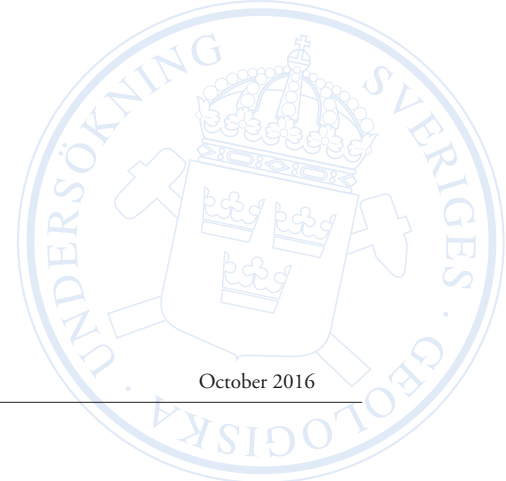


What's up in Sweden

EXPLORATION NEWSLETTER

October 2016



EXPLORATION NEWS

Dragon Mining Ltd provided on March 30 an update of the Ore Reserves for the Svartliden Production Centre. A positive outcome was achieved from the Pre-Feasibility level study into the development of the Fäboliden Gold Project. The study was compiled by **RungePincockMinarco Ltd**. It includes for the first time Ore Reserves for Fäboliden reported in accordance with the JORC Code. The Proved and Probable Ore Reserves, at a US\$1,150 per ounce gold price total 1,067,000 t grading 3.2 g/t gold for 110,000 ounces. **Dragon** announced on May 12, that the second phase of bench scale metallurgical test work for the Fäboliden Gold Project has successfully been completed. In a half yearly report for the period ending June 30, **Dragon** announced that the Company has submitted an Environmental Permit Application for a test mining operation at Fäboliden to the County Administration Board.

Eurasian Minerals Inc. provided on September 8 an update on exploration results from the Company's spring and summer programs in Scandinavia. Reconnaissance drilling at the Gumsberg Volcanogenic Massive Sulfide project, located in the Bergslagen district, has yielded several shallow high grade intercepts of polymetallic mineralization. Each of four holes drilled along the > 2 kilometer long Vallberget-Loberget trend of historic mines intersected significant intervals of mineralization. Results include 2.8 m of 17.9% Zn, 6.9% Pb, 0.5% Cu, and 68.9 g/t Ag in one drill hole at a depth of 32 m below surface, and 3.0 m of 9.2% Zn, 3.0% Pb, and 12.8 g/t Ag in a second drill hole at a depth of 22 m below surface. Both intercepts are developed in exhalative style VMS mineralization, with true widths estimated to be 80-90% of the reported intervals.

On September 7, **Botnia Exploration Holding AB** announced that a Mining Concession has been granted by the Mining Inspectorate for the Fäbodtjärn gold deposit in the Vindelgransele area. In a half year report for January-June 2016, **Botnia** reported results from diamond drilling in the Vindelgransele area. Highlights included for Fäbodliden A: 5.35m at 5.6g/t Au (including 2.55 m at 11.1 g/t Au) and for Fäbodliden B: 2.25m at 1.1 g/t Au and 1.0 m at 1.2 g/t Au.

Erris Resources provided on July 28 an update on its exploration activities in northern Sweden. An airborne geophysical survey, geological mapping and rock sampling have been completed at the Klippen gold project at the southern end of the 'Gold Line'. The program is being funded by **Centerra Gold Inc.** under a Strategic Alliance Agreement. Field work by the Company's team of geologists has outlined a continuous 3.7 km mineralised trend from new float and outcrop sampling, which is consistent with historic till data sets.

On April 28 **Agnico Eagle Mines Ltd** announced that drilling at Barsele extends the gold mineralization at depth. Highlights include: 2.01 g/t gold over an estimated true width of 84.0 m at a depth of approximately 310 m in the Skiråsen zone. Under the heading "exploration update" on its website, **Agnico** reports that a second phase of drilling commenced the end of April 2016 with one drill rig, and a second rig was added in early June. During the second quarter of 2016, drilling totalled six holes (3,972 m) and was done on the Skiråsen and Avan zones, testing induced polarization and magnetotelluric geophysical anomalies that were identified in a geophysical survey conducted in the second quarter. The total drilling in the first half of 2016 is 8,807 m, while a cumulative total of 17,192 m has been drilled since the start of the company's program in October 2015. Recent drilling has intersected multiple lenses of mineralization in the Skiråsen Zone and extended the known depth of this zone by approximately 95 m to 580 m depth. Mineralization remains open at depth and along strike.

S2 Resources Ltd advised on May 9, that assays received from its first two drill holes confirm the presence of zinc mineralization at the Svan Vit prospect. A total of three diamond core holes were drilled on a single section to test an EM anomaly. Down hole electromagnetic (DHEM) surveying in these holes indicates that the main part of the targeted EM conductor is located off the drill section and that the first two holes intersected the western margin of this EM conductor. A third, deeper, hole did not intersect mineralization but DHEM in this hole has identified a second EM conductor. The first hole, which clipped the top of the ground EM conductor model and intersected a narrow zone of mixed sulphide mineralization, intersected 0.55 m at 1.49 g/t Au, 45 g/t Ag from 25.3 m and 1.05 m at 2.87% Zn, 5 g/t Ag from 88.7 m. The second hole, drilled 90 m down dip of the first intersected 0.55 m at 2.23% Zn from 164 m and 3.70 m at 1.75% Zn, 5.3g/t Ag from 170.2 m and 5.05 m at 3.15% Zn, 6g/t Ag, 0.2% Cu from 184.6 m. The outcomes of the downhole EM suggest that the three holes drilled to date have only tested the margins of a potentially more extensive zone.

Tasman Metals Ltd and **Flinders Resources Ltd** announced on August 25 the closing of the previously announced plan of arrangement pursuant to which Flinders has acquired all of the issued and outstanding shares of **Tasman**. **Flinders** also announced that it has changed its name to **Leading Edge Materials Corp.** **Leading Edge Materials** provided on September 2, an update on the Exploitation Concession that cover the Norra Kärr rare earth element project. As disclosed by **Tasman Metals Ltd** prior to the recent merger with

Leading Edge Materials, the Exploitation Concession for Norra Kärr, along with three other Exploitation Concessions held by other companies, are presently under reassessment by the **Mining Inspectorate** following a recommendation by the **Supreme Administrative Court**. The **Mining Inspectorate** is considering all four mining lease applications to determine any additional information that is required to meet the **Supreme Administrative Court's** new interpretation of the Mining Act. The Company has been advised by Swedish legal counsel that the Norra Kärr Exploitation Concession remains in force.

Talga Resources Ltd advised on September 5 that infill resource drilling has commenced at its Vittangi graphite project. The diamond core drill program is designed to infill **Talga's** high grade Northern Nunasvaara JORC Inferred mineral resource of 1.5 Mt at 31.0% graphitic carbon ("Cg") which is part of the total Nunasvaara JORC resource of 9.8Mt at 25.3% Cg. This drill program is to comprise ~10 holes for 1,000 m and aims to upgrade the Northern Nunasvaara resource status.

Mandalay Resources Corporation provided on July 25 exploration updates for the first half of 2016 at its Björkdal gold deposit. During the period from January 1 to June 30, 11 diamond-core exploration drill holes totaling 2,041 m in length were drilled from surface and 29 diamond-core exploration drill holes totaling 5,364 m in length were drilled from the underground mine. Based on the results, the Company has applied for expansion of the Björkdal Mining Concession.

Beowulf Mining Plc provided on September 23 an update on the application process for Kallak North. On the 21 September 2016, the Company submitted a letter to the Mining Inspectorate, revising its application boundary to encompass both the Concession Area, delineated by the Kallak North orebody, and the activities necessary to support a modern and sustainable mining operation. The revised boundary takes into account the judgement made by the Supreme Administrative Court in the Norra Kärr case, which stated that activities associated with a mining operation, but outside of the previously considered Concession Area, need to be studied as part of an application for an Exploitation Concession.

MINING NEWS

In a Q2 interim report **Boliden** announced that crusher availability continued to be low at Aitik, where the milled volume totaled 8.7 (9.5) Mt. Low milled volumes notwithstanding, higher copper grades meant that the

production of copper in concentrate increased both quarter on quarter and year on year. The plan for 2016 entails production in areas with grades slightly below the average for the mineral reserve as a whole. Mined production levels in the Boliden Area were very high. The Renström mine in the Boliden Area will undergo an extended maintenance shutdown during the third quarter, which will result in lower mined production and deterioration in the ore mix in comparison with the second quarter. Garpenberg enjoyed a strong quarter. Higher milled volume resulted in sharp increases in production of zinc and silver in concentrate, both quarter on quarter and year on year. Higher grades and improved zinc recovery level also contributed to the quarter on quarter increase in production.

Demand for **LKAB's** processed iron ore products remains good. The production volume amounted to 6.1 (5.8) Mt for the quarter and deliveries reached 6.7 (5.3) Mt. During the quarter **LKAB** reported stable production and improved delivery volumes. Despite this, an operating loss of MSEK -277 (-228) is reported for the quarter. The efficiency program initiated in 2015 aimed at reducing the number of employees by 400 was completed in the first half of 2016. Further cuts in personnel, equivalent to 200 positions, will also be implemented.

In a report for the second quarter period ended June 3, **Lundin Mining Corp** announced that zinc and lead production in the second quarter of 2016 in the Zinkgruvan mine were 19% and 4% lower, respectively, than the comparable period in 2015, partially as a result of lower throughput due to harder ore milled and lower zinc head grades in the current period.

ENVIRONMENT AND SUSTAINABILITY

The **Swedish Energy Agency** announced on June 14 its decision to support a pre-study for a joint initiative of **SSAB, LKAB** and **Vattenfall** aimed at carbon-dioxide-free ironmaking. SEK 6.7 million has been allocated to support the pre-study. **SSAB, LKAB** and **Vattenfall** jointly announced in early April that they would initiate a project to address the carbon dioxide issue in the Swedish steel industry. By switching from today's blast furnace process, which involves burdening with coal and coke, and instead employing direct reduction using hydrogen, the aim of the initiative is to develop a steelmaking process that emits no carbon dioxide, only water.

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