

Eagle East Q & A

Q: What is Eagle East?

A: In June 2015 Lundin announced that exploration drilling intercepted a new zone of nickel and copper mineralization (similar to the Eagle deposit) located approximately 1.25 miles east and approximately 2,000 feet below the Eagle deposit.

Since last June, we increased our exploration efforts to determine if Eagle East is a mineral resource Lundin Mining wants to develop. The year-long exploration efforts determined that Eagle East is now classified as an Inferred Mineral Resource.

Q. What is an inferred mineral resource?

A: A mineral resource is the amount of mineralization which has reasonable prospects for economic extraction (mining). Inferred is the first level of estimation.

Q. What is a feasibility study?

A: A feasibility study is an evaluation of a mineral resource to determine whether or not it can be mined effectively and profitably. It includes the detailed study of resource estimation, mining methods evaluation, processing technique analysis, capital and operating cost determination, and the potential effect on the environment.

Q. When will the feasibility study be completed?

A. By the end of 2016.

Q: What permits will you need to mine Eagle East? We are currently evaluating what permits will need to be amended and what new permits may need to be applied for. We expect revisions to Eagle's Part 632 Mining Permit and potentially the air permit.

Q: How long will Eagle East extend the life of Eagle Mine?

A: If the 1.18 million additional tonnes of ore are determined to be economically viable to extract it will provide higher metal input in the last few years of Eagle's mine life and potentially extend the life of the mine by 1 year.

Q: Will the number of haul trucks on the road increase?

A: No. If Eagle East is mined, it would not increase the number of haul trucks transporting from the mine to the mill on a daily basis. Eagle's existing permits limits the mine to hauling 2,000 tons per day.

Q: Why are you starting ramp development now? Why not wait until you have the full feasibility study completed and all necessary permit approvals to mine Eagle East.

A: Due to the short life of the Eagle deposit (2022) it is imperative to understand the role of Eagle East to the business and mining plan. In order for Eagle East to benefit the business, the community, and our employees, we need to start ramp development soon as it will take approximately three years to build an access tunnel to the new mineralized zone.

While the ramp is being developed it will also provide the opportunity to perform future underground definition drilling of the mineralized zone as well as collect information necessary to fully evaluate the feasibility of mining Eagle East, including geochemical, hydrogeological and geo technical data. This data will also be used for permitting and investment initiatives.

Q: Do you need new or amended permits to develop an access ramp to Eagle East?

A: The conditions of Eagle's existing mine permit and surface facilities provide the protection of the environment, natural resources, and public health and safety during the ramp development. Eagle will submit an application for amendment to its Part 632 permit should the company decide to move forward with mining the deposit based on the advanced feasibility studies, design, and data collected during ramp development.

Q: Will Eagle need to build a new tailings facility if Eagle East is mined?

A: The existing tailings facility at the Humboldt Mill has enough capacity for Eagle East.

Q: What impact does low Ni/Cu prices have on Eagle?

A: It has been a challenging year in the global mining industry. Eagle has been able to stay in production and continue to be profitable. However, we continue to look for efficiencies throughout the operation.

Q: What impact will Eagle East have on the environment?

A: Environmental permitting amendments or applications will be determined when the feasibility study is completed later this year. However, we don't expect major changes to our operations as the existing surface facilities, transportation route, and milling facilities will continue to be used as they are today.