directors are expected to avoid all situations where personal interests or activities interfere or appear to interfere with the interests of the Company.

Human Rights

LMC respects human rights as set forth in the United Nations Universal Declaration of Human Rights, and we treat our employees, contractors, neighbours, local communities and host governments with dignity and respect. This commitment, while already in our Responsible Mining Policy and Framework, was embedded into the Code in early 2016.

LMC does not tolerate any form of harassment and we foster a work environment free from discrimination against gender, age, race, national origin, marital status, sexual orientation, religious beliefs, disability, or any other personal characteristics protected by international

human rights law. In early 2016, we added a Diversity Policy to our suite of corporate governance documents. The Corporate Governance and Nominating Committee will make recommendations to the Board for consideration regarding the objectives and strategies contained within the Diversity Policy, designed to recognize the benefits arising from board, senior management and employee diversity, including introducing different perspectives and benefiting from all available talent, accessing a broader pool of quality employees, and improving employee retention.

We respect and take into consideration the rights, interests, and concerns of traditional land uses and cultural activities of Indigenous peoples within our sphere of influence. There have been no recorded incidents of discrimination at our operations during the reporting period.

LMC supports freedom of association and collective bargaining and there are no operations where the right to exercise these labour rights may be at risk. No operations are at risk for incidents of child labour or young workers exposed to hazardous or industrial conditions. LMC has strict proof of age requirements for its workforce upon hiring at all sites preventing anyone under the legal industrial working age of 18 from obtaining employment at

any of our sites or operations. Similarly, our operations are not at risk for incidents of forced or compulsory labour. There were no reported or known incidents of forced or child labour practices at our operations in 2015.

Anti-Corruption and Anti-Bribery

In 2015, there were no reported or known incidents of corruption. LMC has a zero tolerance policy for bribery and corruption by employees, officers, directors, consultants, and contractors of the Company – even the appearance of impropriety is unacceptable. We conduct risk assessments of all our business units and have thorough internal financial controls in place for oversight with respect to the financial aspects of operations that could be affected by bribery or corruption.

In early 2016, we updated our Code to include enhanced anti-corruption and anti-bribery requirements. All employees, contractors, officers and directors of the Company must comply with all applicable laws prohibiting improper payments to domestic and foreign officials in accordance with the Corruption of Foreign Public Officials Act (Canada) and the guidelines on combating bribery of the Organisation for Economic Co-operation and Development (OECD) for Multinational Enterprises.

Whistleblower Policy

The LMC Whistleblower Policy establishes a Company-wide protocol and line of communication for the confidential reporting (without fear of reprisal or retaliation) and investigation of any fraudulent, unethical, or illegal financial activity, or any behaviour which violates the Code. This policy applies to LMC and all of its operating companies worldwide, including joint ventures, if any, where LMC has managerial control in relation to any known or suspected financial or ethical irregularities involving employees as well as directors, shareholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with LMC.

The Whistleblower Policy was recently updated in 2016. The changes will be communicated to relevant parties through site posters and wallet cards in all host country languages. Suspected financial or ethical concerns can be reported through an independent website at www.clearviewconnects.com, by telephone (24 hour hotline) posted on our website or by letter directed to the Chair of the Audit Committee.

Risk Assessment and Management

LMC is committed to reducing its exposure to certain inherent risks in the pursuit of our business objectives. Our systematic approach to identify, analyze, evaluate, and manage material business risks is largely based on a “plan-do-check-act” model and considers a broad spectrum of stakeholders as well as risk exposures both internal and external to the organization. The Board and Management have expressed their philosophy on risk in an overarching risk management statement and framework. Our risk assessment methodology ranks identified risks based on the likelihood of risk event occurrence and the nature and degree of impact on business strategies and objectives. Underlying event likelihood and impact definitions are reviewed annually to ensure significant organizational changes or conditions are reflected. Each operating site adopts these definitions and tailors them to their individual operational objectives and realities. A portfolio view of risk is adopted at the enterprise level. Significant or “key” risk exposures are those that are assessed as having the potential to result in a major or catastrophic net impact on the organization and its stakeholders.

The identification, evaluation and assessment of potential enterprise and operational risks are iterative processes incorporated in all business activities. Identified key risks and the action plans to treat these risks are monitored and reported on a quarterly basis. Risk assessments to evaluate health, safety, environmental, and social risks, among others, are both qualitative and quantitative, where data are available. Risk prevention and mitigation strategies are evaluated based on their expected effectiveness in reducing or eliminating the likelihood of and minimizing the impact of an adverse event, with a view to implementing effective risk management solutions.

Enterprise and operational risk exposures are summarized in risk registers that are reviewed regularly, and risk treatment action plans are tracked. Changes to risk registers will reflect implementation of risk treatment plans as well as evolving operating or business conditions.

Our most significant enterprise risks in 2015 included: commodity price volatility, the ability to secure environmental and other permits, and social licence/community support at the Candelaria Mine. Our most significant environmental risks relating to impacts on affected communities include failure to control dust produced by mining activity, inappropriate water/groundwater consumption, water/groundwater contamination, and impaired tailings storage facility integrity.

A listing of specific community concerns in 2015 and Company response to these issues is located in our Social section on page 53.

As part of our 2015 Sustainability Report assurance process, our stakeholder engagement processes and activities were verified for compliance with the AA1000AS principles for inclusivity, materiality, and responsiveness.

The United Nations Global Compact

In early 2016 we strengthened our commitment to responsible business conduct by becoming a member of the United Nations Global Compact (UNGC). As a company joining the initiative, we will implement the Global Compact and integrate its principles on human rights, labour, the environment, and anti-corruption into our risk assessment processes, business strategy, day-to-day operations, and, ultimately, our organizational culture. We will communicate our progress in this regard within our annual sustainability reports.



EXTERNAL COMMITMENTS

Aligned with the Government of Canada's Enhanced Corporate Responsibility (CSR) Strategy, LMC has committed to develop and implement management systems and operating practices that take into consideration the following international guidance for extractive companies operating abroad, which have been integrated into the Company's Responsible Mining Framework:

- The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multi-National Enterprises
- The United Nations (UN) Guiding Principles on Business and Human Rights
- Voluntary Principles on Security and Human Rights
- International Finance Corporation (IFC) Performance Standards on Social and Environmental Sustainability
- Global Reporting Initiative (GRI)
- Prospectors and Developers Association of Canada (PDAC)



Economic Performance



Strong
Balance Sheet



Financial
Flexibility

Strong stable
production



OUR APPROACH

Our economic performance is important to all of our stakeholders, including our employees, shareholders, local communities, and across our supply and customer chain. We continuously monitor our performance and objectives, conduct opportunity and risk assessments, and integrate these findings into our economic strategy. We revisit or alter our strategy with changing internal dynamics or external factors affecting our business and our economic sustainability as necessary.

Our 2015 economic strategy continued to focus on cost efficiency and productivity enhancements, which have enabled the Company to maintain strong production with lower cash costs at all mines and significantly reduce our annual capital expenditures. LMC's near-term economic strategy is focused on stable base metals concentrate production with low capital investment, improving operating costs in order to maximize profitability and cash flows, and preserving a strong balance sheet. This strategy, combined with the stability of current producing assets,

positions the Company to achieve or exceed annual production guidance, generating healthy cash flows and leading returns in a fluctuating and volatile commodity price environment.

We have engaged with our workforce to contribute to our resilience in difficult market conditions through their own participation. Employee ideas regarding production optimization, cost savings, and cost deferrals are being implemented that are expected to protect cash flow and profit in 2016.

Spending restraint plans will be reassessed in conjunction with any improvement in base metals markets as some of these expenditure cut-backs and deferrals would be reconsidered in a moderately stronger metals pricing environment.

ECONOMIC CONTRIBUTIONS

LMC's operations contribute to the short- and long-term economic development and wealth of regional communities through a number of channels. Beyond wages and salaries paid to employees and contractors, taxes, royalties and

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fees paid to governments, we support regional socio-economic development; the ongoing training of our employees to build capacity for long-term employment after mine closure; the local procurement of goods and services to stimulate economic activity; the installation and upgrading of local infrastructure; and the support of community investment programs to create opportunities for social development.

As defined by the Global Reporting Initiative, our total economic value generated in 2015 was approximately \$1.7 billion and total economic value distributed was approximately \$1.2 billion; the breakdown is provided below.

In US\$000s	2015	2014	2013
ECONOMIC VALUE GENERATED			
Revenue	1,706,662	951,314	727,782
Total economic value generated	1,706,662	951,314	727,782
ECONOMIC VALUE DISTRIBUTED			
Operating costs (excluding salaries) ¹	771,365	475,324	366,637
Employee wages and benefits	248,933	181,433	142,509
Payments to governments including royalties and taxes ^{2, 3, 4}	90,579	57,904	54,305
Payments to providers of capital	78,652	9,344	8,649
Community investment	14,828	3,388	1,607
Total economic value distributed	1,204,357	727,393	573,707
Total economic value retained	502,305	223,921	154,075

¹ Land Use Payments will be tracked and reported in 2016.

² The Company makes payments to the governments in the countries where we operate in the form of income taxes, royalties, employer-related payroll taxes, licence fees and other non-income-based taxes.

³ Payments to governments will be reported by country in 2016 as per the Extractive Sector Transparency Measures Act.

⁴ Of the five countries where we operate, the United States is an Extractive Industries Transparency Initiative Candidate Country.

LOCAL PROCUREMENT

LMC uses best efforts to procure goods and services locally whenever possible for competitive pricing purposes and to ensure that local and regional communities receive significant benefit from the economic activity generated by our business activities.

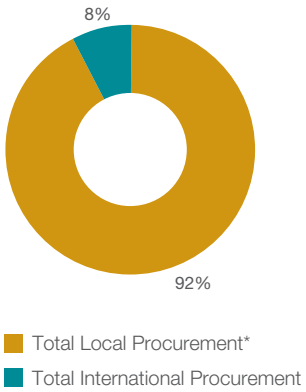
Prior to selection, our service providers must be able to demonstrate that they can meet our health, safety, and environmental standards along with our service and quality specifications. In early 2016, we provided our Code of Conduct, Responsible Mining Policy, and Responsible Mining Framework to our contractors, suppliers, customers and service providers with the expectation that they understand our business ethics and related commitments, and that they conduct their activities in accordance with these standards.

The percentage of supplies and services that can be sourced locally differs between countries and between sites. All of our operations have a competitive

bid process for suppliers, which includes criteria such as location, availability and quality of product, service quality and experience, and cost. Preference is awarded (all other factors being equal) to local suppliers and contractors. Notwithstanding these efforts, goods or services that cannot generally be sourced locally include specialized or heavy equipment, explosives, chemicals, and certain consulting services.

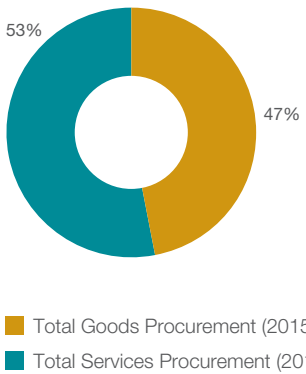
In 2015, approximately \$807 million (or 92%) of our goods and services were procured locally by LMC operating sites in the United States, Latin America, and Europe, compared to \$731 million in 2014. The increase is predominantly due to the acquisition of Candelaria and its associated goods and services expenditures (for a portion of the calendar year 2014), offset by the Company-wide, focused efforts to reduce overall operational costs including excessive or redundant expense in our supply chain.

Local vs International Procurement



*For the purposes of this indicator, 'local' is defined as country of origin.

Goods vs Services Procured in 2015



COMMUNITY INVESTMENT

LMC is committed to providing lasting benefits to local communities affected by our activities and to working in partnership with communities, governments, non-governmental organizations, and local businesses to support self-sustaining initiatives that enhance the quality of life where we operate.

In 2015, LMC created a new Community Investment Corporate Standard, which is being rolled out at all operations in 2016. All sites will put in place, and make resources available for, community investment plans that: are responsive to community development priorities of affected communities and stakeholders; contribute to the economic and social well-being of the local community and build local capacity; and prioritize investment areas that the community has identified as important – where both the Company and the community find value, and where LMC can have a meaningful impact without creating dependency.

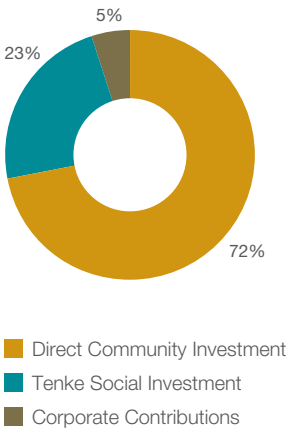
LMC has three separate and distinct funding approaches to community investment:

- 1. Direct community investment* aligned with our Community Investment Standard (our operations investing directly in the community/region where they operate). Total direct community investment expenditures across our operations in 2015 were approximately \$13.9 million (compared to \$3.4 million in 2014) and supported educational and social programs, as well as the environment, health and small business economic stimulation. The predominant reason for the increase over 2014 was due to the integration of Candelaria.
- 2. The attributable portion of social investments made in conjunction with our 24% equity interest in the Tenke Fungurume project in the Democratic Republic of Congo. In 2015 this amount was approximately \$5.6 million. More information related to Tenke can be found in the index section of this report.
- 3. Corporate contributions including \$894,000, of which \$873,000 was paid to the Lundin Foundation supporting its execution of multiple social investment programs related to regions where the Company has operations.



Gifts for local children of Tierra Amarilla, Candelaria

2015 Community Investment by Type



Haul truck, Candelaria

*Further details regarding our site-level community investment expenditures and programs are located in our Social section on page 48.



Year Founded

2005

Year LMC
Commenced
Participation

2012

LMC 2015 Funding
Commitment

\$873,000 USD

LMC Funding
Commitment to Date

\$3,519,133 CAD

The Lundin Foundation

LMC has been working in partnership since 2012 with the Lundin Foundation – a private philanthropic organization established in 2005 – supported by the publicly traded natural resource companies within the Lundin Group of Companies, all of which are committed to the highest standards of corporate social responsibility. The Foundation provides seed grants, technical assistance, and investment capital to small and medium-sized businesses and social enterprises with the potential to impact large numbers of individuals living at, or near, the base of the economic pyramid in the following specific strategic areas:

- Fiscal and Regulatory Governance Improvements
- Enhancement of Education and Skills Training
- Improving Local Procurement Opportunities
- Economic Diversification and Benefits beyond mine lives

In 2015, ongoing development initiatives funded by the Lundin Foundation included the following:

Name	Location	Description	Commitment (CAD)
Zinc Alliance for Child Health	Katanga Province DR Congo	Zinc and oral rehydration salts for children under five	\$1M 2013-2015
Central Africa SME Fund	DR Congo	Impact investment fund targeting small and medium-sized enterprises	\$1.5M 2011-2015
Eagle Emerging Entrepreneur’s Fund*	Marquette County, MI USA	Microenterprise loan guarantee facility	\$290K** 2013 Onward

*An LMC operating asset

**This facility has the ability to draw-down up to \$750,000 USD



Case Study 1.

Zinc Initiative

DEMOCRATIC REPUBLIC OF CONGO

All living things need zinc in order to grow and function. Of all the micronutrients, zinc has the strongest effect on our immune system and can prevent disease and fight infections.

Children are the most adversely affected by inadequate zinc intake because their immune system is not fully developed and they are growing at the most rapid rate. Among other harmful effects, zinc deficiency is most notably accountable for growth retardation, stunting, impeded intellectual development, and vulnerability to diarrhea and pneumonia, the two biggest killers of children under five. The World Health Organization (WHO) estimates that nearly 150,000 children under the age of five die each year in the Democratic Republic of Congo (DRC) due to pneumonia and diarrhea, and where 57% of the population is at risk for zinc deficiency.

Zinc deficiency can be addressed in many different ways. For the immediate needs of children suffering from chronic diarrhea, zinc and oral rehydration salts (ORS) treatments can greatly reduce the severity and duration of these episodes, which can save millions of lives every year. While zinc is crucial to the treatment of diarrhea, zinc also plays a major role in the prevention of diarrhea and other health problems related to zinc deficiency. If children receive adequate zinc nutrition in their diets from the start, the effects of zinc deficiency could all but be eliminated.

Funded by contributions from Lundin Mining, the Lundin Foundation has embarked upon a multi-phase program in (the former) Katanga Province, DRC.

- Phase 1 (2013-2015) was designed to strengthen the capacities of local health service providers to prevent and treat diarrhea through improved distribution of ORS/zinc and water purification.
- Phase 2 (2015-2016) involves the certification of two local suppliers for ORS/zinc supplements.
- Phase 3 (2016-2018) is a partnership with the International Zinc Association to increase crop yields and nutritional uptake of zinc in the DRC through the creation of a long-term sustainable agronomic program with potential to scale nationally and regionally.



Our People



Highly Skilled
Workforce



Employees who feel
valued perform better



Local Hire
Is a Priority

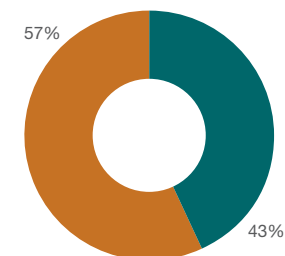
OUR APPROACH

LMC places great emphasis on our most important resource – our people. Our success is dependent upon a safe, skilled, and motivated workforce. We understand that employees who feel valued are not only more engaged but also perform better. Our leadership plays a critical role in motivating employees to achieve superior results. We want our employees to feel appreciated and to understand how their efforts contribute to our overall goals. We respect human rights and value equality and diversity in the creation of a progressive work environment. We promote a respectful and fair workplace culture and foster a high level of commitment to a performance safety culture of Zero Harm.

OUR EMPLOYEES

At December 31, 2015, Lundin Mining employed approximately 7,493 people: 3,267 employees (3,346 in 2014) and 4,226 contract workers (4,029 in 2014), across five operating mines in Chile, Portugal, Sweden, Spain, and the United States, including our exploration group, our office in Haywards Heath, UK, and our corporate head office in Toronto, Canada. Contract employees are primarily engaged in maintenance, mine development, mining and project work; are included in our safety performance statistics; and are held to the same safety standards as LMC employees.

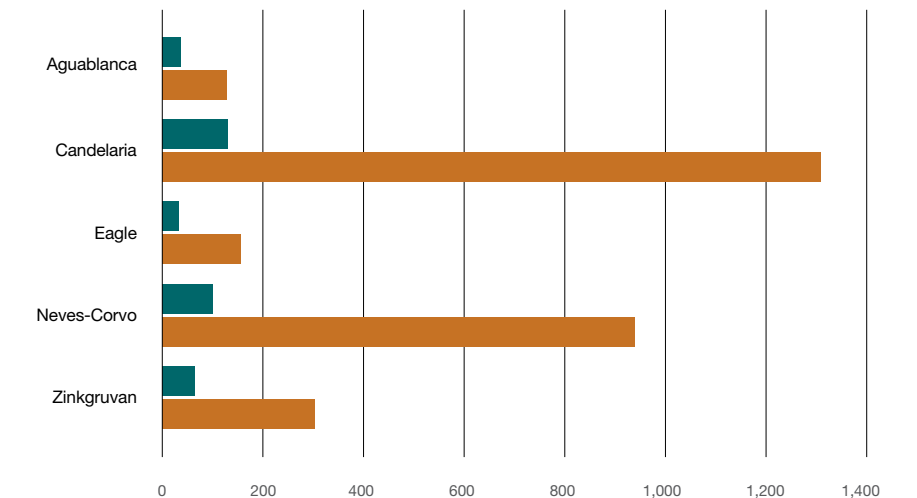
Total Number of Employees



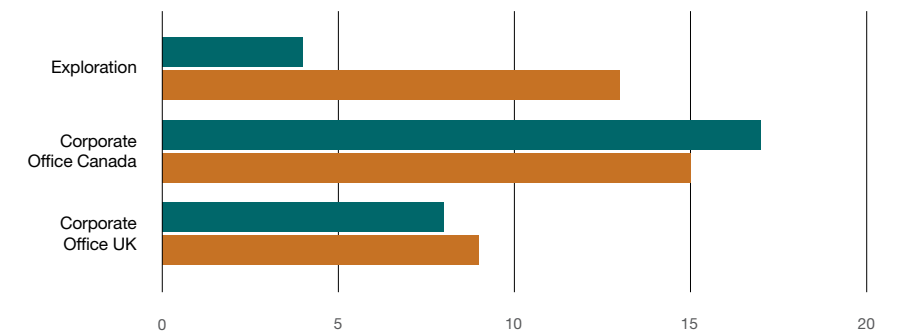
■ Employees
■ Contract Workers

Our Company-wide turnover rate for 2015 was approximately 14%, a significant increase over 2014 (4%) due predominantly to the closure of exploration offices and other restraint measures responding to the depressed metal price environment experienced during the reporting period. Additional reasons for fluctuations in staffing throughout 2015 included temporary workers for the construction phase of the tailings project at Candelaria, seasonal workers and summer students, new hires at the corporate office in relation to project acquisitions, and a reduction of staff within the exploration office.

Number of Employees* by Gender OPERATIONS



CORPORATE OFFICES



*Employees only – contract employee information by gender not available for Candelaria for 2015.



Exploration, Eagle Mine

Mining, more than other sectors, has traditionally been a male dominated industry. Attraction and retention of female employees, particularly for certain industrial positions, can be challenging. LMC has been proactively promoting equal opportunity for women, including insisting that qualified female applicants are included in open positions – particularly in management. In 2015, 40% (four out of ten) of our vice presidents were female. During the year, 19% of the Company’s overall leadership roles were held by females.

LMC has a compensation structure based on experience, and salary scales associated with different positions depending on expertise and level of responsibility, irrespective of gender. While some roles traditionally populated by women (such as administrative/non-technical positions) are paid less, women are paid the same wages as men for the same positions. Differences in compensation over time would be the result of varying performance or a difference in seniority.

In 2015, the female to male compensation ratio was 63%. The ratio of women’s to men’s salaries at the operating sites ranged from 78% to 178% in 2014. This broad range is primarily caused by differences in the seniority of women employed at the mines. For example, at Neves-Corvo, the number of female employees is small but their average seniority is high, with women employed in managerial and senior technical, highly paid roles. At Aguablanca, on the other hand, 22% of the workforce is female and these are mostly in support roles.

Employee performance reviews are generally conducted annually, or in some operations on a quarterly basis. In 2015, approximately 33% of employees Company-wide received individual assessments of their performance. However, it’s important to note that all employees participate in a bonus plan, and some mine bonus plans are not directly linked to individual performance. Performance reviews occur consistently for supervisory, management, and executive positions, which have performance-based compensation bonuses assessed on metrics such as production, health and safety, environmental compliance, and other corporate goals and individual objectives.

Local Hiring

It is a priority at LMC to draw our workforce from our host countries and specifically regional and local communities to ensure the economic benefit of employment remains to the greatest extent possible in our host communities. In part due to the developed regions in which we operate, one of LMC’s strengths is its ability to source its workforce locally. However, it is occasionally necessary to fill gaps by sourcing specific skills or a high level of experience or technical expertise from abroad. In 2015 our employees were almost exclusively from in-country, with just slightly over 1% expatriate employees across our operations.

Contractors and suppliers are expected to have practices in place that support and parallel LMC Policies and Standards and in this regard we ask that our contractors and suppliers also adhere to a similar standard with respect to the prioritization of local hiring.

LABOUR RELATIONS

LMC supports the unencumbered right to freedom of association and collective bargaining at all our operations. The relationships between the Company, its on-site worker-unions, and employees is distinct at each of our mines; however, what is consistent is our approach, which centres upon employee representation that is based on trust and transparency, respectful dialogue, and constructive, peaceful resolution of any concerns, if and when they do arise. We engage with union leaders regularly on matters of local labour laws, business changes, and the negotiation of terms and conditions.

At December 31, 2015, 73% of our employees across the Company had union representation (as compared to 78% in 2014). This figure represents the non-managerial employees working at mine sites who are covered under collective bargaining agreements. Eagle Mine is not unionized, nor is our exploration group nor our corporate offices.

There were no strikes, lock-outs, or work stoppages of any significance across our operations in 2015.



Mill employee, Candelaria

Current Considerations

In light of continued depressed market prices for nickel and copper, the Company announced in January 2016 that it would permanently close the Aguablanca Mine. Employees and affected communities were advised of the pending closure, and arrangements were made for an external company to assist the workforce in the transition to closure of the operations (which may include re-employment assistance, relocation, redundancy, etc.).

An agreement was signed by the Company and the employees concerning the terms of all redundancies that will be effective June 30, 2016.



Exploration safety training

TRAINING AND PROFESSIONAL DEVELOPMENT

Ongoing communication and training are essential elements for employees and contractors to successfully meet our stringent health and safety commitments, to develop the skills and knowledge of our employees, and to achieve our Responsible Mining objectives.

In 2015, LMC employees and contractors received a total of 53,056 hours of training.

Competency training to perform specific tasks as well as health and safety training for both general proficiency as well as the recognition of risks associated with

workplace activities was the bulk of employee training across our operations in 2015, followed by skills enhancement and aspects relating to policy or governance, including some of the following specific topics:

Health and Safety

Health and safety (including Visible Felt Leadership) and the prevention of occupational risks, safety and environment, first aid/CPR, fire prevention, emergency rescue team training, chemicals management, health and hygiene, defensive driving, drug and alcohol education, prevention and control of Legionnaires Disease.

Skills Enhancement

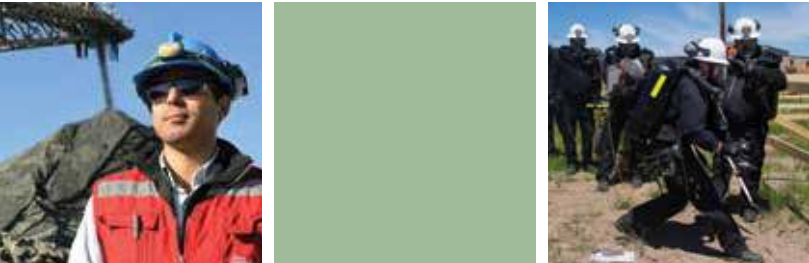
Computer skills and software training, language proficiency (English, Spanish, and Portuguese), project management, supervisory skills, public speaking, technical courses, refresher training for miners, plant operators and equipment maintenance.

Policy/Procedure

New employee orientation, ethics and harassment, women in leadership, regulatory updates.

In addition to our regular, ongoing training programs, our supervisors and managers continuously assess our workforce to identify areas of skills mastery and leadership development potential to enhance training opportunities or to advance or promote internally wherever possible.

We consider relocation opportunities whenever possible before layoffs of employees or if desirable to the employee as part of their personal and professional development.



Employee Profiles



Jennifer Abols
Jennifer Abols, Corporate Technical Services Manager at Lundin, has held several critical roles within the Company. She has worked in Canada and Australia, as well as the UK. Most recently, her role was Engineering and Commissioning Manager at the Eagle Project in Marquette, Michigan. She moved to Marquette in the summer of 2013 to lead commissioning of the mill, which was completed in the fall of 2015. The project was completed on time and below budget. Jennifer’s technical skills as well as her knowledge of Lundin’s company culture makes her a valuable asset to the Eagle team. Jennifer not only shared her knowledge but also learned how to manage construction and commissioning activities under extreme winter conditions. She won the 2015 Canadian Mineral Processor of the Year award for her work at Eagle and also made some lasting friendships. Jennifer returned to the UK to assist the technical team on other Lundin operations.

Pedro Carrasco Zapata
Pedro works as a Financial Analyst at the Candelaria Mining Complex, in Chile. He has been employed with Candelaria for the past six years. During this time, he has been responsible for analyzing administration costs, capital area economic assessments on projects, financial forecasts, and cost analysis of new underground mining models.

In 2015, Pedro accepted an assignment to spend seven months with the Finance team at LMC’s Neves-Corvo Mine in the Alentejo region in Portugal. The difference between the mines, both in size and extraction processes, introduced Pedro to different systems for managing, operating, and controlling resources.

LMC values the benefit of sharing ideas and good work practices. Pedro learned many good practices at Neves-Corvo, which he presented to the Candelaria team upon his return. Of particular interest was Neves-Corvo’s automatic registration system for cost control and reporting. Pedro was also able to share his knowledge of the cost reporting package developed by Candelaria’s Finance team with the Neves-Corvo team.

Pedro appreciated the warm welcome from his colleagues at Neves-Corvo and felt like one of the team. He found the experience of visiting another country and culture, meeting new people, making new friends, and learning different ways of working beneficial. Pedro has enjoyed his travel so much he is looking forward to his next adventure.





Health and Safety

The health and safety of our employees and contractors is first in everything we do



Zero Harm



Visible Felt Leadership

OUR APPROACH

LMC is committed to providing our workforce with a safe, healthy, and productive work environment wherever we operate. The health and safety of our operations directly impacts our internal stakeholders, employees and contractors, and indirectly affects our external stakeholders, local communities and suppliers. We strive to ensure the health and safety of our employees and contractors is first and foremost in everything we do, and as a leader in health and safety, we engage with our workforce at all levels on health and safety matters.

The success of our health and safety effort is most dependent upon visible engagement and commitment by leadership as is employee involvement and personal accountability. Employees and contractors at each of our operations are involved with and represented in health and safety matters through formal committees, working groups, collaboration teams, or through formally designated safety and health representatives.

Across the Company, we've developed and implemented a variety of formal safety systems, safe work requirements and hazard controls. Some of the safety tools used include pre-shift safety talks, pre-task hazard assessments, workplace examinations, safety observations, monthly and quarterly safety communications meetings, focused injury prevention campaigns, use of health and safety committees, leadership engagement in the field, and formal health and safety training.

Mandatory safe work program requirements are outlined in eleven corporate High Consequence Protocols. These protocols are further supported by life-saving and/or core safety rules at each site. Employees and contractors are introduced to these health and safety requirements during mandatory onboarding and induction training.

Safety Management System

Our Responsible Mining Policy and Framework and our new Responsible Mining Management System (RMMS) (replacing our existing Health, Safety and Environment Management System) standards set the context for the overall health and safety management system. Workplace hazard identification and control, qualitative and quantitative safety risk assessment, Life-Saving Rules, High Consequence Protocols, safety work observations, and incident reporting and investigation make up the core of our health and safety management system. Combined, these components are aligned to ISO 14001 and OHSAS 18001 requirements.

Zero Harm

We are resolute in our efforts to prevent workplace injuries and to achieve Zero Harm. We actively promote the belief that 'every injury is preventable' at each of our sites and operations. LMC recognizes that strong leadership, employee involvement and personal commitment are critical to achieving a safe, healthy and productive workplace. In the end, our overall objective is to establish a proactive and interdependent safety culture – one where every employee, every contractor and every visitor goes home safe at the end of his or her work shift or visit.



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Interdependent Safety Culture

As part of our five-year safety improvement strategy, and integral to our 2015 Safety Action Plan, we embarked on a journey to develop a strong, sustainable, and Interdependent Safety Culture at each of our operations by 2020.

An Interdependent Safety Culture is one where:

- Standards and systems are well established
- Work is consistently performed in accordance with procedures and norms
- Hazards are recognized and acted on before work begins
- Safety is held as a value across the organization, led from the top, and owned by everyone
- There is a personal commitment by everyone to going home safe every shift and every day
- Everyone looks out for the safety and well-being of others and safety underpins organizational pride
- Safety successes are celebrated

Visible Felt Leadership

In 2014, LMC implemented a program to enhance the safety skills of senior leaders and safety professionals across the Company by introducing them to the DuPont Sustainable Solutions concept of Visible Felt Leadership.

Visible Felt Leadership training was provided to senior leaders, safety professionals and select front-line leaders at Zinkgruvan, Aguablanca, Neves Corvo, and Eagle mines in addition to corporate staff. Participants were trained to set challenging safety standards and expectations for their teams, to demonstrate a personal commitment to safety, to outwardly exhibit a passion for safety, to openly reinforce safety as a core value of the Company, to remain vigilant regarding safe and unsafe behaviours in the workplace, and most importantly to provide effective safety coaching and guidance.

Candelaria leaders had been introduced to these concepts previously, and in 2015 were presented with a more advanced program of safety behaviour assessment focusing on prevention of high-consequence/low-probability incidents.

Visible Felt Leadership skills development will continue beyond 2015 with training for front-line leaders, contractors and the general workforce during 2016 and 2017.

REPORTING AND PERFORMANCE
Safety Reporting

We report our safety performance on a monthly basis, and review it quarterly with corporate Senior Leadership and the Board of Directors HSEC Committee. Incidents with the potential for a significant negative outcome, serious injury, or that have key learning points that support incident and injury prevention are reported, analyzed, and shared across the Company on a more frequent basis. The safety performance of each operation, exploration site, business development project, office location, and the overall corporation is regularly evaluated for trends, and to identify safety improvement and injury prevention opportunities. Safety performance statistics, incident investigation findings, and lessons learned are accessible to employees, contractors, and visitors across the Company.

Measuring Our Performance

Our safety performance is measured using a combination of leading and lagging indicators that includes both employees and contractors. Leading indicators are used to identify both strengths and weaknesses in our safety systems, to highlight and take action to address issues and risks before they result in an incident or injury, and are an important part of our Zero Harm and Visible Felt Leadership efforts. Leading indicators include near-misses, identified hazard reports, safety observations, safety suggestions, and findings from planned audits and

inspections. More than 35,000 leading indicators were reported across the Company during 2015.

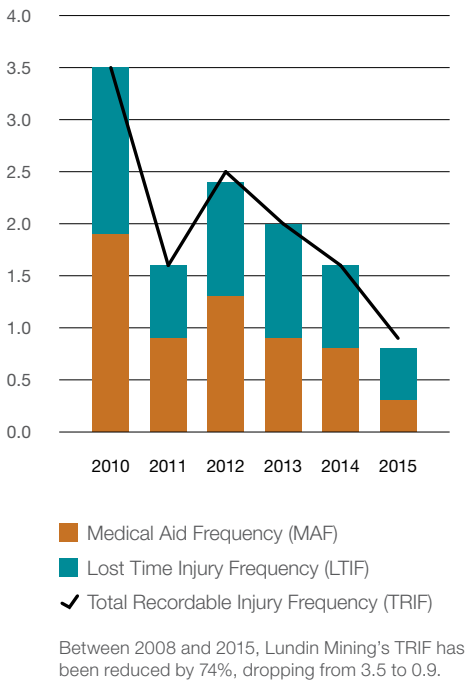
The primary lagging indicator used by LMC to measure safety performance and to benchmark against our mining peers is 'Total Recordable Injury Frequency' (TRIF) rate. LMC uses the US OSHA definition of recordable injuries at all operations, and applies the 200,000-hour formula for calculating injury rates. Other lagging indicators include lost-time (LTIF), medical-aid (MAF) and lost-time severity (SR) frequency rates.

2015 Safety Performance

In 2015, we met our TRIF rate corporate target of 0.9. There were 66 total recordable injuries across the Company. This represents a 9% improvement over 2014 when accounting for Candelaria results both years. Of the total recordable injury cases, 42 involved lost workdays. These injuries resulted in a 'Lost Time Injury Frequency' (LTIF) rate of 0.5 and a corresponding 'Lost Time Severity Rate' (SR) of 28.

For the second year in a row, Zinkgruvan Mine returned its best ever TRIF with a year-end rate of 1.6 – an improvement of 25% over 2014, while Candelaria returned a best ever TRIF rate of 0.23. Based on 2014 performance, Candelaria was also recognized as the safest mine in the Atacama Region of Chile by regional mining authority CORESEMIN.

Lundin Mining – MAF & LTIF
Contribution to TRIF

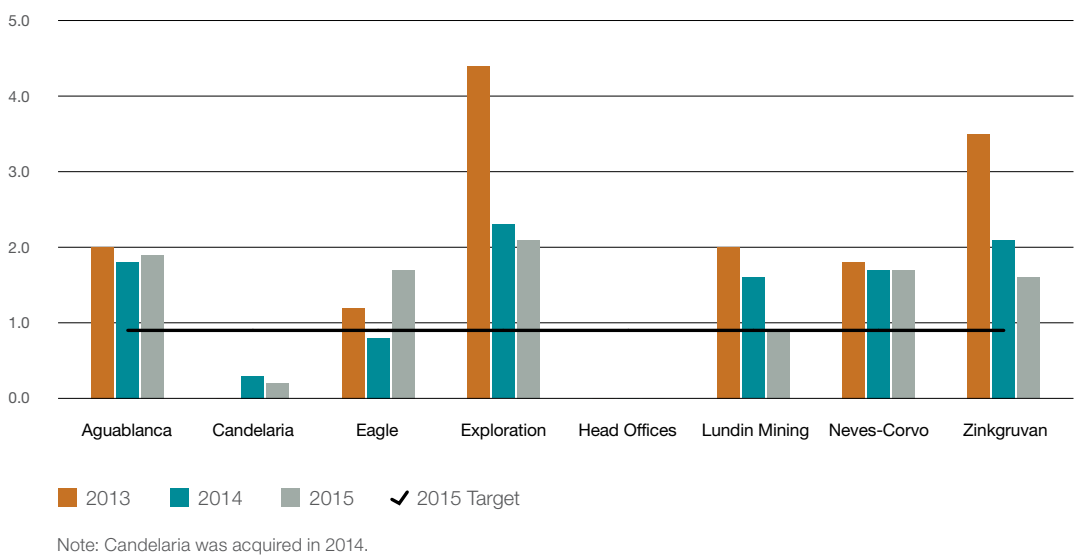


Safety Performance Comparison	2015	2014 ^{4a}	2013 ^{4b}
Total Recordable Injury Frequency (TRIF) rate ¹	0.9	1.6	2.0
Lost Time Injury Frequency (LTIF) rate ²	0.5	0.8	1.1
Lost Time Severity Rate (SR) ³	28	24	No data
Fatalities	1	0	0

- 1. Total Recordable Injury Frequency (TRIF) rate is calculated as (total number of recordable injuries (including fatalities, lost time injury, restricted work and medical treatment injury) x 200,000 hours)/total worked hours.
- 2. Lost Time Injury Frequency (LTIF) rate is calculated as (total lost time injuries x 200,000 hours)/total worked hours.
- 3. Lost Time Severity Rate (SR) is calculated as (total lost time days x 200,000 hours)/total worked hours.
- 4. Our safety performance figures include both employees and contractors.
 - a. Excludes Candelaria data. Candelaria data included in LMC external reporting from January 2015.
 - b. Includes Eagle data from July to December 2013 only.

Despite our Zero Harm objective and our goal of zero workplace fatalities, tragically a contractor employee working at Neves-Corvo Mine lost his life as a result of an incident in June of 2015. The incident occurred when a contractor-rented mobile elevating work platform experienced a catastrophic mechanical failure. The incident was investigated by Portuguese authorities, LMC, and an independent third party investigator. Additional safeguards have been implemented across the Company based on the findings and lessons learned from the investigation.

Lundin Mining – TRIF Performance Comparison





Case Study 2.

OCCUPATIONAL HEALTH

Mining has the potential to expose workers to a large number of inherent occupational health hazards, both physical and environmental, which present a potential risk for fatality or serious injury or illness if not eliminated, minimized or controlled.

Occupational health plays a key role in our Zero Harm effort and in this regard each of Lundin Mining’s sites maintains an industrial hygiene program to regularly sample and assess workplace exposure to hazardous substances. The focus of each site’s industrial hygiene program is to identify, minimize and eliminate, wherever possible, potential health exposure risks.

In 2015, more than 1,400 workplace occupational health and industrial hygiene samples were collected across the Company. We sampled for a wide range of potential contaminants including diesel particulate, silica, nuisance dust, oxides, asbestos, radon, and heavy metals such as lead. We also evaluated workplace temperatures and

humidity, underground mine ventilation, and noise exposure. Sample results were used to verify compliance with safe work requirements and to make improvements to better safeguard our workforce from injury and illness by eliminating or minimizing potential health hazards.

In addition to the industrial hygiene sampling, more than 3,000 fitness-for-work examinations were conducted throughout 2015 using onsite medical services as well as local community health facilities. These examinations included biological monitoring to assess exposure to contaminants such as heavy metals, hearing tests, and workplace drug and alcohol testing.

CRISIS MANAGEMENT PLANNING AND EMERGENCY PREPAREDNESS

LMC has a formal emergency preparedness and crisis management planning processes. Crisis management plans have been developed and implemented at corporate headquarters locations and at each of our operations.

Facilitated crisis management training and practice scenarios were conducted at each operation during 2015. Crisis management plans are supplemented by site-specific emergency response plans.

Each operation maintains emergency response capabilities suited to the working environment and associated operating risks. Across LMC, more than 250 employees, volunteers and contractors are trained as Emergency Responders or Mine Rescue Team members.

- Neves-Corvo, Candelaria and Eagle mines have well established on-site emergency response and underground mine rescue team capabilities.
- Aguablanca established on-site emergency response and underground mine rescue team capabilities during 2014-2015.
- Zinkgruvan has a team of trained emergency first responders and guides who assist local firefighting and emergency response professionals.

In addition, a variety of emergency response equipment is available to support emergency response activities at each operation.

Emergency Responders and Mine Rescue Team members receive monthly in-house training on equipment and emergency response techniques. Practice exercises, simulated emergency scenarios and external training are also provided to ensure that team skills are maintained.

- In May 2015 Neves-Corvo hosted the European Mine Rescue Competition. The competition included teams from Portugal, Spain, and Ireland, with Lundin Mining teams from Neves-Corvo and Aguablanca participating in the competition.
- One of Eagle Mine’s teams participated in the US Mine Safety & Health Administrations Southeast Region mine rescue competition, winning the 1st Place Novice team award.

Each of the Company’s underground mines is equipped with underground emergency facilities. These facilities can include secondary escape ways, first-aid and emergency response equipment, contingency supplies, fresh-air stations, and strategically located underground refuge chambers. Refuge chambers are equipped with multiple means for communicating to the surface such as two-way radios or phones, multiple sources of breathing air, and rescue kits, as well as supplies of food and water.

2015 European Mine Rescue Competition

NEVES-CORVO

While we believe that every injury is preventable, we also recognize the importance of having capable, competent and trained emergency responders available at each of our operations. Mining laws in developed countries require trained and equipped mine rescue personnel to be available at all mining operations – an important reminder that rescue teams need to stay prepared for potential worst outcomes. LMC encourages the participation in Mine Rescue Competitions, not only to share best practices, but to improve upon rescue performance and to build team confidence in the event of an emergency.

The 2015 European Mine Rescue Competition (previously known as the All-Ireland and UK Mine Rescue Competition) was held at LMC’s Neves-Corvo Mine in Castro Verde, Portugal in May. Seven teams from Portugal, Spain, and Ireland participated in two days of bench and knowledge tests, physical fitness, first aid scenarios, and search and rescue response exercises. All events were challenging and set up in a realistic way to provide an accurate real-world representation of possible mine emergency situations.

The two-day competition was often difficult and challenging for the teams involved and tested their technical knowledge, rescue skills, teamwork and perseverance. Setting such high standards is imperative to ensure each competing team is significantly challenged against potential real-world situations and their technical knowledge tested as mine rescue is an important aspect of emergency response and mine safety.

Jose Soares of the Neves-Corvo Mine was the recipient of the IMQS (The Irish Mining and Quarrying Society) award for “Best Captain”.



Neves-Corvo Mine Rescue team in action

Surface rescue simulation, Eagle Mine





Social Responsibility



%
Building
Capacity

We are committed to engaging
in open and inclusive dialogue



Communication,
Transparency,
Trust

OUR APPROACH

LMC fosters the provision of lasting benefits to local communities by supporting self-sustaining programs and other social initiatives that enhance the quality of life where we operate. We recognize that our operations can have significant economic and social impacts on local communities if not managed properly through the life cycle of our mining projects.

Effective community engagement can create value and manage risk by building relationships based on mutual trust and respect. Effective engagement enables us to communicate our business objectives and to understand the interests and concerns of our stakeholders. It also helps to identify, on an ongoing basis, emerging issues that could affect our business operations as well as changing social situations that may influence stakeholders' perceptions.

LMC is in the process of drafting a Social Impact Management Standard to ensure that formal systems are in place to appropriately manage the social and economic goals identified in the Responsible Mining Policy and Framework, including managing social impacts to communities, respecting fundamental human rights and respect for cultures, customs, and values while engaging in open and inclusive dialogue with communities, employees, and others who are affected by our activities. Our economic goals include the generation of shared value through our projects, providing tangible support to local communities and host regions by working with communities, local governments, and other organizations to promote sustainable development.

Consistent with each operation's capacity and needs, integrated Social Impact Management Plans will focus on ongoing community relations, human resources, and procurement to create opportunities for sustainable community development, to manage expectations, and to reduce the possibility of social conflict. Specific topic areas of Social Impact Management Plans include Indigenous, Aboriginal, and First Nations relations, local labour and workforce planning, population and worker influx management and resettlement, and relocation and compensation strategies.

STAKEHOLDER ENGAGEMENT

LMC is committed to engaging in open and inclusive dialogue with our stakeholders – those groups or individuals affected by our business activities.

In 2015, a new corporate Stakeholder Engagement Standard and Guideline were approved and rolled out at all operations and project sites. We expect this standard to be implemented by the end of 2016. LMC corporate offices as well as operations and project sites are expected to have a site-specific and culturally appropriate procedure in place for consultation and engagement with stakeholders, as well as the resources (funds and training) available to support these engagement efforts, with the goal of identifying and prioritizing affected and interested stakeholders of our business activities, and to integrate the results of our engagement efforts into operational decision-making.

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We have processes in place to identify, map, and analyze our stakeholders from direct and indirect influence areas who may be affected by our operations, with special attention given to vulnerable groups (women, children, and those considered vulnerable within a socio-economic context).

Each site will be expected to develop a Stakeholder Communication and Engagement Plan (SCEP), which openly and proactively solicits inputs, observations, and concerns from stakeholders to incorporate into management decisions and continuous improvement processes. SCEPs are structured with objectives, activities, and timelines and also include indicators for tracking, monitoring, and reporting.

The following represents key stakeholder groups that LMC engaged with in 2015 and their primary interests and concerns:

Stakeholder Group	Key 2015 Interests and Concerns	Method and Frequency of Engagement
Employees and Contractors	Health and safety on site Working conditions Career advancement Dependency upon mine for local employment (Neves-Corvo)	Regular and ongoing daily safety meetings Learning and development opportunities
Local Communities	Environmental and social impacts Local employment and procurement Community infrastructure Participation in working groups (Candelaria) Social investment projects (Candelaria) Traffic safety and speed reduction (Zinkgruvan)	Outreach offices Community meetings (group or upon request) Open houses/town hall meetings (bi-annual) Public reports, newsletters and social media One-on-one meetings with indigenous communities as requested
Government	Fiscal and regulatory frameworks Environmental compliance Hiring of local labour	Regular consultation (ranges from as-needed to monthly or quarterly)
Customers	Reliable supplies High quality products Information on any hazards	Regular discussions and provision of safety and health data on products
Labour Unions	Workers' interests Collective bargaining	Regular and ongoing engagement
Non-Governmental Organizations	Social and environmental performance of operations	Industry associations and attendance at CSR-related industry forums Annual sustainability report
Shareholders	Permitting issues Financial performance	Quarter-end conference calls Formal quarterly meetings, quarterly distribution of financial results, analyst and investor briefings and updates, press releases
Investors/ Lenders, Financial Institutions	Commodity pricing volatility Share price	Updates provided Regular contact/response to requests for information Annual sustainability report
Suppliers	LMC austerity measures and their impact on suppliers and contracts	Regular and ongoing communication as needed

LOCAL COMMUNITY ENGAGEMENT

Our goal is to ensure open and inclusive dialogue and mutual understanding with our communities during all phases of the mine-life cycle, in order to earn and maintain long-term relationships based on communication, transparency, and trust. Effective engagement underpins LMC's ability to fulfill its policy commitments, and its ability to understand and address community concerns in the decision-making processes.

Our stakeholder mapping exercise facilitates identification of the affected and interested stakeholders of our business activities on an ongoing basis, as well as those stakeholders who may have the ability to impact our activities, to identify and manage risks and to be able to respond to changing social situations.

In accordance with our new Stakeholder Engagement Standard and Guidance, each operation will be expected to develop a Stakeholder Communication and Engagement Plan (SCEP) that is based on early and ongoing engagement, is consistent with international practice and appropriate to the activity's stage, geographic concerns, and identified risks.

What follows are our most significant community engagement initiatives in 2015:

The Scorecard method of engagement was developed at Eagle Mine as a best practice engagement tool and was implemented at Candelaria in 2015. The Scorecard is an interactive tool that enables a community to rate the Company's performance in areas the community has identified as important. Each Performance Area is presented with an explanation of the change in metrics compared to the previous scoring session. Residents of the impact area are invited to rate the Company's performance through electronic handheld remote units synched to a computer and projector. Residents score the Company with "exceeds expectations," "meets expectations," "below expectations," or "need more information." Because scoring is done electronically, results



Underground tour, Zinkgruvan

are fast and confidential, appear live on a screen, and can only be voted on once per metric. The Scoring mechanism ensures that each participant, no matter how loud or quiet, can score the Company's performance, rendering all voices in the room equal.

To a varying degree, our operations have also integrated the following activities to support ongoing dialogue with local communities and to create lasting relationships built on trust and collaboration.

- Community office or information centre accessible to all stakeholders
- Monthly/quarterly/annual community meetings
- Public site tours
- Grievance systems



Mitigating Risk through Engagement, Transparency, and Social Media

EAGLE MINE

Developing a mutually beneficial and trusting relationship with host communities is vital to the overall success of mining projects. Failing to understand, plan and implement two-way dialogue negatively impacts reputation, production, and costs.

From its controversial beginning to becoming one of the largest employers in the community, Eagle Mine has an engagement story to tell. When the project was proposed it was clouded by community mistrust and concerns about possible environmental impacts, including water contamination. This resulted in heated public hearings, negative headlines, and relentless attacks from anti-mining groups who were shaping the Eagle Mine story.

Contrary to opposition claims, Eagle was raising the bar in safety, environmental protection, and community engagement. The Eagle team realized that if they wanted to change community perception they needed to tell their own story. To overcome the damage that had been caused by years of misinformation from the groups opposed to the mine, Eagle needed to devise an assertive and targeted strategy for focused engagement and did so through the following four primary goals:

- 1. Information Centre:** Bring the mine to the community by setting up a kiosk in the heart of downtown Marquette.
- 2. Community Scorecard:** Hold community forums every six months to provide an opportunity for one-on-one dialogue and to rate Eagle's performance in areas important to the community.
- 3. Public Tours:** Provide access to the mine so people could see the operation with their own eyes and meet the people responsible for building Eagle.
- 4. Social Media:** Create a forum to provide real-time information and engagement opportunities for the community, Eagle Mine employees, and their families.

Throughout the process of developing a greenfield mine in the United States we learned that it is important to tell your own story early and often or someone else will – you need to be proactive in strategy, planning, and engagement.

The most important lesson we learned was internal community experts need to have a seat at the management table so that social considerations are integrated into business decisions. After all, it is critically important to build trusting relationships early on, before you have a demand from your host community.

As a result of our engagement and communication efforts, in 2015:

- Eagle was mentioned in 151 news articles, of which 147 were positive
- Eagle's website received more than 41,000 unique visitors
- Through Facebook, Eagle authored 239 posts, which were viewed by more than 436,000 people
- Approximately one year after starting the Facebook page, supporters were the main voice countering posts and comments by mine opponents

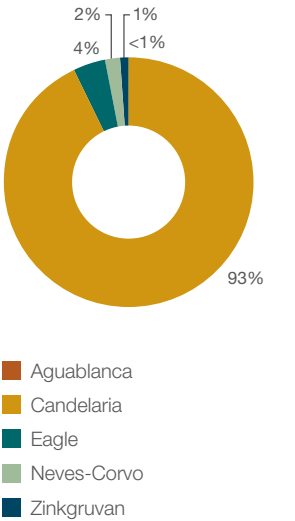
Eagle transformed from a highly controversial project to a model mine that is toured and benchmarked by communities, environmental regulators, government officials, and other mining companies from the US and abroad.

Eagle was able to overcome community resistance that could have stopped the project from going ahead, through a commitment to clear, concise, and transparent community engagement.



Community Agreement signing at Candelaria

Total Community Investment by Operation



COMMUNITY INVESTMENT

We are committed to partnering with local communities to create self-sustaining programs and other initiatives that are aligned with identified priorities and enhance the quality of life where we operate.

Community investment should be *strategic*, meaning activities should flow from a well-defined strategy addressing greatest impact, with clearly defined and measurable objectives, and seek to avoid dependency while investing in capacity building and participatory processes.

In 2015, we implemented a Community Investment Corporate Standard and Guidance Note, which embodies a commitment for all operations (and exploration sites, if applicable) to have a community investment plan in place by 2017. The Plan must be responsive to community development priorities.

Decisions on community investment priorities should be consistent with business context, community participation in investment decisions and the risk assessment process.

During operations, priority should be given to ensuring that the mine acts as a direct catalyst for inclusive economic development. LMC's Community Investment Priorities, which support the long-term well-being of affected communities, are intended to:

- Support health and well-being
- Promote education
- Create opportunities for community development
- Encourage youth activity
- Protect and rehabilitate the environment
- Preserve local traditions

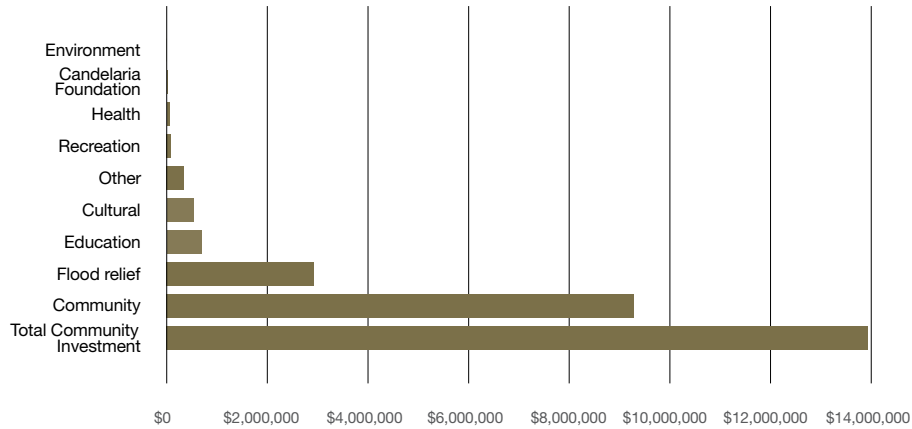


Copiapó flood relief, Candelaria

In 2015, LMC spent approximately \$13.9* million on site-level community investment initiatives across its operations in the following investment categories. Levels of Candelaria community investment appear disproportionate compared to those from other sites. This is partly due to

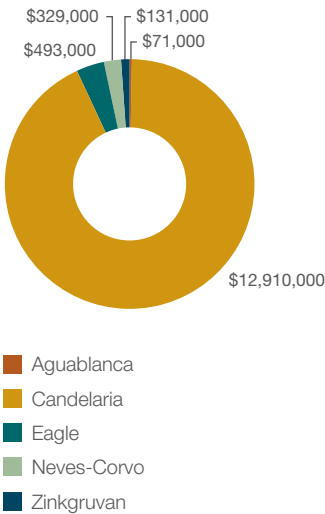
flood disaster relief funded and performed by the Company for a catastrophic flood that hit the Copiapó region in March 2015, as well as funds expended pertinent to a multi-year community investment agreement reached with the Municipality of Tierra Amarilla for assistance to this under-privileged area.

Community Investment by Category



*This number does not include the corporation donation to the Lundin Foundation of \$894,000

2015 Community Investment Expenditures



Community Investment Initiatives by Operation

Aguablanca

Activity	Description
Food Bank	Distributing food to local community members in economic hardship.
El Real de la Jara School	Technology support for local education through the purchase of electronic whiteboards.
El Real de la Jara Elderly	Provides support in caring for our local elders.
Aprosuba Handicapped Association	Aid in the development and integration of people with disabilities.

Candelaria

Activity	Description
Technical Education Program	Collaboration program between local district mining companies, and the local technical high school, in order to help improve the students' opportunities and academic performance, by accessing technical training from our teams, internships, guided tours, training courses to improve their employability, etc.
Free Wi-Fi Network	Tierra Amarilla is now one of the only districts in Chile having all its urban area enabled with free Wi-Fi. Candelaria has funded this Wi-Fi for eight years and has kept improving the signal and access points, now even providing access to Nantoco, which is in the limit of the urban area, being a rural zone, with difficult access and transportation.
Flood Relief	Following the March 25, 2015, catastrophe due to the flood in the Atacama Region, Candelaria provided immediate relief and aid to local communities, working in partnership with the regional and local government.
Local Heritage Program	This program seeks to highlight the rich local heritage of Tierra Amarilla, by collecting historical pictures kept by local families and to document local heritage. Two books were written as an educational resource for local communities to increase tourism and recognize these local families.
Entrepreneur Reactivation Grant Fund	After the flood events, Candelaria put together an economic reactivation fund, to enable local businesses that were damaged by the disaster to rebuild their business.
Community Infrastructure Improvement Program	This program is intended to aid in infrastructure improvements. Local social organizations are able to present ideas and projects to improve their community centres. In 2015, that program helped improve 30 centres, which are now being used for training, women's programs, child care, etc.
Colla Indigenous Community Centre	One of the only community centres available for Indigenous communities, Serrania Poblete Colla community centre is located in the heart of their territory, and was constructed and designed considering their ethnic identity. Today it is being used to provide training and attract tourism.

Eagle Mine	
Activity	Description
Community Environmental Monitoring Program	In addition to state environmental regulations that are reported against quarterly, Eagle also initiated an independent environmental monitoring program. This third party monitoring program conducts verification monitoring of Eagle's mining activities. The program involves two NGOs and information related to the program is posted on a website and communicated by both the NGO and Eagle. The program had a three-year agreement that ended in December 2015. The contract is being renegotiated with Eagle Mine, Superior Watershed Partnership, and the Marquette County Community Foundation.
Technical Middle College	This program was developed to provide high school students an alternative to college at zero or little cost to the family. Eagle created an endowment to assist with the program's continuation after Eagle Mine ceases operation. Two cohorts (30 students) have enrolled in the areas of health sciences, industrial maintenance, and skilled trades. 86% have improved their high school GPA and are enrolled in college courses.
Accelerate UP	The intent of Accelerate UP is to create jobs outside of the mining industry in an effort to alleviate the "boom and bust" cycle typically associated with mining. The organization is made up of community partners who volunteer their time. The program has assisted in creating 40 jobs, and invested an estimated \$803,000 of capital into the local community with an estimated sales increase of \$885,000.
Eagle Emerging Entrepreneurs Fund (EEEF)	This program contributes to the long-term economic development of Marquette County by providing affordable financing to high-risk clients that would otherwise be ineligible for traditional financing. Other partners include Northern Initiatives and the Lundin Foundation. The Fund is performing as intended. In 2015, \$17,500 loans were approved and \$7,500 EEEF funds accessed, resulting in two businesses. Since inception, \$500,000 loans were approved and \$373,200 EEEF funds accessed, resulting in 18 new businesses.

Neves-Corvo	
Activity	Description
Partnership with Music School	This program between Neves-Corvo and Castro Verde music school to promote musical skills for young people in the area has been in place for many years. The school helps its best students to enter international competitions and has also helped create the "Campo Branco" Orchestra.
Partnership to Prevent Childhood Obesity	This program was established to promote healthy eating habits for children and young people and is in place in the communities of Castro Verde and Almodôvar.
Partnership with Local Schools	Neves-Corvo is providing school meals and books for young people coming from low income families.



Community mine tour, Zinkgruvan



Lundin Mining scholarship recipients, Zinkgruvan

Zinkgruvan	
Activity	Description
Swim School	In the summer of 2015, Zinkgruvan sponsored outdoor swim schools at six nearby locations that were attended by a total of 220 children.
Program for Emerging Entrepreneurs	In the fall of 2015, free classes were offered to community members interested in starting their own business.
Tourist Mine Project	In the spring of 2015, Zinkgruvan began working on a project to turn one of the closed mine shafts into a tourist attraction. The goal of the project is to attract visitors to the area, stimulating the economy for local businesses.
Scholarship Programs	<p>This program was developed to create interest in the mining industry with students at the local technology college. Five students were awarded scholarships and a visit to the Neves-Corvo mine.</p> <p>A science contest was also held during the spring. The class that won the contest was invited to a two-day study trip at a technology museum. This program was intended to stimulate young students' interest in technology and science.</p>



Case Study 4.

Construction of the Entrerieles Market in Caldera

CANDELARIA

Supporting community development through infrastructure projects is just one way LMC supports capacity-building initiatives in the local communities where we operate. In 2015, an agreement was signed between the Caldera Municipality (the Woman's Entrepreneurial Union) and the Candelaria Mine, approving the development and construction of a new market facility in Caldera City known as the "Entrerieles Market".

The focus of the market is to bring new business opportunities, such as the sale of natural juices, basic products and clothing, and to strengthen the three-tiered partnership between the public, private, and community sectors. With the contribution of approximately \$364K donated by the Candelaria Mine, construction commenced in early 2016, with an estimated completion date of July 2016.

Entrerieles Market will directly benefit 25 union workers and it is estimated that approximately 5,000 women will benefit within the first year. In addition, funds have been set aside for the delivery of courses and business-focused training in areas such as: marketing, business planning, and financial structuring. These courses will be offered at the Entrerieles Market.

This project is the direct result of ongoing dialogue between the Candelaria Mine and stakeholders of the organized community. This development means improving the current conditions under which members of the women's union work while directly improving their quality of life. It is our objective to help build a sustainable future for these families.

Silvia Moraga, president of the Entrerieles Market Union of Independent Entrepreneurs, stated, "It is a great step we have taken; this is a struggle we have had for quite some time, but with the support of the Municipality, and particularly the Candelaria Mine, we could make this important advancement for women in our region."

Miguel Vargas, First Regional Authority, commented on this project saying, "It is important because it is a direct support to women entrepreneurs of Caldera, and we count on entrepreneurship for employment and economic growth. This initiative acknowledges the relevance of working together, demonstrating a sense of social responsibility that should characterize economic activities, particularly in the mining sector present in Atacama."

MANAGING IMPACTS – GRIEVANCE MECHANISMS AND FEEDBACK FROM OUR AFFECTED COMMUNITIES

Through ongoing efforts to cultivate relationships with our community stakeholders and develop trust, we have learned the perspectives of our affected communities, particularly with respect to how our business operations may have an impact.

Although at varying levels of sophistication, all LMC operations have implemented appropriate and approachable processes to receive and address concerns and formal grievances from third parties. Our processes ensure that our stakeholders have an avenue to voice concerns and can expect a fair process where their feedback is heard and complaints are addressed. We receive, document, track, and respond to questions or concerns raised by stakeholders both informally and formally, and ensure that these processes are aligned with international standards.

The following outlines the community concerns or grievances that were expressed at our operations in 2015 and the actions we have taken to respond to these issues:

A total of 18 grievances were filed at Candelaria in 2015 from individuals, the Tierra Amarilla neighbourhood council, the Canal Supervisory Commission and, in one instance, an Indigenous group. The majority of the complaints related to claims of physical property damage or noise from blasting (and other operational noise), and relief works related to the March 2015 flood in the region. There was also concern about security access to the canal that runs through Mina Santos. Sixteen of the 18 grievances were resolved or proven to be without merit and reviewed with each stakeholder or group. A further eleven grievances received prior to this reporting year were also resolved at Candelaria in 2015.

Twenty-three grievances were filed at the Eagle Mine, all of which were related to transportation/haul trucking, including: alleged traffic violations, speed, visibility, noise, and vibration. All 23 concerns were filed by community members, and all were considered addressed and resolved in 2015 – the majority through direct communication with the community member and/or voluntary modifications to procedures. In the case of the noise complaint, a noise study was conducted and provided to the community. Certain complaints were found to have no merit after investigation.

At Zinkgruvan, eleven grievances were registered during 2015. The majority of them concerned vibration and noise. Two cases with possible damages from vibrations are still being investigated. One complaint relating to traffic safety was resolved through the Company implementation of speed reducing initiatives.

At Neves-Corvo, there was one reported grievance from a neighbouring individual with concerns regarding potential land contamination and associated potential impacts on productivity/livestock, and building damage due to vibration from blasting. This grievance was under evaluation at the close of 2015. One grievance received prior to this reporting year was also resolved at Neves-Corvo in 2015.

Aguablanca received a grievance from the local community in the village of Real de La Jara concerning possible damage caused by vibration due to blasting. The mine commissioned a vibration report and the matter was successfully resolved.



Signing of the agreement to commence construction



Candelaria Mine, Municipality of Calder and Intendente Miguel Vargas



SOCIAL ASPECTS OF MINE CLOSURE PLANNING

The Company has closure plans in place for all of its operating mines, and each mine also has funding held in trust to meet respective anticipated closure costs. In 2015, our Mine Closure Standard was updated to include social aspects associated with closure and requires a risk-based approach to planning.

Stakeholder participation is important to our Closure Planning process and we require all sites to address legal obligations and corporate commitments, financial provisions, community interests, the environment, and managing employees' expectations once the mine is closed.

Concurrent with environmental closure commitments (see page 87), LMC is also committed to preparing for the potential socio-economic impacts of mine closure. In our 2015 update of the Closure Plan Standard we include the following components in our engagement, assessment, and budgeting activities:

- Consistent and transparent engagement with affected and interested communities and stakeholders that goes beyond cursory consultation and supports community ownership of post-closure goals.
- Consideration of closure initiatives that can continue when the Company is no longer involved.
- Community participation in planning and implementation with respect to environmental and socio-economic impacts of conceptual mine closure planning and detailed mine closure plans.
- Closure initiatives which have concrete links to Strategic Community Investment (as per the Community Investment Standard and Guidance Note).

Current Social Considerations

In light of continued depressed market prices for nickel and copper, it was announced in January of 2016 that Aguablanca Mine would close. Employees and affected communities were advised of the pending closure, and arrangements were made for an external company to assist the established workforce to manage the progressive transition to the post-closure phase of operations (which may include aspects such as re-deployment, assistance with re-employment, resettlement, redundancy, etc.). An agreement has been signed by the Company and the employees concerning the terms of all severances that will be in effect on June 30, 2016.

At both Neves-Corvo and Candelaria, the social impacts related to mine closure are high considering they are a major employer in the region. Closure could also have a significant impact on the local economy in relation to the procurement of supplies and services. Although closure at both operations is many years away, we are engaging in dialogue now with municipal leaders at Neves-Corvo with respect to alternative local business start-up ideas.

MATERIALS AND PRODUCT STEWARDSHIP

Stakeholders (local communities and governments, customers, suppliers, transportation providers and increasingly our shareholders), want to understand the potential risks involved in the handling and transportation of our products. Consumers, particularly in some of the more developed countries in which we operate, are also expressing increased interest in our supply chain, and responsibly managed or produced goods, led by environmental consciousness.

LMC marketing initiatives focus on being a preferred supplier by providing quality products, technical and marketing support, and dependable on-time delivery at competitive prices. Concentrates are moved by truck and railcar either in bulk or in containers, directly to smelters in North America and Chile or to ports where they are exported to smelters in Europe, Asia, or South America. Trucks and railcars used

for transporting concentrate are covered to prevent dust being released and are washed down before leaving the mine site. Concentrates are sold and transported in accordance with EU and international regulations and shipments are always accompanied by appropriate documentation.

Potential health and safety impacts associated with the production of raw materials and base metal ores and concentrates are evaluated to ensure the health of employees, business partners, and service providers is not affected. Assessments continue with an evaluation of risks associated with beneficiation and with transportation of concentrates.

For each shipment, Safety Data Sheets (SDS) providing information on the health, safety, and environmental hazards of our concentrates are provided to Lundin Mining personnel, customers, and to those handling and shipping our products. During the fourth quarter of 2015, the Company launched a project to update the SDS for all its products and to set procedures for regular updates when regulatory changes occur. This project is expected to be completed by the end of 2016.

Regular audits, including HSE aspects, are conducted at port facilities that are used for shipping concentrates. The port facilities at Setúbal in Portugal and at Punta Padrones in Chile are owned and operated by Lundin Mining. Ports at Otterbäcken in Sweden, Huelva in southern Spain and Trois-Rivières in Québec, Canada are operated under contract.

At the port of Setúbal in Portugal, the covered conveyor belt connecting the concentrate warehouse and the ship loader is fully enclosed to avoid dust being released to the environment and also has a dust suppression system which, by spraying a thin mist before the concentrate arrives to the ship loader, reduces dust emissions during loading.

Dynamic regulatory requirements are reviewed routinely and updated as part of the Company's HSE System. LMC follows the Globally Harmonized System (GHS) of classification of concentrates – which is in compliance with the 2013 Marpol Annex V regulations for ocean shipping of non-ferrous concentrates. The Company's copper and zinc concentrates are not classified as Harmful to the Marine Environment (HME); however, nickel and lead concentrates are. The Company

reclassified its concentrates to comply with the changes to the International Maritime Solid Bulk Cargoes (IMSBC) code, in particular relating to Materials Hazardous in Bulk (MHB), which came into effect on January 1, 2015.

LMC also adheres to the IMSBC code as it pertains to the safe loading, transportation and discharge of solid bulk cargoes. During 2015, the Company formally documented the moisture control processes of each operation, detailing the procedures followed in the determination and control of the moisture content in concentrates prior to vessel loading. The Company had these procedures audited by the competent authorities of the respective jurisdictions of each port, all of which received multi-year approval.

There have been no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, nor have there been any complaints regarding breaches of customer privacy or losses of customer data. There have also been no fines for non-compliance with laws and regulations concerning the provision and use of our products.

Ship transport, Candelaria





Environmental Management



Efficient Use
of Resources



Comprehensive water
management planning



Third Party
Tailings Review

OUR APPROACH

Environmental management at Lundin Mining is based on the objective of minimizing environmental impacts through the use of risk management strategies and on compliance with regulatory requirements and voluntary commitments. Lundin operations are committed to regulatory compliance, including with jurisdictional regulatory requirements, our Responsible Mining Framework, our integrated HSE Management System, corporate commitments, and adoption of best practice environmental standards across all our sites. Our projects and operations use environmental assessment methodologies to avoid, mitigate or minimize the potential impacts of our operations. Environmental controls are implemented and monitored to evaluate their reliability and effectiveness in order to identify potential opportunities for improvement.

Environmental Risk Assessment

Risk assessments are conducted on a routine basis at all of our operations as part of our risk assessment processes, a requirement contained within our Corporate Environmental Standards and Procedures. Environmental risks considered to be significant are consolidated and included in LMC's corporate risk register, which is then used to support continuous improvement and planning processes. Credible risk scenarios are identified and assessed not only for normal mine site operating conditions, but also for exploration, construction, maintenance, plant shutdown and start-up, and reasonably foreseeable emergency situations.

Environmental Incidents

Lundin Mining is committed to a rigorous reporting system for unplanned incidents relating to Health and Safety, Environment, Community and Security. The system classifies incidents in each of these four categories on a severity scale of 1 (low) to 5 (high). In the Environment category, the severity of an incident is judged by the impact upon one or more of: (a) species, communities and habitats that comprise ecosystems of the natural environment, (b) the degree of regulatory non-compliance, and (c) the potential concern to local communities. Incidents that are classified as Level 3, or above, are reported to the Board of Directors.

In 2015, there were no reportable environmental incidents with impacts beyond our operational areas, including significant spills. There was one notice of a non-monetary sanction at our Aguablanca Mine, which is currently in the process of resolution. There was also a notice of a non-monetary sanction at our Candelaria Mine, arising from a historical pre-acquisition inspection. In May 2015, the Company was advised that the Chilean Environmental Superintendent (Superintendencia de Medio Ambiente, or "SMA") had charged Minera Candelaria with alleged infractions of the environmental approvals held by Candelaria Mine. The alleged infractions originate from an inspection that Chilean authorities carried out at the Candelaria Mine in June of 2013 and August of 2014, and 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

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mining operations, among others. In September 2015, Minera Candelaria presented their discharges and the opening of a probationary term was requested. The term was opened and the evidence was presented. The SMA has rejected the compliance plan which was submitted by Minera Candelaria. The SMA may assess fines against Minera Candelaria in relation to the charges which could be material. The Company awaits the response of the SMA to determine next steps.

Environmental Management

Environmental Audits

Annually, an Environmental Audit plan is developed and carried out at the sites to ensure that the HSE practices and requirements of the HSE Standards are fulfilled. Results of the environmental audits, including corrective actions, are reported to the HSEC Committee of the Board.

Site Environmental Audits were completed through:

- the review and assessment of operational environmental data, environmental reporting, and previous audits;
- interviews with environmental team staff at each site; and
- site walkover audits.

The data review phase was largely conducted before the site visits, and this allowed the development of a list of audit questions and criteria to meet the Annual Corporate Environmental Audit Objectives.

In accordance with a review of our audit program, all five Lundin operations underwent external environmental audits in 2015. Results of the external environmental audits were reported to the HSEC Committee of the Board and action plans were developed by sites to ensure corrective actions and continual improvement initiatives are implemented.

Environmental Permitting and Compliance

The Permitting and Approvals process is a critical part of mining and mineral development and ensures that the mining sector is effectively regulated to prevent possible negative impacts to the natural environment or the interests of local communities. In a typical mine project development sequence, the permitting and approvals process is conducted once the project has successfully completed the Social and Environmental Assessment process specific to that jurisdiction. In addition to environmental permits and approvals, other mining-associated activities may require permits that are not covered by environmental regulations, or that include some technical aspects

requiring other permits. These additional permits, frequently referred to as Sectoral Permits, can be required at any time in the mine life cycle and are obtained from various public agencies.

When permits and approvals are issued, they typically include conditions that need to be met by the Company in order for the permit to be maintained. Meeting these permit conditions or requirements is often referred to as “Compliance” and, at Lundin Mining, ensuring compliance is a key objective in all we do. To support permitting and compliance activities during all phases of the mine life cycle, extending from exploration through to post-closure, we have developed a Responsible Mining Management System, based on the process cycle of “Plan, Do, Check, Act” and supported by effective Standards, Procedures, Guidance, Training, Auditing and Corrective Action programs to support continual improvement and enhanced environmental performance and compliance. In addition, we participate in various regulatory and industry associations, such as the Mining Association of Canada, and the Canadian Institute of Mining and Euromines, in order to monitor developments and issues in the regulatory environment and to adapt consideration of these developments into our evolving Management System.



Aerial view of Humboldt Mill, Eagle Mine

WATER MANAGEMENT

At Lundin Mining, we implement a comprehensive water management planning process to allow us to operate without conflict with other water users and associated ecosystems, in accordance with the Lundin Mining Water Management Group Procedure.

Water Availability

The availability of a reliable and sustainable supply of water is vital for all and, in recent years, with varying precipitation patterns, our operations have continued to adapt to new water management challenges to ensure that we manage our use of this shared resource in a responsible manner. Throughout 2015, Lundin Mining has been committed to best management practices for water through the implementation of the Water Management Group Procedure, which includes requirements for evaluation of water use efficiency, implementation of measurable improvements to prevent unnecessary pressure on shared resources, and evaluation and minimization of environmental and social impacts on surface water and

groundwater environments. Consistent with the Company-wide implementation of the Water Management Group Procedure, this operational experience is being shared across Lundin to support the design and implementation of improved water management strategies at our other sites.

Our operations in Portugal and Spain are located in areas where water is scarce and, to promote sustainable practices, we have continued with the implementation of medium-term and long-term water management projects to maximize water recycling inside our project boundaries and minimize fresh water intake.

Further supporting our commitment to sustainable water management, our local engagement strategies and continued forward planning efforts have allowed our operations to maintain good relationships with local water user organizations.

Water Withdrawal and Recycling

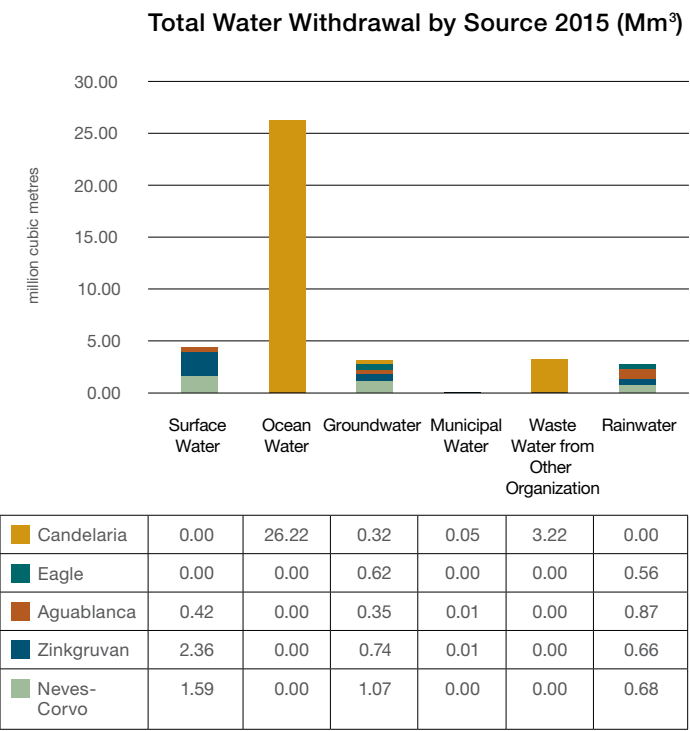
Lundin Mining’s operations are required to develop water balances, and hydrometric data are used for operational control and reporting purposes. Although some water abstraction from natural water systems (river, lakes, and ocean water and groundwater wells) is unavoidable, Lundin seeks to reduce this as much as possible through water recycling and re-use (treated domestic waste water, groundwater seepage from our underground mines). Water sources at each of our operations are supplemented by the capture of run-off from rainfall and snow melt, where available, on the project catchment areas.

Site	Primary Sources of Water for Use by Operation
Aguablanca	Aguablanca Stream; mine dewatering
Candelaria	Desalinated Seawater; treated domestic waste water; mine seepage
Eagle	Mine Site: mine dewatering; potable well and utility well
	Mill Site: potable well
Neves-Corvo	Santa Clara Reservoir; mine dewatering
Zinkgruvan	Lake Trysjön; Lake Åmmelången; mine dewatering

No water sources have been significantly affected by our existing water use systems and there are no significant cases of water depletion or new competition for supplies. At our Zinkgruvan site, our team identified and carefully managed



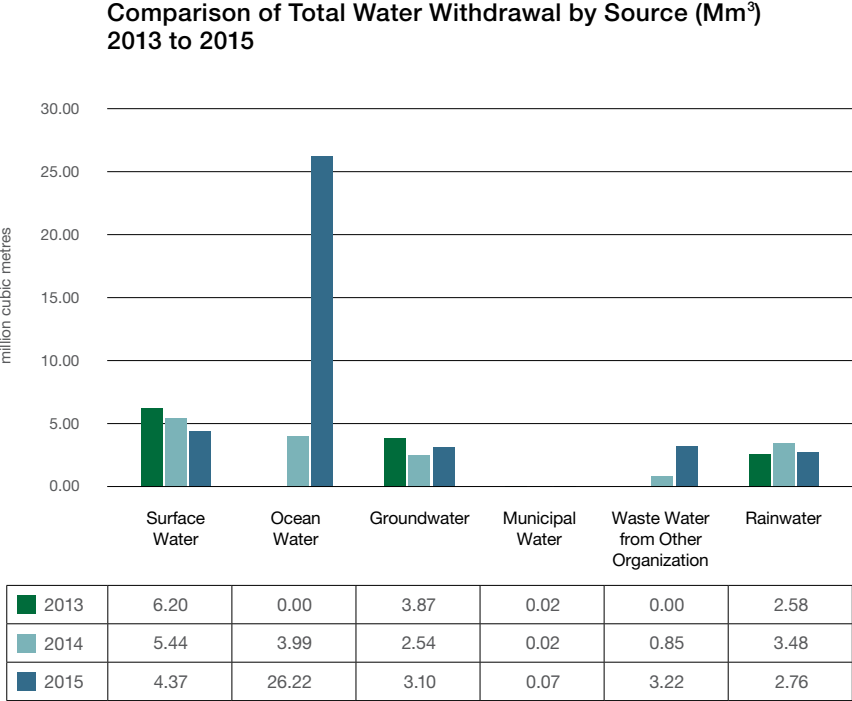
Desalination plant, Candelaria



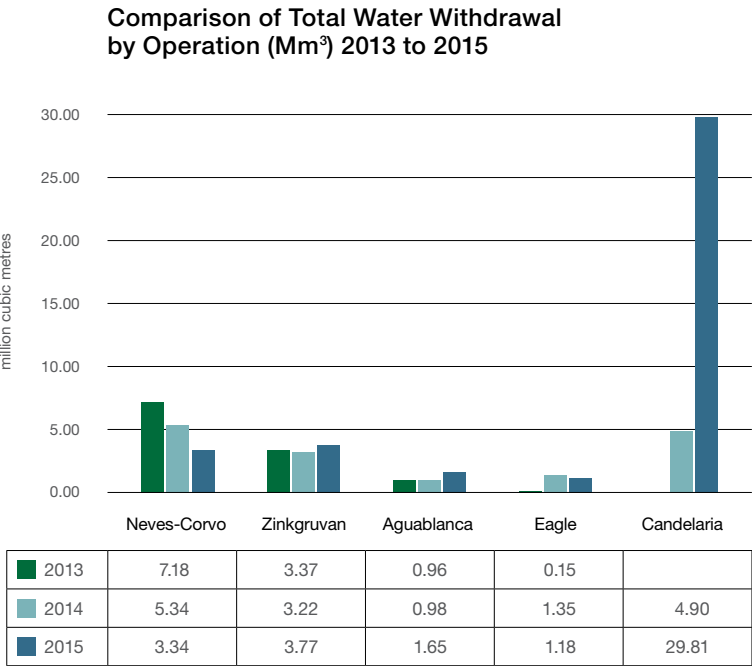
conditions at Lakes Trysjön and Ämmelången, thereby reducing the potential for any significant effects on the recreational and environmental values of these systems. Water from these systems, required to supply mineral processing activities and to maintain a designated minimum flow rate in Dalbyån Creek, is therefore being managed in a manner that protects this valuable and shared resource. In Chile, hydrogeological studies of the Copiapó valley show that aquifer recharge is 4,800 litres per second, averaged over a year, showing the benefit locally of Candelaria's use of alternative sources of water, such as desalinated seawater, resulting in the total consumption of groundwater from sector 4 of the Copiapó River in 2015 equivalent to, on average, only 0.06% of the total recharge in the valley.

It is noted that, as 2015 marked the first full year of Candelaria's reporting as a Lundin operation (compared to only two months in the previous year) and in recognition of updated approaches for water data capture from the desalination plant, Lundin Mining's total operational water intake increased in 2015 to 39.7 million cubic metres. Of the total withdrawal of 39.7 million cubic metres of water from all sources by all our operational sites, almost 66% (26.2 million cubic metres) was ocean water withdrawn at Candelaria's desalination plant. Of those 26.2 million cubic metres, 11.1 million cubic metres (42%) were used in the mining and mineral processing operations and 15.1 million cubic metres (58%) were returned to the ocean from the desalination plant's discharge point.

Neves-Corvo, Zinkgruvan, and to a lesser extent, Aguablanca, access surface water from reservoirs and lakes for use at their sites. All of our operations also experience groundwater seepage in their underground workings, which is captured through mine dewatering, with some additional groundwater abstraction from wells and following infiltration into open-pits. Capture of rainwater and snow melt run-off from our catchment areas is significant from all our sites, with the exception of Candelaria due to the arid climate. Eagle's intake of both groundwater and rainwater has increased this year over past reported years, correlating to the mine's first full year of operation and production in 2015. Total water withdrawal trends at our individual operations can be observed, and are explained through discussion of recycling rates and water intensity.



Footnote: Candelaria was acquired by LMC in November 2014; therefore only two months of Candelaria water data are included in our 2014 reporting.



Aerial view of Lake Superior, Eagle Mine



Water treatment plant, Candelaria

Environmental Management

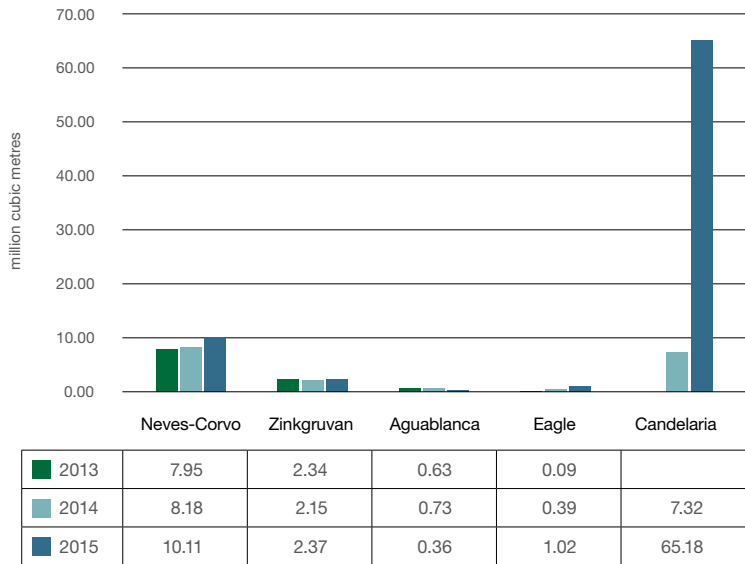
Our operations at Zinkgruvan and Neves-Corvo also withdraw additional water for supply to local communities – these quantities are effectively provided as a service to the local community and are, therefore, not included in our operational water withdrawal accounting.

Overall, in 2015, Lundin's record of water recycling exceeded overall water volumes withdrawn and included the recycling of 79 million cubic metres of water. The 2015 total equates to a recycling rate of 200% of the total water withdrawn, largely due to Candelaria's initiatives of recycling of over 65 million cubic metres of water in 2015. Recorded water recycling in 2014 was 18.8 million cubic metres, a significantly lower quantity since only 2 months of data were included for Candelaria, on account of its acquisition by Lundin in November 2014. Recycling efficiency improvements were also achieved at Eagle, as the mine achieved its first full year of production, and at Neves-Corvo, as a result of further implementation of improved water management schemes. For operational reasons associated with ore recovery within the processing plant, Aguablanca was required to temporarily increase reliance on freshwater sources, thereby reducing its water recycling rate in 2015.

Water Use Intensity

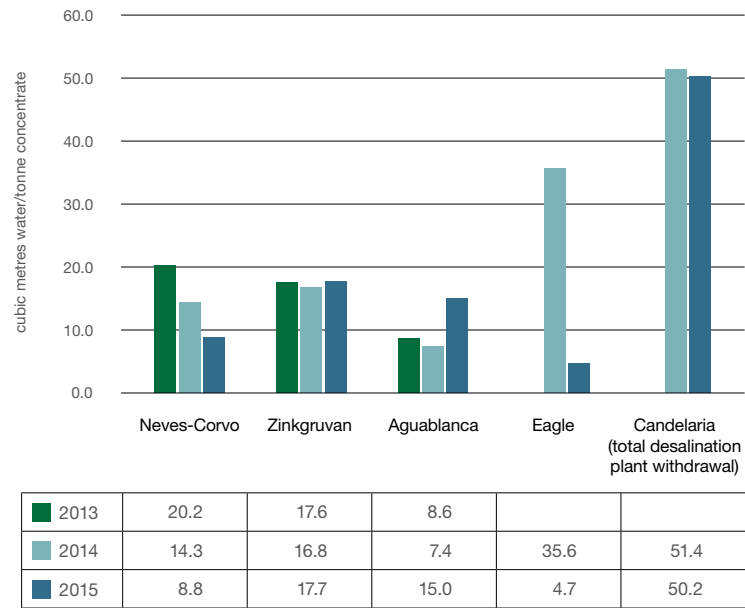
As a means of tracking water use efficiency, Lundin Mining measures water withdrawal intensity (measured as cubic metres of water withdrawn per tonne of concentrate produced). Overall, this has increased from approximately 20 cubic metres per tonne of concentrate produced in 2014 to 26 cubic metres per tonne of concentrate produced in 2015, largely resulting from revised and improved data capture for Candelaria's desalination plant. Candelaria's intensity is impacted by the need to include the total quantity of ocean water withdrawn in the calculation, when in reality only 42% of that water is used in the mining and processing operation. Should the calculation include only the water from the desalination plant that is actually used within the mining complex, then Lundin's overall water use intensity would reduce to 16 cubic metres per tonne concentrate. Similarly, Candelaria's individual water use intensity would reduce from 50 to 25 cubic metres per tonne of concentrate. There were measurable efficiency improvements at Eagle and Neves-Corvo as well as improvements in recycling intensity attributable to Candelaria.

Comparison of Water Recycling by Operation (Mm³) 2013 to 2015



Footnote: Candelaria was acquired by LMC in November 2014; therefore only two months of Candelaria water data are included in our 2014 reporting.

Comparison of Water Use Intensity by Operation 2013 to 2015 (cubic metres water used/tonne concentrate produced)



Footnote: Candelaria was acquired by LMC in November 2014; therefore only two months of Candelaria water data are included in our 2014 reporting.

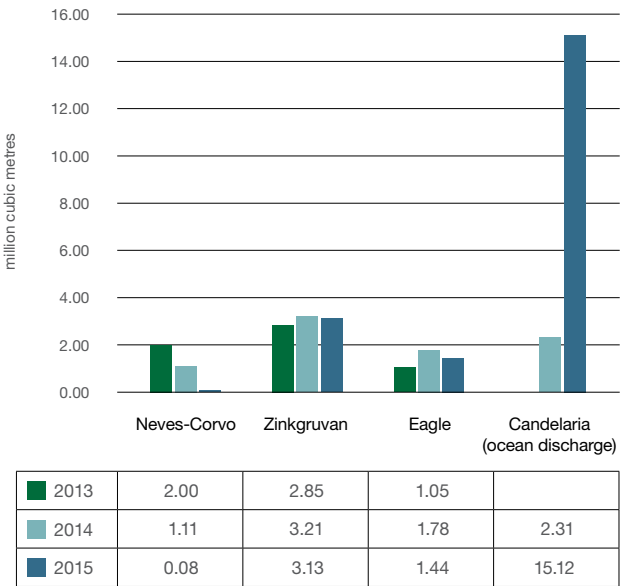
Water Discharges

Water management at Lundin Mining's operations involves discharging treated water in accordance with regulatory requirements and corporate standards, which include consideration of the aquatic and terrestrial environments and communities and users downstream of our operations. All our operations have effective water quality monitoring systems in place, with routine regulatory reporting, to verify that off-site discharges are in compliance with environmental regulatory requirements, developed to protect people and the environment.

Site	Discharge Receiving Body
Aguablanca	Zero-discharge
Candelaria	Desalination plant: Pacific Ocean
	Mining and mineral processing complex: Zero-discharge
Eagle	Mine site: Groundwater discharge
	Mill site: Wetland (adjacent to Escanaba River)
Neves-Corvo	Oeiras River
Zinkgruvan	Ekershyttbäcken Creek (Lake Vättern catchment)

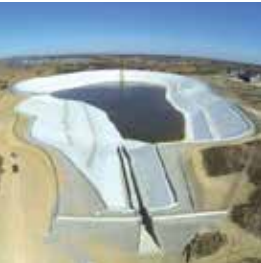
We report planned and unplanned water discharges from our operations and it is noted that, during 2015, there were no unplanned discharges. All our reported discharge quantities are measured by flow meters and verified in the field. Our Aguablanca project operates on a zero-discharge basis.

Comparison of Water Discharged by Operation (Mm³) 2013 to 2015



Footnote: 2015 represents the first full year of LMC operation for Eagle and Candelaria.

Across our operations, we discharged just under 20 million cubic metres of water into the environment during 2015, a significant increase over previous years due to inclusion of data for the first full year of production at Candelaria since its acquisition. It is significant that Candelaria's discharge in 2015 of 15.1 million cubic metres was entirely from the desalination plant to the ocean, rather than to a freshwater environment, and the quality of this discharge reflects the original seawater chemistry and the desalination process, rather than the effects of any mining or mineral processing.



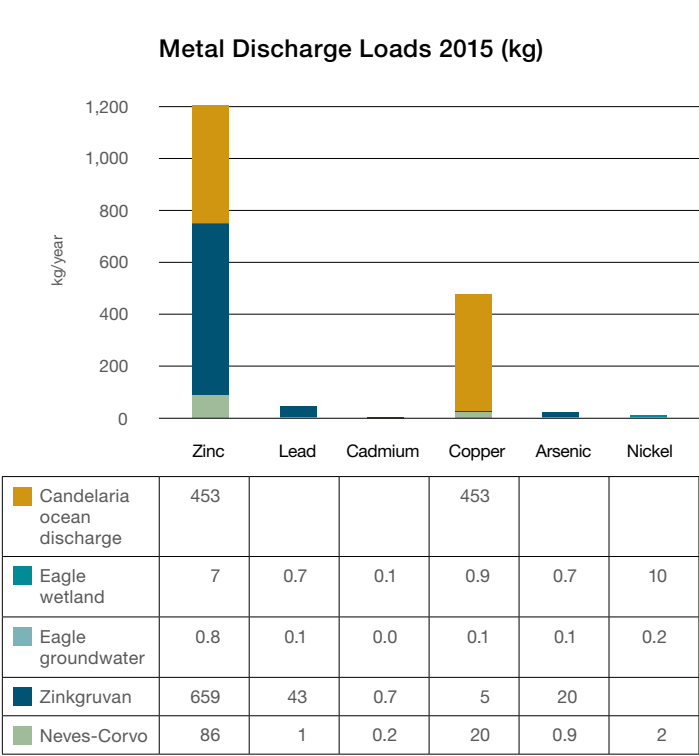
Environmental Management

All of our other operations achieved a reduction in total discharge quantity in 2015 compared to 2014, most significantly at Neves-Corvo, as a consequence of continued improvements to its water management scheme. The receiving environment now benefits from an upgrade to the existing treatment facility, comprising a new facility for water management and the new Cerro da Mina reservoir, increasing retention time and therefore improving the effectiveness of the treatment plant. Potential for impact on the Oeiras River can now be more closely managed, as the increased flexibility in the system for storage and recycling capability also allows the operation to reduce, and even cease, discharge, according to natural water flow rates in the river. Neves-Corvo continues to investigate schemes to improve its water management system, including alternative water treatment methods and the testing and installation of evaporators to further reduce the amount of treated water requiring discharge.

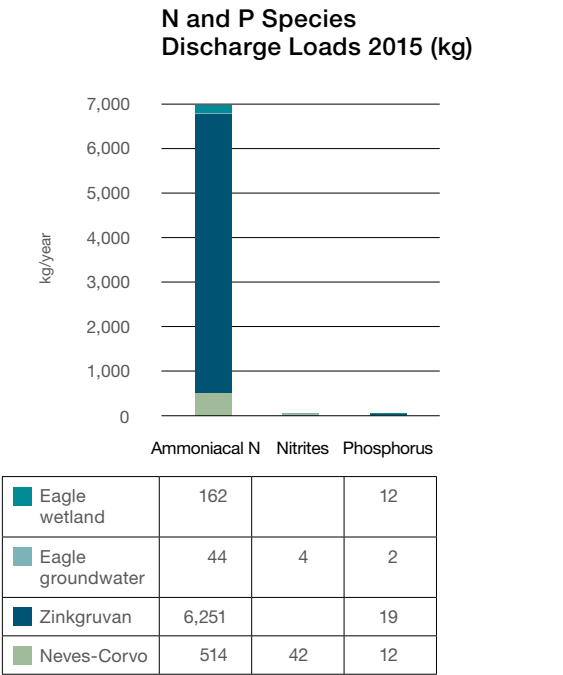
All of our operations treat their discharge water to achieve an acceptable quality prior to discharge to the environment. Neves-Corvo's water treatment system treats sulphate salts in addition to pH neutralization. Zinkgruvan's process is based

upon residence time in a clarification pond. Eagle uses a comprehensive treatment process, culminating in reverse osmosis and final pH adjustment for its groundwater discharge and metals precipitation/sedimentation and ultrafiltration in its wetland discharge.

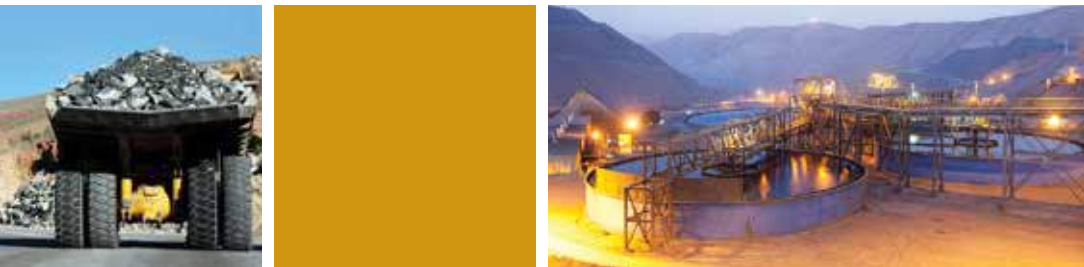
Our annual discharge chemical loads have remained relatively consistent this year, with a noted reduction of chemical load in Neves-Corvo's treated discharge due to reduction of the overall quantity of water discharged during 2015. Lundin Mining's operational water discharges were generally in total regulatory compliance during 2015. Exceptions which were addressed in 2015 include a single flow rate exceedance at Candelaria's ocean discharge and intermittent sulphate, total nitrogen, manganese and iron exceedances at Neves-Corvo. Through the implementation of our Responsible Mining Management System and our commitment to continuous improvement, these types of events were identified and appropriate steps, such as Neves-Corvo's recent water management system upgrade, were taken to reduce their potential for recurrence.



Footnote: Blank = not measured. Candelaria's discharge is to the ocean as opposed to a freshwater environment.



Footnote: Blank = not measured.



WASTE MANAGEMENT

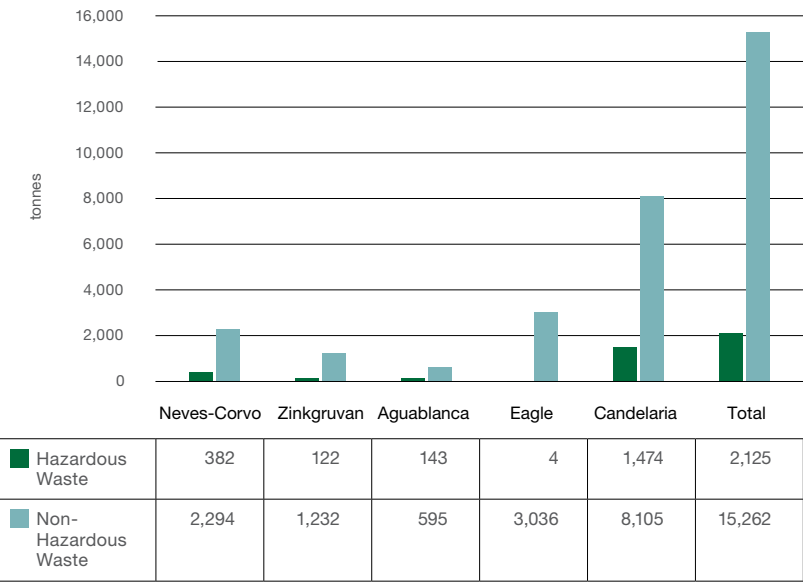
Our operations have developed comprehensive waste management plans which specify how the different types of waste produced by our activities shall be managed and includes identification of opportunities for waste minimization, recycling and re-use.

Non-Mineral Waste

During 2015, the total non-mineral waste generated by Lundin Mining was 17,387 tonnes, of which 15,262 tonnes, or almost 88%, were classified as non-hazardous waste. Lundin's waste generation levels in 2014 were temporarily increased by the addition of demolition waste associated with the closure of the Galmoy Mine; however, in 2015, waste generation returned to levels broadly comparable with pre-2014.

Candelaria has become our largest non-hazardous waste producer, corresponding to the relatively large size of the operation when compared to our other mines. Eagle Mine recorded relatively high quantities of materials classified as non-hazardous waste, primarily due to the current regulatory requirement to dispose of exploration drill cuttings from known sulphide zones to landfill. Neves-Corvo, Zinkgruvan

Total Weight of Waste by Type 2015 (tonnes)

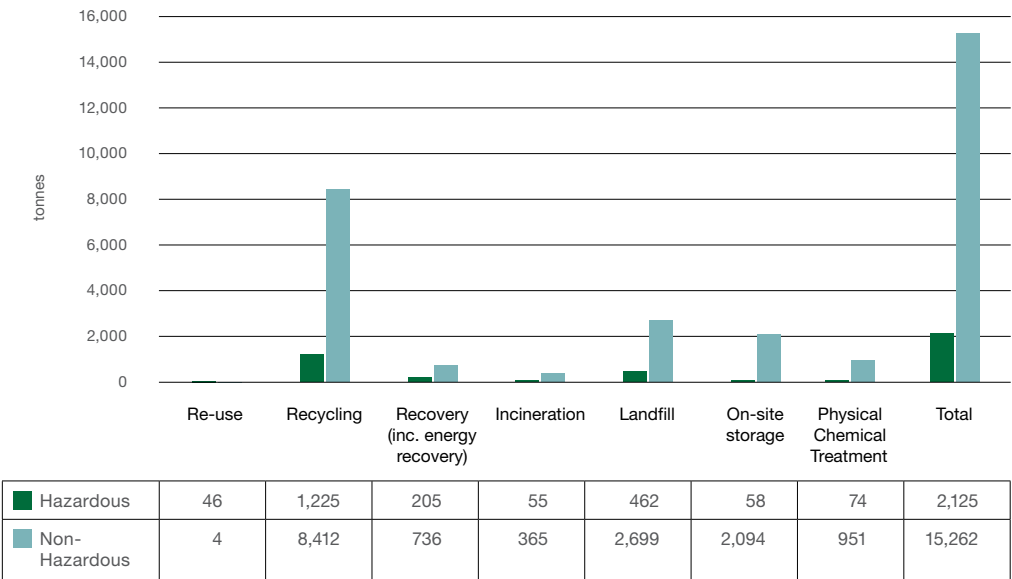


and finally Aguablanca's non-hazardous waste generation are lower and consistent with the relative scale of the operations.

A similar pattern is observed for hazardous waste generation in 2015, with Candelaria being the largest producer, followed by Neves-Corvo, Aguablanca and Zinkgruvan. By contrast, Eagle generates a relatively low level of hazardous waste. In general, hazardous

wastes included oil filters, used oil, lubricants, spent reagents, other chemical products such as paints and laboratory reagents, and used batteries from mobile equipment. In accordance with applicable regulations, best practices, and Lundin's waste management plans, hazardous waste generated at our operational sites is generally transported off-site, within country, for treatment and re-use or disposal.

Lundin Total Weight of Waste by Disposal Method 2015 (tonnes)



The main waste treatment or disposal methods used by Lundin Mining's operations remain comparable with previous years. Our waste management programs continue to be effective, with the percentage of total waste being diverted for re-use, recycling or recovery reaching 94% at Zinkgruvan, 88% at Aguablanca, 73% at Neves-Corvo and 65% at Candelaria. Eagle's much lower percentage (17%) is influenced by the disposal of drill cuttings to landfill, as required by current regulations.

All waste generated by the Company was disposed of in accordance with the applicable waste regulations and site waste management plans. Candelaria and Zinkgruvan have confirmed the methods of waste disposal, while our other operations have relied on information provided by contractors.

Mineral Waste

Lundin Mining's operations all generate mineral waste in the form of waste rock and tailings.

Waste Rock Management

Almost 50 million tonnes of waste rock were generated at the Candelaria operation in 2015, with each of our remaining four operations producing less than 150,000 tonnes. At Candelaria, the waste rock is stored in surface waste dumps located to the north and southwest of the Candelaria open-pit. Geo-mechanics and seismic parameters have been considered in the dump design to improve stability of the waste rock dumps.

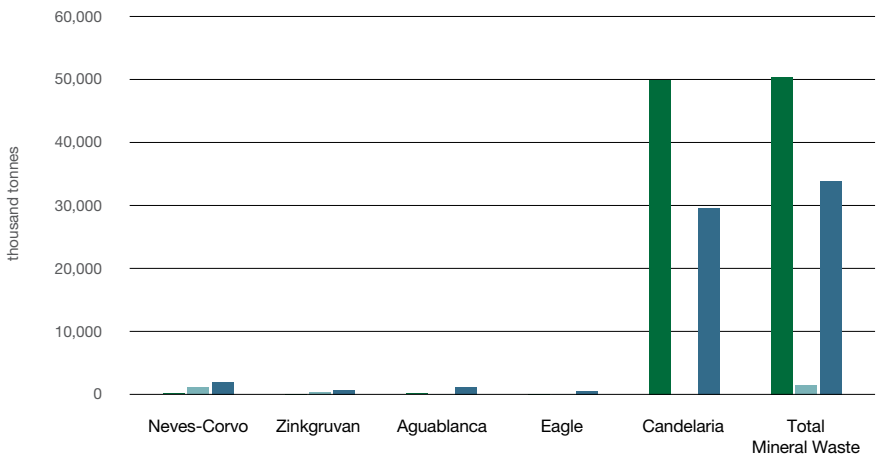
At Neves-Corvo, waste rock management remains the same as in previous years, with temporary storage in stockpiles at the surface. Most of the waste rock is ultimately used in the tailings management facility (TMF) for construction of dykes and cell cover, or used in the underground mine to stabilize previously mined areas (backfill). Eagle Mine has begun to temporarily store waste rock on the surface and, progressively, it will also be used as mine backfill to stabilize previously mined areas. Through the use of waste rock as backfill, it is anticipated that, well before the time of Eagle's closure, no waste rock will remain at the surface.

As Aguablanca's open-pit was closed in early 2015, its waste rock generation declined from approximately 4 million tonnes (2014) to 137,000 tonnes in 2015. During 2015, Aguablanca has undertaken progressive rehabilitation of its waste rock dump. Zinkgruvan does not maintain waste stockpiles – all waste is used underground to stabilize previously mined stopes or used in construction of the TMF and roads.



Open-pit operations, Candelaria

Quantities of Waste Rock and Tailings 2015 (thousand tonnes)



Waste Rock	149	117	137	126	49,933	50,461
Tailings to UG Mine	1,179	326	0	0	0	1,505
Tailings to TMF	1,997	696	1,183	494	29,545	33,915



Humboldt Mill tailings disposal, Eagle Mine

Tailings Management

Lundin Mining uses two widely accepted methods of tailings disposal: underground disposal involves mixing tailings with products, such as sand or cement, followed by disposal as a paste backfill in previously mined areas of underground mines; surface disposal involves placement in engineered surface impoundments or, in the case of Eagle, in previously mined open-pits.

Active surface tailings impoundments can represent one of the more significant environmental risks for the mining industry and, in keeping with best industry practice, Lundin Mining takes considerable care to ensure our Tailings Management Facilities (TMFs) are well-designed, built to exacting standards, well-maintained and monitored carefully.

In 2015, Lundin Mining developed a Tailings Management Standard (TMS) to ensure that all TMFs, including major water retention dams, are designed, built, operated, decommissioned and closed in such a manner that all structures are stable and all aspects comply with

regulatory requirements and conform to Company standards, accepted international practice and commitments to local stakeholders.

A component of the TMS is the requirement for regular independent third party geotechnical reviews, which are recognized as a best practice for effective tailings and water dam stewardship. The inspections are focused on dam stability and integrity. Another component of the TMS is the requirement that all sites conduct regular geotechnical, hydrogeological and environmental monitoring to meet regulatory requirements and prevent the uncontrolled release of tailings and/or water to the environment.

In 2015, third party reviews were completed at Candelaria, Zinkgruvan, Aguablanca and Neves-Corvo by an independent consulting firm. The dams at Neves-Corvo were constructed as water retaining structures to allow placement of the tails under permanent cover. All lifts use the downstream construction method, which is considered more

stable than the upstream method. The structures at Candelaria and Aguablanca were both built using the downstream construction method. Aguablanca is also fully lined with a 1.5 mm HDPE membrane. The tailings at Eagle are contained in a disused open-pit, so there are no tailings dams. The Zinkgruvan embankments were constructed as water retaining structures with centreline and upstream raises added since the dam was first constructed. Waste rock buttresses were added to provide additional support. No fatal flaws were identified during the third party reviews at any of the sites, and recommendations were made for each site. The inspection team particularly credited Neves-Corvo for the standards of its TMF.

The recommendations provided by the review are carefully tracked and follow-up reported by each site on a quarterly basis to ensure that appropriate action is taken. In 2016, third party reviews are proposed for Candelaria, Zinkgruvan, Aguablanca, Neves-Corvo and Galmoy (closed site).

Candelaria

The Candelaria TMF is located 8 km northwest of the Candelaria open-pit in the Copiapó River Valley and receives tailings from both processing plants within the mine complex. The TMF has a maximum capacity of 281 million cubic metres and will have a final surface area of 450 hectares; it is expected that the TMF will reach the end of its operational life by 2017. The stability of the TMF is inspected and monitored on a continuous basis by the operations area, and a monitoring report is submitted on a quarterly basis to the Chilean Mining and Geology National Authority.

The TMF has been constructed with an impermeable layer of compacted material encircled by a series of french drains in order to direct the tailings infiltration water to a collection point where, through a pumping system, the water is returned to the process plant. The tailings are conveyed to the TMF through pipelines and spigots and the clarified tailings water is collected and recirculated to the process plant.

A new TMF, Los Diques, located to the west of the open-pit and plant, is proposed to replace the existing tailings facility when it reaches capacity. The proposed site has a total available tailings capacity of 600 million tonnes, a greater capacity than that required by the current mine life.

Neves-Corvo

At Neves-Corvo, the Cerro de Lobo TMF is located 4 km southeast of the processing plants. The current permitted capacity of the Cerro de Lobo TMF is 33.35 million cubic metres, allowing the storage of 28.10 million cubic metres of tailings and 5.25 million cubic metres of waste rock. The TMF is operated in accordance with the EU Mine Safety Directive, International Commission of Large Dams (ICOLD) and Portuguese national legislation.

The current tailings disposal system at Neves-Corvo has provided safe and reliable storage of tailings for many years. Initially, subaqueous tailings deposition was undertaken and, as this facility's capacity for subaqueous deposition was approaching, innovative paste tailings technology was developed, with implementation in late 2010. Paste tailings are tailings that have been dewatered so that they no longer have critical flow velocity when pumped and produce minimal to no water when deposited. As seepage water resulting from the stored paste tailings is reduced or eliminated this water can often be recycled for use elsewhere on site. At Neves-Corvo, the thickened and dewatered tailings are deposited on top of the existing tailings, with the paste being retained by berms constructed of mine waste rock within the tailings basin. The volume of tailings that needs to be stored on surface is further reduced by placing as much tailings as possible (approximately 37% in 2015) underground as paste backfill to support worked out areas of the mine.





Environmental Management

Zinkgruvan

At Zinkgruvan, the tailings facility is located at Enemossen, 4 km south of the mine. The TMF is nearing its capacity of 12 million cubic metres, which will be achieved by the end of 2017. The tailings management program at Zinkgruvan is based on the SveMin Dam Safety Guidelines, which incorporate cross-audits by the Swedish Association of Mines, Minerals and Metal Producers (SveMin) member companies to ensure that standards are applied. Dams are inspected every year by independent, expert consultants on dam design to ensure their continuing integrity and to ensure that rigorous programs of ongoing monitoring are in place.

Approximately 32% of the tailings produced at Zinkgruvan is used as backfill material in the mine, thus reducing the amount of tailings to be deposited in the tailings facility.

The mine is currently operating under a recently extended environmental licence that allows for the construction of a new tailings facility (Enemossen East) adjacent to the existing facility. Construction is scheduled to begin in June of 2016. The new facility is permitted to a height of 195.5 metres and, once complete, will have the capacity for 5 million cubic metres of tailings.

Eagle

At Eagle's Humboldt mill site, subaqueous deposition of tailings commenced at the existing Humboldt Tailings Disposal Facility (HTDF) in 2014. The HTDF is a former iron ore open-pit which filled with water after the mining operation ceased in the 1970s. It measures approximately 120 metres in depth and has walls composed of bedrock, except at the north end of the facility, where a cut-off wall has been constructed. The TMF has a permitted capacity of 1.83 million cubic metres.

Eagle's HTDF has been constructed and operates in compliance with applicable regulations, specifically: 1) Michigan's Non-Ferrous Metallic Mining Regulation, Part 632 of the Natural Resources and Environmental Protection Act (NREPA), which requires that the operator manage the HTDF in such a way that reasonably minimizes actual and potential adverse impacts to groundwater and surface water; and 2) Part 301 of NREPA, Inland Lakes and Streams, which requires that the company obtains a permit to fill an inland lake so that the surface water quality of the State remains protected. Eagle's HTDF facility meets all of these requirements.

A risk assessment was completed for the facility, with mitigation of risks incorporated into the design, and quality control programs are in place to ensure that design specifications are met. In addition, ongoing inspections and water quality monitoring are conducted to ensure that the facility functions according to design. A contingency plan has been developed to further mitigate any residual risk.

Aguablanca

The Aguablanca TMF is located adjacent to the ore concentrator and has an ultimate design capacity in excess of 20 million tonnes of tailings. The facility was designed to meet the EU Mine Safety Directive, International Commission of Large Dams (ICOLD) and Spanish national legislation standards. The operation's Tailings Management Plan provides for monthly internal stability inspections and quarterly specialized third party inspections. Moreover, the TMF has its own Emergency Plan.

The dam comprises downstream walls constructed from, and buttressed against, waste rock from the open-pit and raised in a series of 6-metre high lifts. It is fully lined with an HDPE liner and decant water from the facility is recycled back to the processing plant using barge-mounted pumps.

Acid Rock Drainage

An important environmental consideration for mines is the potential for generation of acidic water when sulphide minerals, such as pyrite, in waste rock and/or tailings, are exposed to moisture and air. These acidic discharges, known as acid rock drainage (ARD), can adversely affect the quality of waterways or groundwater by introducing undesirable levels of acidity and dissolved metals.

At Neves-Corvo, the mine's comprehensive Waste Management Plan is designed to mitigate the risk associated with ARD generation in both waste rock and tailings. Neves-Corvo's waste rock has been classified as "likely ARD-generating" according to characterization studies. Where possible, waste rock with acid potential is retained underground. Risks associated with waste rock that is brought to the surface and temporarily stockpiled are managed by the incorporation of a peripheral drainage system, to allow collection and management of contact water, along with the use of engineering construction methods based on geological and geotechnical characterization studies to assure the overall stockpile stability.

Neves-Corvo's tailings contain pyrite and have been characterized as ARD-generating. Until 2010, these tailings were deposited subaqueously. An internal drainage system has been designed to capture the seepage water from the TMF and is connected to sumps from where the water is pumped back to the pond. Furthermore, comprehensive routine monitoring and management of the tailings deposition process, tailings pore pressure and structural and hydraulic stability of the TMF embankments all contribute to managing the risk

associated with ARD. Since 2010, these tailings are now co-deposited sub-aerially in paste form along with waste rock to minimize ARD potential.

Zinkgruvan has tested its mineral wastes for ARD and these have been found to pose no immediate or long-term risk of acid-generating potential, owing to their low sulphide content and the high buffering capacity of calcareous minerals.

Geochemical characterization studies have shown that waste rock at Aguablanca has relatively low sulphide concentrations and that the rock is not potentially acid-generating. According to evaluations conducted by the Site in accordance with applicable regulations, studies have determined that the waste rock is not liable to cause adverse environmental effects and, in context of total metal content, the material meets the requirements of the regulations. Aguablanca's tailings, on the other hand, have been characterized as potentially acid-generating with the associated risk of metal leaching and, as such, the operational management of the tailings management facility and closure planning have been designed to address any ARD risk.

At Eagle, the Humboldt mill's proximity to the bedrock-lined former open-pit mine made subaqueous disposal an ideal management method for these reactive tailings. ARD generation is managed through subaqueous deposition by restricting oxygen access to the tailings and thus preventing oxidation. To meet regulatory requirements, Lundin undertook studies to demonstrate that bedrock walls meet the hydraulic conductivity standard and are not a reasonable conduit of groundwater migration. In one area of the pit, a

bentonite wall has been constructed to further reduce permeability and ensure negligible groundwater flow. An added measure of protection being undertaken is water management, including maintaining water levels at a lower elevation than the surrounding groundwater, resulting in an inward gradient. Waste rock is temporarily stored on surface at the Eagle Mine, and will ultimately be placed back in the underground mine as backfill material. ARD risks are managed in the interim by lining the surface storage facility and collecting all contact water for treatment at the mine water treatment plant.

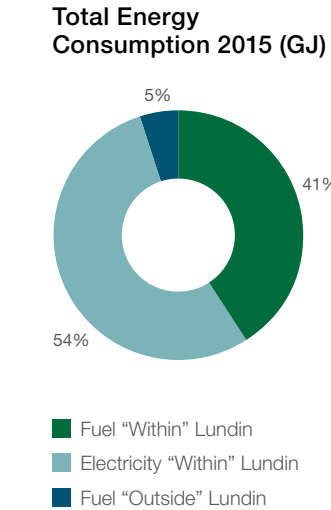
At Candelaria, waste rock is placed in terraced dumps immediately to the north of the open-pit (*Deposito Esteril Norte*) and south of the open-pit and plant area (*Deposito Esteril Nantoco*). The rock was classified as having a low potential for acid generation. There are no restrictions in the permit, or detailed controls, due to the fact that annual rainfall is less than 20 mm and there is no groundwater infiltration. At the TMF, there is an efficient water recovery system, which allows the drainage water to be collected and returned to the process circuit. Appropriate freeboard is also maintained during operation to provide additional security.

Open-pit, Aguablanca





Open-pit drilling equipment, Candelaria



ENERGY AND EMISSIONS

At Lundin Mining, we are committed to a structured and transparent approach to our energy and greenhouse gas (GHG) data reporting, which we have developed and enhanced over recent years.

Lundin continues to look for opportunities to improve our energy use efficiency and decrease our GHG emission footprint, as demonstrated by the initiation of energy audits at several of our sites which, in the case of our largest operation at Candelaria, includes the development of energy efficiency and GHG-reduction awareness workshops, messaging for operations staff and contractors, and identification of numerous initiatives for future improvements.

Energy Consumption

Lundin Mining’s total energy consumption is reported in terms of energy consumed “Within” Lundin and energy consumed “Outside” Lundin. We allocate our energy consumption as follows:

Energy Consumption	Activities
“Within” Lundin	Fuel consumed at our operational and corporate sites, both by Lundin and by contractors, for activities associated with our “core business” such as transport, heating.
	Electricity consumed at our operational sites, both by Lundin and by contractors.
	Electricity consumed in corporate offices.
“Outside” Lundin	Fuel consumed by contractors for concentrate transport, import of our most significant raw materials, disposal of wastes, and transport of personnel.

Data sources include Lundin Mining’s internal fuel purchase records and fuel consumption records reported to us by our contractors. Conversion factors to convert fuel to joules are sourced locally from suppliers where available, otherwise from national publications. Diesel is consumed in the greatest quantities at our operations, along with gasoline, natural gas, propane and minor biodiesel. Electricity consumption data are obtained from our suppliers.

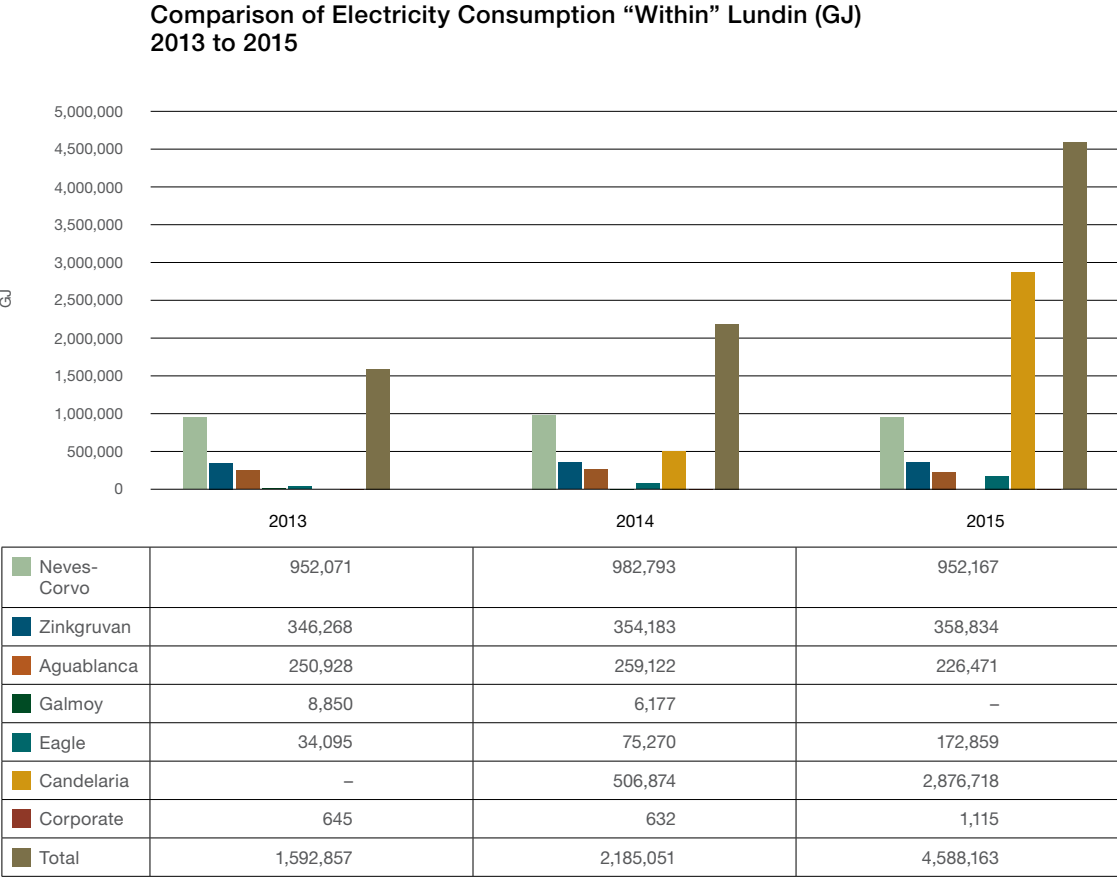
Typical of the mining sector worldwide, the Company’s energy consumption remains a significant input at all of our operational sites. Our total energy consumption for 2015 was 8,501,454 GJ, compared to 3,695,041 GJ in 2014. The additional energy consumption can be attributed to the full year of operations included in this year’s reporting at our Candelaria operation (acquired November 2014), and the first full year of production at Eagle Mine. Fuel consumption “Within” Lundin amounted to 41% of total energy consumption, purchased electricity amounted to 54% of total energy consumption, and fuel consumption “Outside” Lundin amounted to 5% of total energy consumption.

Energy Consumption “Within” Lundin 2015

Description	GJ Consumed
Total fuel consumption from non-renewable resources	3,485,670 GJ
Total fuel consumption from renewable fuel resources	4,040 GJ
Total electricity consumption	4,588,163 GJ
Total energy consumption “Within” Lundin	8,077,873 GJ



The influence of the Candelaria acquisition, our largest operation, is illustrated by its contribution to the increase in our electricity consumption in recent years.



Footnote: Galmoy energy consumption lies outside our 2015 reporting scope due to its closed status. Candelaria was acquired by LMC in November 2014.

Environmental Management

We have extended the scope of our reporting of energy consumption “Outside” Lundin in 2015 to include fuel consumed during additional transport activities that were considered to contribute most significantly to the total anticipated energy consumption “Outside” Lundin. All of these activities are considered to comprise “upstream energy consumption” under the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

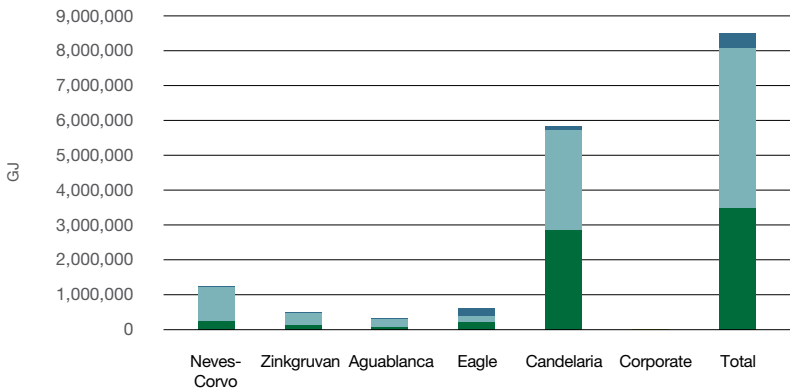
Energy Consumption “Outside” Lundin 2015

Upstream Energy Consumption Category	Description	GJ Consumed
Category 4: Upstream transportation and distribution	Concentrate transport and transport of our most significant imported raw materials	394,873 GJ
Category 5: Waste generated in operations	Transport of wastes generated at our operations for treatment/disposal	1,341 GJ
Category 7: Employee commuting	Transport of personnel	27,368 GJ
Total energy consumption “Outside” Lundin		423,581 GJ

When comparing energy consumption by operation, there are significant differences which can be accounted for by the scale of the operation and the mine-life stage. The Candelaria operation is now our largest overall energy consumer, with over 5.7 million gigajoules consumed “Within” Lundin. Neves-Corvo is our second largest energy consumer (over 1.2 million gigajoules consumed “Within” Lundin), consistent with its production levels. Eagle Mine had its first full year of production in 2015 and, accordingly, energy consumption has increased, followed by Zinkgruvan and finally Aguablanca. Corporate energy use was very low in comparison to our operational sites, as would be expected. Energy consumption measured at our exploration sites in 2014 was negligible in comparison with our operational sites (0.1% of our total energy consumption “Within” Lundin that year), and is thus not considered to be material.

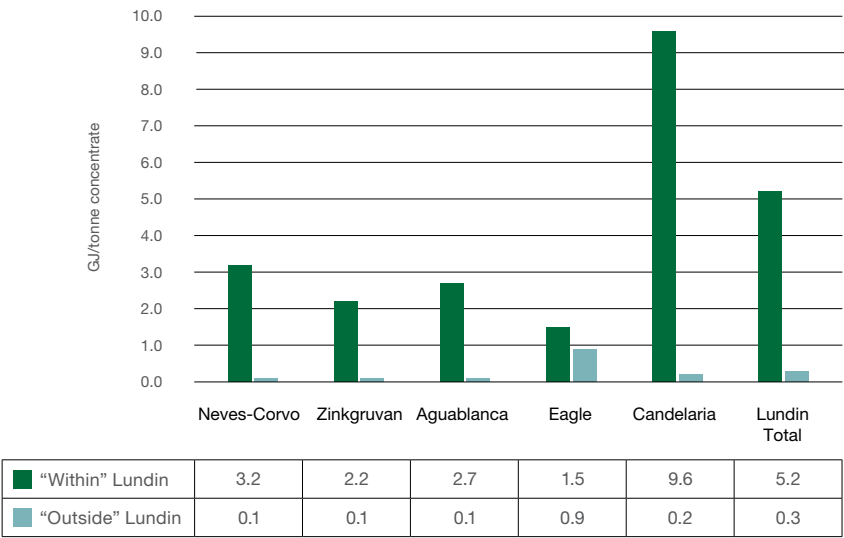
Our total energy consumption reflects a range of Corporate and operational changes; in 2015, these included the first full year of reporting on Candelaria, increases to production levels (particularly at Eagle with its first full year of production, but also at Neves-Corvo and Zinkgruvan), and a change in reporting scope due to transition from active closure to aftercare (Galmoy). We therefore also track our “energy intensity”, measuring how much energy we consume per tonne of concentrate produced, which gives an indication of energy management on a site by site basis. However, it is also affected by operational matters and open-pit operations, with their associated haulage of ore and waste rock, tend to have higher energy intensity “Within” Lundin, while operations with greater distances for concentrate transport have higher energy intensity “Outside” Lundin. Now that Eagle is in full production, its energy intensity “Outside” Lundin reflects the haul distance for the concentrate product.

Comparison of Energy Consumption by Operation 2015 (GJ)



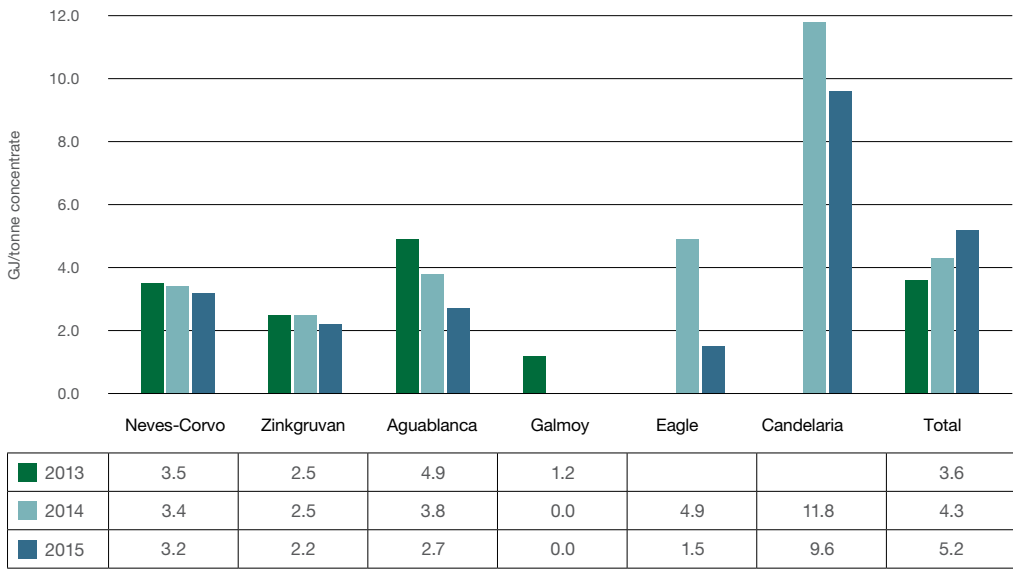
Fuel “Outside” Lundin	46,216	23,589	12,279	233,616	107,881	0	423,581
Electricity “Within” Lundin	952,167	358,834	226,471	172,859	2,876,718	1,115	4,588,163
Fuel “Outside” Lundin	248,041	119,649	70,195	206,016	2,845,331	479	3,489,709

Comparison of Energy Intensity “Within” and “Outside” Lundin 2015 (GJ energy used/tonne concentrate produced)



All Lundin sites have demonstrated improved energy intensity this year. Examples of the various improvements reported at our sites include Aguablanca’s transition from open-pit to underground mining and Candelaria’s development and implementation of energy efficiency workshops and messaging programs for workers, reviews of automation processes for improved energy recording, and the initiation of an operational energy audit that has identified additional energy efficiency and GHG reduction opportunities.

Comparison of Energy Intensity “Within” Lundin 2013 to 2015 (GJ energy used/tonne concentrate produced)



Footnote: There was no LMC concentrate production for Eagle and Candelaria in 2013.

Environmental Management

Greenhouse Gas (GHG) Emissions

Our mining projects use significant quantities of diesel fuel to perform underground and open-pit operations and in the transportation of our concentrates, wastes and raw materials. Electricity consumption is also essential for our mineral processing operations. The combustion of these fuels results in the release of greenhouse gases. Consumption of electrical power is a significant contributor to the GHG emissions for our operations, all of which are linked to their national grid for electricity supplies. As a general framework, the European Union has committed to a minimum of 13% renewable sources in its grid by 2020 (Directive 2009/28/EC). In the case of Sweden, the target is over 45%, Spain 20% and Portugal over 30%. This future picture will contribute to the reduction of GHG emissions due to electricity consumption.

Our approach to calculation of GHG emissions is aligned with the Greenhouse Gas Protocol methodologies and the Carbon Disclosure Project (CDP). Our GHG emissions consolidation approach is based on operational control; at present, our GHG emissions accounting is based on fuel, blasting agents and electricity consumption on-site. We also report emissions from fuel used for concentrate, raw materials, waste and personnel transport off-site. While systems for reporting fugitive GHG emissions from refrigeration and air conditioning equipment at our sites in the future are under review, current data estimates that our emissions from these sources amount to less than 1% of our total GHG emissions and are not, therefore, considered to be material.

In our calculations, we use the latest Global Warming Potentials (GWPs) given in the Fifth Assessment Report (AR5), as recommended by the GHG Protocol and CDP. Where availability of emission factors allows, our GHG emissions calculations include carbon dioxide, methane and nitrous oxide, reported as carbon dioxide equivalents (CO₂e). Emission factors for each fuel type have been obtained in-country, from suppliers and from national publications. Where unavailable, default fuel emission factors have been obtained from IPCC 2006.

Because we operate in markets where contractual instruments are available, we have revised our Scope 2 reporting methodology to be in alignment with the GHG Protocol Scope 2 Guidance, published in 2015. This year, we are reporting two sets of Scope 2 emissions data, one dataset uses the “location-based” calculation method and one uses the “market-based” calculation method. Emission factors for the “location-based” method were obtained in-country and are either regional or national data, applied in accordance with the GHG Protocol hierarchy. Emission factors for the “market-based” method have also been obtained in-country. None of our operations has a contract with their electricity supplier that specifies a GHG emission rate attribute of the generation. Supplier-specific emission factors have been used for our European operations and for Eagle, while, due to the lack of available supplier-specific data, regional grid average data have been used for Candelaria in accordance with the GHG Protocol hierarchy. Our researches to date indicate that when supplier-specific data become available for Candelaria in the future, our calculated Scope 2 “market-based” emissions will materially increase both for Candelaria and for Lundin overall, due to Candelaria’s supplier’s predominantly coal/thermal-based power generation portfolio.

In our comparisons across operations and our GHG emissions intensity calculations, we have used the “location-based” method Scope 2 data.

Lundin Mining has defined 2015 as the base year for GHG emissions reporting, primarily because it is important to us that our base year data are externally assured, in keeping with our corporate aim for transparency in the quality of our reported data. Energy and GHG data in our previously defined base year (2013) were not externally assured and, since this time, two new operations have joined the Lundin Mining portfolio. A number of other significant structural changes and staged improvements in our data collection and reporting since 2013 also support this decision. Our intention in 2016 is to identify opportunities for energy efficiency and reduction in GHG emissions, against this externally assured and representative 2015 base year reference point.

Since our direct fuel consumption “Within” Lundin has more than doubled since 2014, so have our gross direct Scope 1 GHG emissions, from 100,617 t CO₂e in 2014 to 270,531 t CO₂e in 2015.

The increase corresponds to increased electricity consumption compared to 2014, attributed to the reporting of a full year of operation at Candelaria and a full year of production by Eagle in 2015.

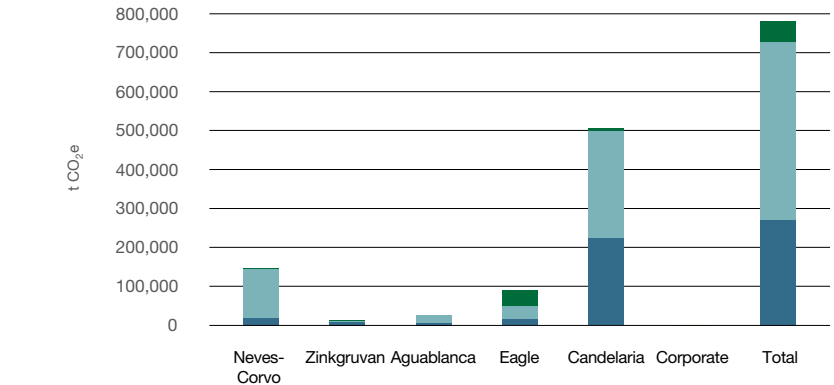
Our Scope 3 emissions have increased from 8,844 t CO₂e in 2014 to 56,016 t CO₂e in 2015, largely due to a full year of production, and associated concentrate transport, at Eagle and Candelaria; however, we have also widened the range of transportation activities included in our Scope 3 accounting.

Candelaria’s emissions reflect not only the scale of the operation compared to our other sites, but also the fact that it is an open-pit operation, with the associated vehicle movements for haulage of ore and waste rock.

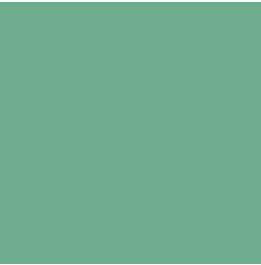
Scope Definition

GHG Emission Type	GHG Emission Source
Direct (Scope 1)	Fuel and blasting agents consumed on-site by Lundin and contractors for “core business” activities
Energy Indirect (Scope 2)	Purchased electricity consumed on-site
Other Indirect (Scope 3)	Fuel consumed outside Lundin for concentrate, significant raw material, waste and personnel transport

Comparison of Greenhouse Gas Emissions by Operation (tonnes CO₂e)



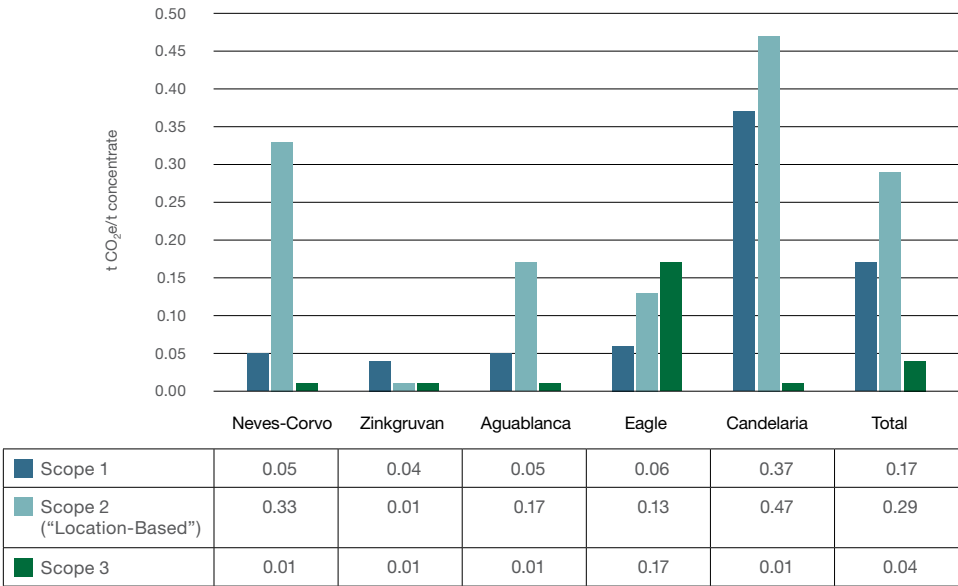
	Neves-Corvo	Zinkgruvan	Aguablanca	Eagle	Candelaria	Corporate	Total
Scope 3	3,420	1,722	910	41,846	8,117	0	56,016
Scope 2 ("Location-Based")	124,311	1,496	19,187	33,347	276,485	69	454,896
Scope 1	18,984	8,644	5,688	15,023	222,166	27	270,531





Haul truck in pit, Candelaria

Greenhouse Gas Emissions Intensity
(tonnes CO₂e emitted/tonnes concentrate produced)



The emissions performance of each operation can be assessed by the GHG emissions intensity. This is a measure of the tonnes of carbon dioxide equivalent produced per tonne of concentrate produced. Total emissions intensity includes Lundin Mining emissions for Scope 1, Scope 2 ("location-based") and Scope 3 (including Corporate) relative to Lundin's total concentrate production.

The Scope 1 GHG emissions intensity of Candelaria is highest due to diesel consumption associated with its predominant open-pit mining activity and its Scope 2 emissions intensity is highest due to the electricity required to process the relatively low-grade ore in comparison to our other operations. Eagle's Scope 3 intensity stands out due to the significant fuel consumed for concentrate transport. Zinkgruvan's GHG emissions intensity, on the other hand, benefits from the favourable emission factor for the electricity supply.

Energy Conservation Measures
and GHG Emission Reduction

Lundin Mining is a growing business, and as we expand our existing operations and pursue new acquisitions, the inevitable result is an increase in our overall mining and processing throughput. On this basis, we have not achieved overall reductions in our total energy consumption and emissions of GHG. Lundin Mining focuses, therefore, on improving energy efficiency at our current operations, addressing energy efficiency as we develop our new projects, assessing the potential to use energy sources with lower emissions, and maintaining or reducing our overall GHG emissions intensity.

Our reductions in energy consumption are calculated based on an estimate of the annual saving of fuel or electricity gained through each energy reduction or energy efficiency initiative implemented in 2015. The associated GHG emission reductions are calculated on the basis of the estimated annual saving of fuel or electricity.

Zinkgruvan

Zinkgruvan has continued to work towards improving energy efficiency in accordance with its five-year schedule (2012–2016). The main energy management project fully implemented in 2015 involved improvements to heating, saving an estimated 89 GJ of fuel and resulting in an estimated GHG emissions saving of 7 t CO₂e. Implementation of further energy saving projects related to heating and crushing was also commenced.



Conveyor system, Candelaria

Neves-Corvo

In accordance with Decree-Law 71/2008, Neves-Corvo is required to carry out annual energy audits and to develop and implement a long-term Energy Efficiency Plan, based on a five-year period. This document was completed in April 2015. Particular focus was given by Neves-Corvo to electricity reduction initiatives, including the installation of power capacitors in the Zinc Plant, saving an estimated 846 GJ of energy, with a resulting annual GHG emissions saving of 110 t CO₂e during 2015 and beyond. Neves-Corvo has also been investigating initiatives to replace diesel boilers using air compressor heat recovery processes, plus an additional nine initiatives for reduction of electricity consumption.

Aguablanca

Energy consumption and associated GHG emissions have continued to reduce at Aguablanca compared to 2013 and 2014 for operational reasons, with progressive reduction in diesel consumption by the mining fleet as the open-pit has been closed and mining moved underground. Implementation of specific energy reduction initiatives has not been feasible during this transition period.

Eagle

Since moving to commercial operation in the last quarter of 2014, Eagle has begun to consider energy reduction initiatives and has this year implemented improvements to lighting sources, resulting in an estimated annual saving of 1,452 GJ of energy, with a resulting annual GHG emissions saving of 280 t CO₂e.

Candelaria

Candelaria performed an Energy Audit in 2015, in accordance with principles of the Cooperation Agreement signed in July 2014 by Chilean Mining Council and Ministry of Energy. This Agreement was created to drive the energy efficiency within the mining industry and, in support of this agreement, Candelaria developed a specialized internal technical team, supported by specialized consultants, to progress the principles of the agreement, including the identification and implementation of several energy efficiency opportunities. Since 2013-2014, Candelaria has already implemented nine energy efficiency initiatives and, further to the completion of the Energy Audit, will undertake the process of evaluating new projects and new opportunities for greater energy efficiency in 2016.



Air Emissions
Our mining operations conduct regular monitoring of ambient air quality and regulated emissions, and all have programs and processes in place to maintain these emissions well below permitted limits.

Particulate emissions (and in the case of some sites, metal concentrations therein) are regulated at all our sites, either at the emission source, in the receiving environment in ambient air or as deposited particulates. All our operating mines were in full compliance during 2015. In addition to monitoring for compliance, particulate matter is routinely measured to assess any impact from Neves-Corvo's operations in the neighbouring villages of Graça, Corvo and Neves.

Neves-Corvo and Eagle Mine are the only sites with regulated Nitrogen and Sulphur Oxides (NO_x/SO_x) air emissions.

At Neves-Corvo, two samples per year are analyzed from two boilers, for a total of twelve parameters; in 2015 all samples were in full compliance with permitted limits. Eagle Mine complies with the USEPA regulations by adhering to operational use (hours per year) restrictions on its stationary engines. Our other operations also measure or calculate some of these emissions from point sources within their sites.

NO_x and SO_x from Point Sources

	NO _x kg/year	SO _x kg/year
Neves-Corvo	323	45
Candelaria	2,506,732	
Zinkgruvan	9,333	
Eagle	18,775	830
Aguablanca	133,110	

Noise and Vibration Emissions

Lundin Mining continued to manage noise emissions from our sites throughout 2015. With the exception of night-time “disturbance” criteria at Neves-Corvo, all sites were in full compliance with regulated noise limits throughout 2015.

At Neves-Corvo, noise monitoring is conducted in the villages surrounding the mine surface operations. In 2015, the operation was in compliance for the daytime and night-time Maximum Exposure Criteria noise limits; however, full compliance was not achieved for the “disturbance” criteria, as it was exceeded at night-time in some locations. To address this, a noise map of the installation was developed to identify the main sources of noise emissions, and recommended works to minimize the sources of the noise were approved by the authorities. During 2015, work was carried out at two ventilation shafts, achieving reductions of 5 to 6 dB(A) in emissions, and the remaining recommended work on a third ventilation shaft is scheduled for 2016. Vibration monitoring at the surface is also conducted on a monthly basis to measure the effects of the blasting underground. Ongoing detailed analysis of data is performed and registered in a monthly report to ensure that the remedial activities are effective.

At Zinkgruvan, measurements of noise emissions are performed at six monitoring locations and the resulting noise data are supplied to the authorities. Operational improvements, combined with the construction of a noise barrier in 2013, have achieved a reduction of noise levels to below noise standards in 2015. Vibration monitoring is also conducted at residential properties.

At Aguablanca, noise monitoring is conducted annually and the results are reported in the project's Environmental Surveillance Plan. The sampling points are located around the mine property boundary.

Candelaria conducts biannual monitoring of noise and vibration based on Chilean legal requirements and in accordance with the provisions of the project licence. In addition, the blasting schedules are communicated to the community and Candelaria conducts additional monitoring within the community to monitor the effects of noise and vibration from blasting operations.

At Eagle, activities generating noise are performed within closed buildings and annual noise and vibration surveys are conducted for comparison to baseline.



Wild Meles badger, Neves-Corvo



Esteva (*Gum Rockrose*), Neves-Corvo

BIODIVERSITY AND LAND MANAGEMENT

Lundin Mining contributes to biodiversity conservation through the minimization of habitat degradation and contributions to habitat restoration during the life of mine cycle. The loss of natural habitats in the world has become one of the major threats for biodiversity conservation. Lundin Mining's general objectives for Biodiversity Management are to:

- Implement actions for achieving similar biodiversity values after closure to those evidenced prior to the site's development (the no net loss of biodiversity values approach);
- Establish priorities for habitat restoration during the planning phase of mine closure;
- Promote the sustainable management of living natural resources by fostering partnerships that seek to integrate conservation needs and development priorities.

Lundin Mining's Group Procedure for Biodiversity Management was issued in 2015. All five of our operational sites are in the process of aligning their existing Biodiversity Management Plans to the new Group Procedure, a requirement of which is to prepare and update their Biodiversity Action Plans on an annual basis. As part of this process, existing plans are being upgraded to require a more comprehensive understanding of ecological relationships within the various ecosystems. This process will result in enhanced monitoring programs and will allow to our operations to plan, and manage effectively, a range of habitat interventions.

Habitats hosting five critically endangered and nine endangered species from the International Union for Conservation of Nature (IUCN) Red List, national and regional conservation lists are located in areas occupied by Lundin Mining's operations in Chile (Candelaria), Sweden (Zinkgruvan), and the Iberian Peninsula (Neves-Corvo and Aguablanca).

IUCN Red List Species, National or Regional Conservation List Species, with Habitats in Areas Where Lundin Has Operations

Extinction Risk	Critically Endangered	Endangered	Vulnerable	Near Threatened	Least Concern
Total Number of Species	5	9	27	18	37
Operations (no. of species)	Aguablanca (3) Neves-Corvo (2)	Neves-Corvo (6) Candelaria (2) Zinkgruvan (1)	Candelaria (16) Neves-Corvo (5) Eagle (3) Zinkgruvan (2) Aguablanca (1)	Zinkgruvan (8) Candelaria (7) Neves-Corvo (2) Aguablanca (1)	Candelaria (17) Neves-Corvo (15) Eagle (5)



Environmental Management

Critically Endangered:

- Aguablanca: Spanish Imperial Eagle (*Aquila adalberti*), Iberian Lynx (*Lynx pardinus*), Black Stork (*Ciconia nigra*).

In accordance with the commitments in its Environmental Impact Statement and Biodiversity Management Plan, Aguablanca conducts surveys of the habitats of five IUCN Red List species adjacent to the site (Iberian Lynx, Spanish Imperial Eagle, Otter, Black Stork, Bonelli’s Eagle); to date, only the Black Stork and Otter have been observed.

- Neves-Corvo: Common Snipe (*Gallinago gallinago*), European Roller (*Coracias garrulus*).

Endangered:

- Neves-Corvo: Black-bellied Sandgrouse (*Pterocles orientalis*), Black-crowned Night Heron (*Nycticorax nycticorax*), Bonelli’s Eagle (*Hieraaetus fasciatus*), Golden Eagle (*Aquila chrysaetos*), Purple Heron (*Ardea purpurea*), Gull-billed tern (*Gelochelidon nilotica*).

- Candelaria: Guanaco (*Lama guanicoe*) (mine area), Marine Otter (*Lutra feline*) (port facilities).

- Zinkgruvan: European Ash (*Fraxinus excelsior*).

Two of our sites lie adjacent to formally designated protected areas or High Biodiversity Value Areas. Neves-Corvo’s land in Portugal is adjacent to the Oeiras River, a High Biodiversity Value Area integrated in the Guadiana Valley Natural Park as part of the European Natura 2000 network. Water discharging from the site undergoes treatment to ensure that its quality is acceptable prior to being introduced to the river. Similarly, Aguablanca (Spain) lies adjacent to two National Parks, Parque Nacional Sierra de Aracena y Picos de Aroche in the Andalusia region and Parque Nacional Sierra Norte de Sevilla in Seville province, Andalusia region. Both National Parks are included in the Natura 2000. Natura 2000 is a network of core breeding and resting sites for rare and

threatened species, and some rare natural habitat types which are protected in their own right – stretching across all 28 EU countries – both on land and at sea. The aim of the network is to ensure the long-term survival of Europe’s most valuable and threatened species and habitats.

There are no protected or High Biodiversity Value Areas within or adjacent to our Candelaria, Zinkgruvan or Eagle sites. Although only two of our sites lie within, or adjacent to, formally designated protected areas or areas of high biodiversity value, all of our operations are required to develop and implement a Biodiversity Action Plan, including the completion of bio-monitoring surveys on a routine basis (minimum annually) to track any potential adverse impacts to biodiversity.

A description of the actions implemented and our engagement activities for biodiversity conservation are summarized site by site:

Neves-Corvo

The conservation of the Oeiras River habitat is one of the highest environmental priorities for Neves-Corvo. Routine monitoring is undertaken at operational areas for flora and fauna (birds, mammals, reptiles, amphibians), and air and water quality. Our participation in projects aimed at promoting biodiversity has continued in 2015, with the Nature Protection League (LPN) – project LIFE+ Saramugo, and with the Nature and Forest Conservation Institute (ICNF) – recovery of riparian vegetation in Parque Natural do Vale do Guadiana. A birdlife observatory was constructed in the Sete property to attract birds to those parts of our land that are included in the Special Protection Zone (ZPE) of Castro Verde. Impact assessment studies and soil remediation that were commenced in 2013, in collaboration with the Faculty of Sciences of Lisbon, have continued. In terms of operations, Neves-Corvo has seen the benefit of its water management facilities upgrade, with improvement to the quality of the treated mine water and a reduction in the quantity of treated mine water discharged to the Oeiras River.

Aguablanca

Aguablanca closely monitors any potential impacts upon biodiversity through biological monitoring of fauna and aquatic life. Despite this being a zero-discharge operation, water bodies located downstream of the operations are periodically monitored and the results reported on an annual basis in the project’s Environmental Surveillance Plan. Based on our monitoring data collected to date, no negative impact on the biodiversity value of the parks that lie adjacent to the operation has been identified.

Zinkgruvan

Zinkgruvan has developed additional inventories for areas adjacent to its operations for classification in terms of natural values and biodiversity. An area adjacent to the footprint of the proposed new tailings facility has been identified as an area of high natural value, and a series of mitigation actions are planned prior to the construction of this tailings expansion in order to ensure the protection of identified flora species. The tailings expansion area is also adjacent to a creek that flows through a valley that is considered to be of high natural value. Data indicate that the expansion of the tailings facility may lower the water flow rate in the creek, thereby potentially influencing the natural values of this area. To address this potential, Zinkgruvan has received a permit to transfer water from Lake Viksjön to maintain the flow rate in the creek. As well, nearby lakes are of high cultural value and, as such, the operation considers it to be a key priority to ensure these lakes are not adversely impacted.

Eagle

Eagle Mine continues to perform an extensive groundwater and surface water monitoring program, including flora, fauna and aquatic surveys on an annual basis, to identify any changes or potential impacts on the surrounding environment at the mill and mine sites. At the mill site, the final receiving water body is a wetland adjacent to the Escanaba River, which eventually discharges into Lake Michigan. At the mine, Lake Superior, adjacent to the Upper Peninsula, is the final receiving water body for the treated mine site water following its injection to groundwater. Monitoring work was performed for baseline studies, during construction and mine development, and will continue throughout operations, closure and post-closure. No water bodies and related habitats have been significantly affected by discharges and run-off from Eagle.

Candelaria

Candelaria conducts extensive biodiversity monitoring programs at its mine and port sites. The mine site is not located within any protected or conservation area; however, desert flora and fauna monitoring programs are periodically conducted and reported to the authorities. At the port site, a coastal marine monitoring program is conducted to monitor for potential impacts, if any, from the desalination plant’s ocean discharge from the port facilities and concentrate shipment upon aquatic life and fish resources in the area. No negative impacts upon biodiversity have been recorded since the mine and port operations commenced.

Oeiras River, Neves-Corvo



Environmental Management

Land Management

At the close of 2015, Lundin was managing 3,179 hectares of land that we own or lease, occupied by our mining and processing activities and associated infrastructure. As indicated in the following table, Candelaria is the main contributor to the balance, with 2,073 hectares.

Land Management (Hectares)

	Aguablanca	Candelaria	Eagle	Neves-Corvo	Zinkgruvan	Total
Total land disturbed and not yet rehabilitated (Opening Balance)	226	2,039	55	732	145	3,197
Total amount of land newly disturbed within the reporting period	1	34	0	0	30	65
Total amount of land newly rehabilitated within the reporting period to the agreed upon end use	21	0	0	62	0	83
Total land disturbed and not yet rehabilitated (Closing Balance)	206	2,073	55	670	175	3,179

At Neves-Corvo, 62 hectares were rehabilitated as part of a landscape recovery scheme in the Areeiro area. Progressive rehabilitation continued at Aguablanca, with 21 hectares of the eastern waste rock dump area being contoured and re-vegetated with native species in order to return the area

to a habitat status and species diversity similar to the pre-operational phase. All of these activities are aligned with Lundin Mining’s commitment to achieving post-closure biodiversity values that are equivalent to pre-operations in its habitat restoration programs.



Glossy Ibis (*Plegadis falcinellus*), Neves-Corvo



Water monitoring in the Oeiras River, Neves-Corvo

Water Discharge and Aquatic Biodiversity

No water bodies or related habitats have been significantly affected by water or run-off discharges at Aguablanca (zero-discharge operation), Eagle or Candelaria (ocean discharge).

At Neves-Corvo, the Oeiras River is a designated Natura 2000 High Biodiversity Value Area and, to improve the quality of the discharge to the Oeiras River, an upgrade to the existing treatment facility was undertaken. These measures included the increased re-use of water, thus reducing the overall amount of water discharged and the construction of a new pond to increase the retention time, thereby improving water treatment. The improved water management system allows discharge to be suspended during the times when there is no flow in the river. Bio-monitoring in the Oeiras River continued in 2015, with the assistance of external professionals from the Coimbra, Aveiro, Porto and Lisbon Universities.

Further activities undertaken at Neves-Corvo include the development of local partnerships with the authority of Natural Park of the Guadiana Valley (PNVG), with the objective of managing riparian habitats in the Vascão River.

Vascão River is a tributary of the Guadiana River and is classified as a Site of Community Interest – Guadiana, and as a Wetland of International Importance (Ramsar Convention). We participated in the successful restoration of a section of the Vascão River, involving clearing activities and removal of cane fields, slope consolidation and planting for recovery and densification of riparian vegetation, providing shade in summer in order to preserve Saramugo – *Anaecypris hispanica* (a threatened fish species).

At our operations at Zinkgruvan, discharges are directed to the Ekershyttebäcken Creek, a 4 km long creek that has received water from the mine for more than 100 years. Lake Hemsjön and Björnbäcken Creek also receive run-off from the tailings facility and they form part of the Hättorpsån water body, where management of the quality of the aquatic environment is regulated. A series of water quality and ecotoxicology studies commenced during 2015 to assess the potential, if any, for long-term risks to the aquatic community. The studies will be completed by the end of 2016 and, once the results have been assessed, any required water management modifications will be implemented as required.



Environmental Management

CLIMATE CHANGE ADAPTATION

Risks and opportunities associated with climate change at our operations have been considered in accordance with the International Panel for Climate Change (IPCC) Special Report on Emission Scenarios 2000 (SRES) A1B, which considers a balance across all sources of climate change. The potential influence of these changes on our operations, and our approach to reducing and/or mitigating these influences, is described below.

The Neves-Corvo underground mine is located in a semi-arid region in southern Portugal, with seasonal precipitation patterns averaging 500 mm/year. The climate change model shows that reduced rainfall (from 10% to 20% in the next 80 years) and increased evaporation in the summer months will likely result in a reduction of the fresh water source, the Santa Clara Reservoir. In addition, some modifications in precipitation patterns and rain intensity are forecast. Neves-Corvo continues to intensify its efforts to minimize the consumption of fresh water by maximizing process water recycling and by optimizing water management circuits and balances at the mine.

The Aguablanca Mine is located in a semi-arid region of southern Spain, north of Seville, with seasonal precipitation patterns averaging 550 mm/year. During operation, the mine is a zero water discharge facility. Like Neves-Corvo, the climate change model shows that reduced rainfall (from 10% to 20% in the next 80 years) and increased evaporation in the summer months is likely. Aguablanca stores and recycles the collected rainfall in the tailings management facility (TMF), industrial area and pit area. In addition, treated municipal water and groundwater provide the additional water sources that supply the mine.

Aerial view of surrounding environment, Zinkgruvan



The Zinkgruvan Mine is located in south-central Sweden. According to the model, surface temperatures are expected to rise by 3°C to 5°C and precipitation is expected to increase by 20% in the next 80 years. During the summer months, the climate is expected to be warmer and drier, particularly in southern Sweden. As part of the preliminary studies for the new Enemossen tailings facility construction, a review of the existing water balance was performed in order to evaluate the inclusion of additional water management strategies.

The Eagle Mine is located in the Upper Peninsula of northern Michigan, in the United States. The mine and mill area have an annual precipitation average of 775 mm/year and an annual snowfall average of 300 cm/year. According to the climate change model, an increase of 10% in the rates of precipitation and snowfall is expected in the next 80 years. Based on the Eagle life of mine and the design of its water management facilities, no change in the operation is expected.

Candelaria is located in Copiapó, the southern part of the Atacama Desert in Chile. The area is arid with an annual average rainfall of 15 mm/year and an annual average temperature of 16°C. The mine operations' water requirement is supplied from desalinized ocean water and treated municipal waste water. The climate change model shows a reduction of 10% of precipitation and an increase of 3°C in temperature over the next 80 years. The changes will produce an increase in evaporation rates, which will require an additional amount of water for the process. The existing water supply capacity and the high water use efficiency in Candelaria allow the mine to manage this forecast scenario in conjunction with recurrent tracking and evaluation of the water management performance.

MINE CLOSURE

Lundin Mining takes a responsible approach to Mine Closure Planning, with the principal aim being to design, develop and operate our facilities to minimize their overall environmental impact and take into account their eventual closure. All five of Lundin Mining's operational sites and all three closed sites have approved Mine Closure Plans, as required by Lundin's Group Procedure for Mine Closure Planning. The Closure Plans are developed to a level of detail that reflects the stage of each mine's life cycle, and they are updated at least every five years or when required due to operational changes. During 2015, all sites updated or finalized closure plans.

Our updated Group Procedure for closure was issued in 2015 and requires use of a risk-based approach to Closure Planning and definition of site-specific closure objectives for each operation. Stakeholder participation is integral to our Closure Planning process. Our Closure Plans are required to address legal obligations and corporate commitments, financial provision, community interests, the environment, and employees' expectations once the mine is closed. In general, the updated Group Procedure involves the definition of post-closure land uses, public safety, chemical and geotechnical stability, no net loss of biodiversity, post-closure monitoring and aftercare, definition of completion criteria, post-closure land ownership and tenure, temporary closure, and unplanned premature closure.

Progressive restoration forms a key part of our Closure Planning process, being integrated into the operational mining plan where feasible. At the open-pit mine in Aguablanca, 21 hectares of the waste rock stockpiles were contoured, covered and re-vegetated with native species during 2015, and 62 hectares were rehabilitated at Neves-Corvo. The success of the re-vegetation activities in these areas is being monitored against targets that aim for equivalent flora and fauna habitat values to the surrounding natural environment.



Mill demolition, Galmoy

Lundin has implemented financial provision for mine closure in accordance with legal requirements and Company commitments and standards. The closure-related financial provisioning and accrual details are provided in Lundin Mining's latest web-posted Annual Financial Report.

Lundin Mining has been actively managing three closed mines during 2015. All of our closure activities are aligned with our commitment to achieve post-closure biodiversity values, wherever possible, that are equivalent to pre-operations in our habitat restoration programs.

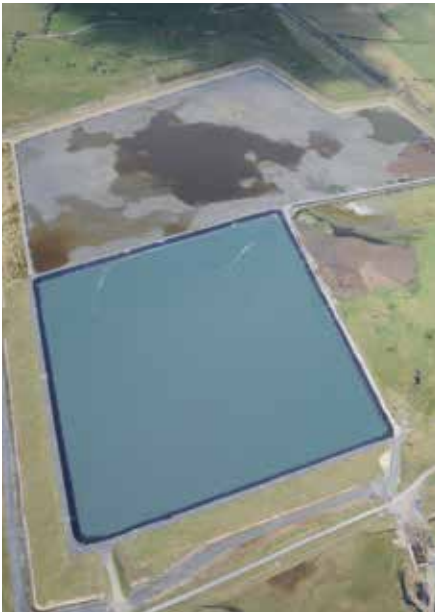
Galmoy was an underground zinc-lead mine, located in south-central Ireland in County Kilkenny, acquired by Lundin Mining in 2005. Mining commenced in 1995 and continued until 2009, when the Mine Closure Plan was implemented due to economic reasons. Operations in the mine wound down on a phased basis and the implementation of the Mine Closure Plan encompassed the decommissioning, dismantling and sale of the processing plant (2009), and the dismantling of surface facilities and decommissioning of the underground workings (2012). Rehabilitation of the TMF was an integral part of the planned decommissioning. The attainment of a self-sustaining ecosystem on the disturbed lands, including the tailings facility, was contingent upon the development of a physically, chemically and biologically stable system founded upon habitat, species and community diversity, as well as the restoration of mine impacted areas above and below ground.

Environmental Management

The mine closure and restoration works at Galmoy have progressed during 2015 in accordance with the approved Mine Closure Plan. The construction of the Passive Water Treatment System (PWTS) was completed in October 2014, including the successful seeding and full development of the wetland's aquatic reeds by the end of spring of 2015. Completing years of restoration work, the final 12 hectares of the former mine site were successfully rehabilitated, with the TMF water discharge meeting the Irish EPA permit conditions or below detection, allowing it to be discharged to the Glasha stream commencing in December 2015.



Passive water treatment system, Galmoy



Aerial shot of Galmoy TMF post-wetland construction and remediation

A Mine Closure Committee was formed some years ago, consisting of key government stakeholders (EPA, Local Authorities, Department of Communication, Energy and Natural Resources, Inland Fisheries), to discuss the mine closure in an open and transparent manner. The committee met regularly to discuss the progress of the implementation of the approved Mine Closure Plan, with the final meeting being held in October 2015. Galmoy Mines submitted an Independent Closure Audit for the Galmoy Mine remediation works and an Exit Audit was approved by the EPA in October 2015. A reduction of the integrated pollution control licence boundary was approved by the EPA in December 2015. Galmoy represents a good example of progressive mine closure under modern European legislation and encompasses a number of remedial strategies and technologies, and is currently in the aftercare phase of the Mine Closure process.

The Vueltas del Rio mine in Honduras was acquired by Lundin as part of the Rio Narcea purchase in July 2007. This open-pit, heap leach gold mine operated between 2001 and 2004. The active phase of the approved Closure Plan was commenced in 2012 and concluded in mid-2014. From mid-2014 and for the next three years, a phase of maintenance and monitoring works is underway. By the end of 2015, and in accordance with the vegetation monitoring report submitted to the authorities, the re-vegetated areas had achieved the closure criteria required in the Mine Closure Plan. Similarly, the results of fauna monitoring confirmed that baseline values have been achieved. Based on the results from the earlier part of the year, PWTS has been working effectively and the system has been shown to be able to successfully treat all metals of concern that were present in the acid drainage collected. Due to a severe drought in the area, however, the full year's performance

was not registered and additional data collection will continue. Internal monitoring programs also verified that the drainages from Vueltas del Rio mine footprint are not having a negative impact on the water quality of the receiving water body, the Chamelecon River. Maintenance (sediment and vegetation cleaning) continues, which is required for water channels, drainages and passive treatment system function. Re-vegetated areas are maintained and these assist in fire protection for the area. A proposal for a social development plan that includes addressing artisanal mining has been prepared by the Company. The proposal will be discussed with the authorities as the final phase of the mine closure process.

The Storliden Mine in northern Sweden was closed in 2008, with disposal of all waste rock underground, sealing of the access drift and removal of surface structures. Following investigations in the last quarter of 2013, Lundin Mining committed to the design and implementation of improvements to surface water management at the closed site, with additional re-vegetation of the closed industrial area. Effective communication and engagement with the local stakeholders has been implemented and maintained to ensure transparency during the process. Following the improvements implemented during 2014, additional removal of soil (2,500 m³) from the former mine access road was undertaken. During the first half of 2016, the local authorities will determine if

additional soil removal (4,000 m³) from the access road is required. According to the data collected, the water quality in a small nearby lake has reached neutral values without the necessity of pH amendment during the second half of the year, validating the effectiveness of the remediation activities undertaken since 2014. In 2015, a final investigation into residual risk related to the water quality of a spring located close to the former mine ramp has resulted in additional soil sampling in a small area (5,000 m²) for 2016; nevertheless the water that is flowing from the mine ramp reaches an adjacent wetland area with water quality values that meet the local water quality standards.

In addition to the mine sites undergoing active closure, Lundin Mining monitors a legacy site near Zinkgruvan, where mining started in 1857. The original ore processing facilities were not located at the mine site, as they are today, but were located 10 km away at Åmmeberg, situated adjacent to Lake Vättern. In the past, the tailings were pumped by historical operators directly into Kärrafjärden, an arm of Lake Vättern. In 1977, the concentrator at Åmmeberg was closed and, following discussions with the regulatory authorities and other stakeholders on the preferred approach for the restoration of the old disposal area, plans were put in place to develop the majority of the land area for recreational purposes. The site continues to be a thriving vacation community, including a golf course



Storliden

and a popular marina which provides employment opportunities for local residents. To address residual historical metals impacts in soils, a human and environmental risk assessment was reviewed in 2014 and 2015 with the authorities. Further to feedback received during this review, an additional area of Åmmeberg, Hageron, was identified as also having localized historical metals impacts and, in meetings with the local authorities, it was agreed that this area would be assigned a high priority for remedial action. Additional characterization of Hageron was performed during the last quarter of 2015 and a plan for remediation will be submitted to the local authorities during the first half of 2016. In other ongoing activities, Lundin Mining continues to participate in a multi-disciplinary and multi-sponsored program of monitoring for a range of environmental parameters in Kärrafjärden Bay.

Appendix A



Tenke Fungurume mining operations, located 110 miles northwest of Lubumbashi in the southeast region of the DRC, produce copper cathodes and cobalt hydroxide, products that are essential building blocks for the global economy

TENKE FUNGURUME

Tenke Fungurume Mining (TFM), in which Lundin Mining holds a 24% stake, is one of the largest copper producers in the Democratic Republic of Congo (DRC). TFM's operations were designed and constructed using leading-edge technology. The mine is operated by our partner, Freeport-McMoRan Inc., following international best practice standards for environmental management, occupational safety, and social responsibility.

As of the end of 2015, the operation provides employment to approximately 3,400 full time operational workers and 5,900 contractors. Approximately 98% of the operational employees and 84% of the contract workforce are DRC citizens.

The Company has made significant investments in community development. Since 2006, TFM has funded a total of \$120.4 million in community development projects, including resettlement, program staff and administrative costs. This includes investment of approximately \$23.2 million

in 2015, with LMC's attributed share of \$5.6 million. TFM also sets aside 0.3% of net metal sales revenue to fund the TFM Social Community Fund. Since the commencement of production, contributions committed to the Fund have totalled \$23.6 million, of which \$13.1 million has been spent. The TFM Social Community Fund is directed by representatives from the Tenke and Fungurume communities, the Provincial government, and TFM, who manage the funds for local community development projects.

In aggregate, the tax payments, transfer bonuses, asset payments, community development spending, and the Fund contributions represent a sum of more than \$1.7 billion in TFM financial and community development contributions to the DRC.

TFM received several awards in 2015, including Mining Company of the Year and Best Performer in Environmental Management at the Annual IPAD Conference, as well as recognition for their Malaria Prevention Programs.

Appendix B

KEY PERFORMANCE DATA Metal Production Statistics (contained metal)

Copper (Tonnes)

	2015	2014	2013
Aguablanca	466	7,390	6,242
Candelaria (80%)	144,832	22,872	—
Eagle	24,331	3,905	—
Neves-Corvo	55,831	51,369	56,544
Zinkgruvan	2,044	3,464	3,460
Total	227,504	89,000	66,246

Zinc (Tonnes)

	2015	2014	2013
Neves-Corvo	61,921	67,378	53,382
Zinkgruvan	83,451	77,713	71,366
Total	145,372	145,091	124,748

Lead (Tonnes)

	2015	2014	2013
Neves-Corvo	3,077	3,192	1,496
Zinkgruvan	34,120	32,363	32,874
Total	37,197	35,555	34,370

Nickel (Tonnes)

	2015	2014	2013
Aguablanca	7,213	8,631	7,574
Eagle	27,167	4,300	—
Total	34,380	12,931	7,574

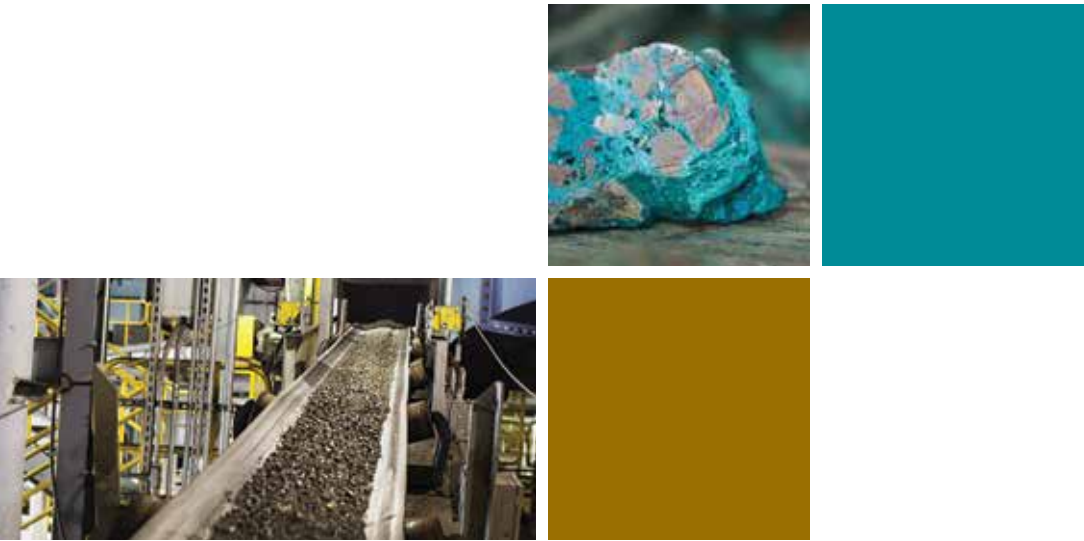
Silver (Ounces)

	2015	2014	2013
Candelaria (80%)	1,499	254,400	—
Eagle	210	22	—
Neves-Corvo	1,329	1,305,612	1,305,611
Zinkgruvan	2,542	2,467,729	2,467,728
Total	5,580	4,027,763	3,773,339

Gold (Ounces)

	2015	2014	2013
Candelaria (80%)	82	13	—
Total	82	13	—

Candelaria's production results are for the period of Lundin Mining's ownership, commencing November 3, 2014.



Appendix B

LMC STAFFING SUMMARY

	2015	2014	2013
Total Employees	164	181	189
Male	128	140	148
Female	36	41	41
Employee Turnover (%)	18	15	4
Non-managerial workforce covered by collective bargaining agreements (%)	72	80	80

Candelaria

	2015	2014	2013
Total Employees	1,439	1,417	–
Male	1,308	1,286	–
Female	131	131	–
Employee Turnover (%)	2	3	–
Non-managerial workforce covered by collective bargaining agreements (%)	59	84	–

Eagle Mine

	2015	2014	2013
Total Employees	190	209	82
Male	157	173	56
Female	33	36	26
Employee Turnover (%)	12	15	2
Non-managerial workforce covered by collective bargaining agreements (%)	0	0	0

Neves-Corvo

	2015	2014	2013
Total Employees	1,040	1,058	992
Male	940	955	888
Female	100	103	104
Employee Turnover (%)	0	3	3
Non-managerial workforce covered by collective bargaining agreements (%)	100	100	100

Zinkgruvan

	2015	2014	2013
Total Employees	368	378	363
Male	304	313	299
Female	64	65	64
Employee Turnover (%)	5	5	6
Non-managerial workforce covered by collective bargaining agreements (%)	100	100	100

Exploration

	2015	2014	2013
Total Employees	17	41	43
Male	13	35	32
Female	4	6	9
Employee Turnover (%)	246	0	16
Non-managerial workforce covered by collective bargaining agreements (%)	0	0	0

Toronto Corporate

	2015	2014	2013
Total Employees	32	18	20
Male	15	8	10
Female	17	10	10
Employee Turnover (%)	11	22	25
Non-managerial workforce covered by collective bargaining agreements (%)	0	0	0

UK Corporate

	2015	2014	2013
Total Employees	17	20	18
Male	9	12	12
Female	8	8	6
Employee Turnover (%)	18	5	6
Non-managerial workforce covered by collective bargaining agreements (%)	0	0	0

Independent Assurance Statement

Independent Assurance Report to the Management and Stakeholders of Lundin Mining Corporation

INTRODUCTION

Prizma LLC (Prizma) was commissioned by Lundin Mining Corporation (LMC) to conduct an independent third party assurance engagement in relation to the sustainability information in its Sustainability Report (the Report) for the financial year that ended in December 2015.

Prizma is an independent and licensed provider of sustainability assurance services. The assurance team was led by Petrus Gildenhuis with support from Mehrdad Nazari. Petrus is a Lead Certified Sustainability Assurance Practitioner (LCSAP) with 20 years of experience in sustainability performance measurement involving both advisory and assurance work. Mehrdad has 20 years of experience in environmental and social due diligence, impact assessment and sustainability performance measurement.

ASSURANCE STANDARD APPLIED

This assurance engagement was performed in accordance with AccountAbility’s AA1000AS (2008) standard and was conducted to meet the AA1000AS Type II *moderate* level requirements.

RESPECTIVE RESPONSIBILITIES AND PRIZMA’S INDEPENDENCE

LMC is responsible for preparing the Report and for the collection and presentation of sustainability information within the Report. *Prizma*’s responsibility is to the management of LMC alone and in accordance with the terms of reference agreed with LMC.

Prizma applies a strict independence policy and confirms its impartiality to LMC in delivering the assurance engagement.

ASSURANCE OBJECTIVES

The objective of the assurance process was to provide the management of LMC and LMC’s stakeholders with an independent *moderate* level assurance opinion on whether the Report meets the following objectives:

- Adherence to the AA1000APS (2008) AccountAbility principles of inclusivity, materiality and responsiveness
- Fair reporting on a selection of operational Key Performance Indicators (KPIs) as indicated below:
 - Lost time injury frequency (LTIF) (page 39)
 - Total Reportable Injury Frequency (TRIF) (page 39)

- Total amount of water withdrawn from all sources (page 39)
- Total amount of water discharged (pages 60-61)
- Energy consumption from electricity and diesel “within” Lundin (page 63)
- Scope 1 greenhouse gas emissions and location-based Scope 2 greenhouse gas emissions (CO₂e) (page 77)
- Grievances filed during the year (page 53)

WORK PERFORMED BY PRIZMA

Prizma performed the assurance engagement in accordance with the AccountAbility AA1000AS (2008) Type II requirements. The following suitable assessment criteria were used in undertaking the work:

- AA1000APS (2008) (AccountAbility Principles Standard) published criteria for inclusivity, materiality and responsiveness respectively; and
- LMC’s operational Sustainability Data Reporting definitions.

Our assurance methodology included:

- Interviews with relevant functional managers at head office and select operations to understand and test the processes in place for adherence to the AA1000APS stakeholder engagement principles and disclosure of the selected KPIs in the assurance scope
- A mid-year site visit to LMC’s most material operation, Candelaria, in Chile, followed by a Q4 roll-forward after year end, which involved testing, on a sample basis, the measurement, collection, aggregation and reporting processes in place
- Inspection and corroboration of evidence in support of satisfying the assurance criteria
- Reporting the assurance observations to management as they arose prior to completion of the assurance process
- Assessing the presentation of information relevant to the scope of work in the Report to ensure consistency with the assurance observations

Independent Assurance Statement

ENGAGEMENT LIMITATIONS

Prizma planned and performed the work to obtain all the information and explanations believed necessary to provide a basis for the assurance conclusions for a *moderate* assurance level in accordance with AA1000AS (2008).

The evidence gathering procedures for *moderate* assurance are more restricted than for *high* assurance and, therefore, less assurance is obtained with *moderate* assurance than for *high* assurance as per AA1000AS (2008).

Conversion factors used to derive emissions and energy used from fuel and electricity consumed, are based upon published information or other third parties. The assurance work has not included examination of the derivation of those factors and other third party information. Water used from precipitation is estimated using commonly used techniques and models, and our work did not include examination of the derivation of these.

ASSURANCE CONCLUSION

In our opinion, based on the work undertaken for *moderate* assurance as described, we conclude that the subject matters in the scope of this assurance engagement have been prepared in accordance with the defined reporting criteria and are free from material misstatement in respect of:

- LMC’s adherence to the AA1000APS principles of inclusivity, materiality and responsiveness
- The selected KPIs as identified under assurance objectives above and as presented in the Report

KEY OBSERVATIONS AND RECOMMENDATIONS

Based on the work set out above, and without affecting the assurance conclusions, the key observations and recommendations for improvement are as follows:

In relation to the inclusivity principle

LMC has transitioned from a largely European operational environment to also include a new mining operation in the US and the acquisition of Candelaria in Chile. LMC’s stakeholder engagement is largely driven at operational level and was observed in detail at the Candelaria operation.

The outcomes of operational level stakeholder engagement processes are reported on a monthly basis to corporate level, and quarterly at the HSEC sub-committee of the board. LMC has developed a new Stakeholder Engagement Standard to further improve its stakeholder engagement process in terms of community engagement across the group. Roll-out and implementation is still in progress.

LMC is also in the process of revising its management system standards in order to give effect to the new Responsible Mining Management System (RMMS) that will replace the old HSE(C) policy, with specific reference to stakeholder engagement.

The continued implementation of the revised management system standards at group level is recommended to improve the consistency of stakeholder engagement practices across all operations in the group.

In relation to the materiality principle

LMC has completed an annual materiality assessment process with input from its operations during 2015. Material topics have been defined based on the impacts related to LMC’s activities, products, services, and relationships, regardless of whether these impacts occur within or outside of the organization.

Other sources of information which contributed to the process included survey of employees, internal corporate strategy and risk assessment metrics, combined with newly updated corporate standards, Responsible Mining Policy (RMP), Responsible Mining Framework (RMF) and Responsible Mining Management System (RMMS), and operational reviews (i.e., quarterly reports to the HSEC Committee).

A resulting shift in material issues reported from the previous year was noted.

In relation to the responsiveness principle

LMC’s responses to stakeholder issues observed across different stakeholder groups and case studies, specifically at Candelaria, indicate a high level of accountability to issues raised. Responses to stakeholders observed were found to be directly related to the stakeholder concerns and were conducted in a timely, fair and appropriate manner without prejudice to any one stakeholder group.

In relation to the selected KPIs

Group-level data reporting guidance is provided to operations. Source data tested at Candelaria was found to be reliable and appropriately reported to group.

Mehrdad Nazari

Director, Prizma LLC
Wausau, June 29, 2016



G4 Content Index

In Accordance with the ‘Core’ Option

General Standard Disclosures

DESCRIPTION		LOCATION	DESCRIPTION		LOCATION
STRATEGY & ANALYSIS			ORGANIZATIONAL PROFILE		
G4-1	Statement of the most senior decision-maker of the organization	Page 2	Commitments to External Initiatives		
G4-2	Description of key impacts, risks and opportunities	Pages 2, 14-17 2015 Annual Financial Statement: Pages 1-3 Annual Information Form (AIF): Pages 43-53	G4-14	Whether and how the precautionary approach or principle is addressed by the organization	Pages 21, 23, 57
ORGANIZATIONAL PROFILE			G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives	Page 23
G4-3	Name of the organization	Page 6	G4-16	Memberships in associations and national or international advocacy organizations	Page 13
G4-4	Primary brands, products and/or services	Page 6	IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-5	Location of organization’s headquarters	Page 6	G4-17	Entities included in the organization’s consolidated financial statements and any entity not covered by the report	Page 4
G4-6	Number of countries where the organization operates	Page 6	G4-18	Process for defining report content and Aspect boundaries	Page 4
G4-7	Nature of ownership and legal form	AIF: Pages 10, 13 & 14	G4-19	Material Aspects identified in the process of defining report content	Page 5
G4-8	Markets served	Page 13	G4-20	Aspect Boundary within the organization for each material aspect	Pages 5, 97-101
G4-9	Scale of the reporting organization	Pages 8-12	G4-21	Aspect Boundary outside the organization for each material aspect	Pages 5, 97-101
G4-10	Total number of employees and total workforce by employment type, gender, and region	Pages 31, 92	G4-22	Effect of any restatements in previous reports and the reasons for such restatements	None
G4-11	Percentage of total employees covered by collective bargaining agreements	Pages 33, 92	G4-23	Significant changes from previous reporting periods in Scope and Aspect Boundaries	Pages 4, 5
G4-12	Description of the organization’s supply chain	Page 13			
G4-13	Significant changes during the reporting period	None			

G4 Content Index

In Accordance with the ‘Core’ Option

General Standard Disclosures

DESCRIPTION		LOCATION
STAKEHOLDER ENGAGEMENT		
G4-24	List of stakeholder groups engaged by the organization	Page 44
G4-25	Basis for identification and selection of stakeholders with whom to engage	Page 43
G4-26	Organization’s approach to stakeholder engagement	Page 43
G4-27	Stakeholder groups that have raised key topics and concerns and how the organization has responded to these concerns including through its reporting	Page 44
REPORT PROFILE		
G4-28	Reporting period for information provided	Page 4 Calendar 2015
G4-29	Date of most recent previous report, if any	Page 4
G4-30	Reporting cycle	Page 4 Annual
G4-31	Contact point for questions regarding the report or its contents	Inside Front Cover
GRI Content Index		
G4-32	In Accordance option chosen GRI Content Index	Core Pages 95-101
Assurance		
G4-33	The organization’s policy and current practice with regard to seeking external assurance for the report	Pages 5, 93-94
GOVERNANCE		
Governance Structure & Composition		
G4-34	Governance structure of the organization including committees under the highest governance body	Page 21 Information Circular: Pages 36-39 AIF Page: 58
G4-38	The composition of the highest governance body and its committees	Page 21

DESCRIPTION		LOCATION
GOVERNANCE		
Governance Structure & Composition		
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Page 21 Code of Conduct
Role in Risk Management		
G4-47	Frequency of the highest governance body’s review of the economic, environmental and social impacts, risks and opportunities	Page 23
Role in Sustainability Reporting		
G4-48	The highest committee or position that formally reviews and approves the organization’s sustainability report and ensures all material Aspects are covered	Page 21
Remuneration and Incentives		
G4-51	Remuneration policies for the highest governance body and senior executives and how remuneration relates to economic, environmental and social objectives	Information Circular : Pages 29-30
G4-52	The process for determining remuneration including whether remuneration consultants are involved and whether they are independent of management	Information Circular : Page 25
ETHICS AND INTEGRITY		
G4-56	The organization’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Pages 6, 7, 19 Corporate Website
G4-58	Internal and external mechanisms for reporting concerns about ethical and lawful behavior	Page 22 Whistleblower Policy

ASPECT BOUNDARY LEGEND

Internal to the Organization		External to the Organization		
1 Employees		2 Contractors	4 Government	6 Shareholders
		3 Local/affected communities	5 Regulators	7 Suppliers
				8 Customers
				9 Society at Large

Specific Standard Disclosures

DESCRIPTION		EXTERNALLY ASSURED	LOCATION OF DATA
ECONOMIC INDICATORS			
Disclosure of Management Approach			Page 25
Aspect	Economic Performance: Boundary 1-8		
G4-EC1	Direct economic value generated and distributed		Pages 25, 27-29, 47-52
G4-EC2	Financial implications and other risks and opportunities for the organization’s activities due to climate change		Pages 23, 86
Aspect	Market Presence: Boundary 1-3, 7		
G4-EC6	Procedures for local hiring and proportion of senior management hired from the local community		Page 33
Aspect	Procurement Practices: Boundary 2, 7		
G4-EC9	Proportion of spending on local suppliers		Page 26
ENVIRONMENTAL INDICATORS			
Disclosure of Management Approach			Page 57
Aspect	Energy: Boundary 1, 3, 5, 9	(DMA) Y	
G4-EN3	Energy consumption within the organization	Y	Pages 72-73, 75
G4-EN4	Energy consumption outside the organization		Pages 74-75
G4-EN5	Energy intensity		Page 75
G4-EN6	Reduction of energy consumption requirements as a result of these initiatives		Page 75
Aspect	Water: Boundary 1, 3, 5, 9	(DMA) Y	Page 59
G4-EN8	Total water withdrawal by source	Y	Pages 60-61
G4-EN9	Water sources significantly affected by withdrawal of water		Page 60
G4-EN10	Percentage and total volume of water recycled and reused		Page 62

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In Accordance with the ‘Core’ Option

Specific Standard Disclosures

DESCRIPTION		EXTERNALLY ASSURED	LOCATION OF DATA
ENVIRONMENTAL INDICATORS Disclosure of Management Approach			Page 57
Aspect	Biodiversity: Boundary 1, 3, 5, 9		
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Pages 81-83
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		Pages 81-82
G4-EN13	Habitats protected or restored		Pages 82-84
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated		Page 84
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place		Page 81
G4-EN14	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		Pages 81-82
Aspect	Emissions: Boundary 1, 3, 5, 9	(DMA) Y	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Y	Page 76-77
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Y	Pages 76-77
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)		Page 76-77
G4-EN18	Greenhouse gas (GHG) emissions intensity		Page 78
G4-EN19	Reduction of greenhouse gas (GHG) emissions		Page 79
G4-EN20	Emissions of ozone depleting substances (ODS)		None
G4-EN21	NO _x , SO _x , and other significant air emissions		Page 80
Aspect	Effluents and Waste: Boundary 3, 5, 9	(DMA) Y	
G4-EN22	Total water discharge by quality and destination	Y	Pages 63-64
G4-EN23	Total weight of waste by type and disposal method		Pages 65-66
G4-EN24	Total number and volume of significant spills		None Page 57
MM3	Total amounts of overburden, rock, tailings, sludges and their associated risk		Page 67-71
G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III & IV, and percentage of transported waste shipped internationally		None
G4-EN26	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff		Page 85

Specific Standard Disclosures

DESCRIPTION		EXTERNALLY ASSURED	LOCATION OF DATA
ENVIRONMENTAL INDICATORS Disclosure of Management Approach			Page 57
Aspect	Compliance: Boundary 4-6, 9		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		Page 57
Aspect	Environmental Grievance Mechanisms: Boundary 3-5		
G4-EN34	Number of grievances about environmental impacts	Y	Page 53
SOCIAL	LABOUR PRACTICES AND DECENT WORK INDICATORS Disclosure of Management Approach		Page 31
Aspect	Employment: Boundary 1-4, 9		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region		Page 33
Aspect	Labour/Management Relations: Boundary 1-3		
MM4	Number of strikes and lock-outs exceeding one week’s duration		None Page 33
Aspect	Occupational Health & Safety: Boundary 1-3, 5, 7, 9	(DMA) Y	Page 37
G4-LA6	Types and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender	Y	Pages 38-39
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation		Page 41
Aspect	Training & Education: Boundary 1-3		
G4-LA9	Average hours of training per year per employee by gender and by employee category		Page 34
G4-LA11	Percentage of employees receiving regular performance and career development reviews by gender and by employee category		Page 32
Aspect	Diversity & Equal Opportunity: Boundary 1, 6		
G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity		Partial Page 31
Aspect	Equal Remuneration Women & Men: Boundary 1		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category		Page 32
Aspect	Labour Practices Grievance Mechanisms		
G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	Y	None

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In Accordance with the ‘Core’ Option

Specific Standard Disclosures

DESCRIPTION		EXTERNALLY ASSURED	LOCATION OF DATA
HUMAN RIGHTS INDICATORS Disclosure of Management Approach			Pages 21-22
Aspect	Non Discrimination: Boundary 1, 2		
G4-HR3	Total number of incidents of discrimination and actions taken		Page 22
Aspect	Freedom of Association & Collective Bargaining: Boundary 1, 2		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk and measures taken to support these rights		Pages 22, 33
Aspect	Child Labour: Boundary 1, 2, 6, 7		
G4-HR5	Operations and suppliers identified as having significant risks of child labour		Page 22
Aspect	Forced or Compulsory Labour: Boundary 1, 2, 9		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour		Page 22
Aspect	Indigenous Rights: Boundary 3, 4, 9		
MM5	Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples' communities		Eagle and Candelaria adjacent No formal agreements
G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken		None
Aspect	Human Rights Grievance Mechanisms: Boundary 1-3		
HR11	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	Y	None Page 53
SOCIETY INDICATORS Disclosure of Management Approach			Page 43
Aspect	Local Communities: Boundary 1-4, 6, 9		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs		Page 43
G4-SO2	Operations with significant potential or actual negative impacts on local communities		Page 53
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples		Not applicable
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples		Not applicable

Specific Standard Disclosures

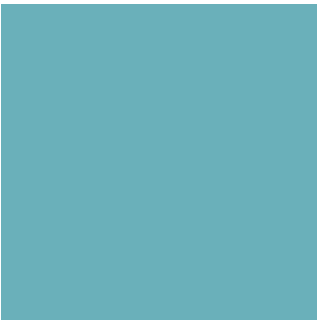
DESCRIPTION		EXTERNALLY ASSURED	LOCATION OF DATA
SOCIETY INDICATORS Disclosure of Management Approach			Page 43
Aspect	Local Communities: Boundary 1-4, 6, 9		
MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place		Not applicable
MM9	Sites where resettlements took place		Not applicable
MM10	Number and percentage of operations with closure plans		Pages 54, 87-89 2015 Annual Financial Statement : Pages 17, 34
Aspect	Anti-Corruption: Boundary 1-9		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified		Page 23
G4-SO5	Confirmed incidents of corruption and actions taken		None Pages 22, 23
Aspect	Overall Compliance: Boundary 3, 5, 6, 9		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		None
Aspect	Grievance Mechanisms – Impacts on Society: Boundary 3-5		
G4-SO11	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	Y	Page 53
PRODUCT RESPONSIBILITY INDICATORS			
DMA	Report how the organization manages the material aspect or its impacts		Pages 54-55
Aspect	Customer Privacy: Boundary 7, 8		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		Page 55
Aspect	Compliance: Boundary 5-8		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		Page 55

Cautionary Note on Forward-Looking Statements

This sustainability report and documents incorporated herein by reference contain “forward-looking statements” within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements include, but are not limited to, statements with respect to the estimation of commodity prices, mineral reserves and resources, the success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining activities, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks and uncertainties relating to, among other things, changes in commodity prices, currency fluctuation, financing, unanticipated reserve and resource grades, infrastructure, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, taxation, political risk and related economic risk and unanticipated environmental impact on operations, as well as other factors discussed in this report. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.





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