

AGREEMENT

The parties to this Agreement are:

CITY OF MARQUETTE, a Michigan municipal corporation, 300 W. Baraga Avenue, Marquette, MI 49855 (“City”),

and

EAGLE MINE, LLC, a Delaware limited liability company, of 4547 County Road 601, Champion, MI 49814 (“Eagle Mine”).

RECITALS

1. Eagle Mine is the owner and developer of a metallic mineral mine facility in Michigamme Township, Marquette County, Michigan.
2. Eagle Mine wishes to utilize certain streets in the City for transportation of its ore.
3. The parties acknowledge that mining, timber and other trucking in the City requires ongoing repairs, safety modifications and capital improvements to City streets.
4. The parties have reached an agreement whereby Eagle Mine will provide funds to the City for certain expenses incurred, or to be incurred, as a result of the multiple operations described above as a public benefit, and the City shall allow and not impede access to certain City streets by Eagle Mine trucks.

AGREEMENT

A. TRUCKING CORRIDOR

1. The City will make available to Eagle Mine, its employees, contractors and agents to operate trucks (“Eagle Mine trucks” or “trucks”) traveling to and from the mine facility within the Trucking Corridor defined as follows:

CR 550 from the northern City border to Sugarloaf Avenue; Sugarloaf Avenue to its intersection with Wright Street; Wright Street from its intersection with Sugarloaf Avenue through to the western City border [“Trucking Corridor” or “Truck Route” throughout this Agreement].

2. The Trucking Corridor will be available for use by Eagle Mine trucks on a 24-hour a day, 7-day a week basis. Both parties acknowledge that construction activities, temporary maintenance activities, or emergency conditions may result in occasional temporary diversions

or closure of this route, which the City shall remedy as quickly as practicable. Any alternative route(s) temporarily established by the City for such construction, maintenance or emergency conditions referenced in this paragraph shall be automatically deemed part of the Trucking Corridor specified in this Agreement, for whatever period of time is required.

3. The City will use best efforts to ensure that the Trucking Corridor is maintained and improved as a priority requirement with annual capital improvement plans, including priority winter snow, sand, and salt maintenance as needed.

4. Except as provided under A.1 and A.2, Eagle Mine shall not use any other streets in the City for its ore hauling.

5. Eagle Mine vehicles will continue to comply with all state and federal transportation regulations and will comply with all City ordinances now in existence or hereafter arising; except that, no City ordinance shall abrogate the terms of this Agreement while this Agreement remains in force.

B. PAYMENTS TO THE CITY - ROAD MAINTENANCE

1. Eagle Mine will pay a road maintenance fee (“Maintenance Fee”) to the City of \$500,000 per year for each calendar year, or portion of a year, that Eagle Mine trucks use the Trucking Corridor. Eagle Mine shall have no obligation to pay a Maintenance Fee to the City for any calendar year(s) during the term of this Agreement when its trucks do not use the Trucking Corridor.

2. This payment will be prorated to reflect the actual months in a given calendar year that Eagle Mine uses the Trucking Corridor for its trucks. By way of example, the annual payment for a year in which trucking took place at any time during four calendar months would be $4/12$ of \$500,000 = \$166,667.

3. Payment will be made in arrears to the City of Marquette by December 31st of each year during which this Agreement remains in force.

C. PAYMENTS TO THE CITY - SAFETY IMPROVEMENT PROGRAM

1. To foster safety improvements along the Trucking Corridor, and to create safer pedestrian and vehicle environments, Eagle Mine will fund a safety improvement program for the term of this Agreement, in the amount of \$200,000 per year (“Safety Improvement Fee”) for each calendar year, or proration of a year, that Eagle Mine trucks use the Trucking Corridor. Eagle Mine shall have no obligation to fund the safety improvement program in any calendar year(s) during the term of this Agreement when its trucks do not use the Trucking Corridor.

2. This payment will be prorated to reflect the actual months in a given calendar year that Eagle Mine uses the Trucking Corridor for its trucks. By way of example, the annual payment for a year in which trucking took place at any time during four calendar months would be $4/12$ of \$200,000 = \$66,667.

3. Payment will be made in arrears to the City of Marquette by December 31st of each year during which this Agreement remains in force.

4. The City will prepare an annual road safety improvement plan with budget and timing for this purpose. Subject to paragraphs C.1 and C.2 above, in no event will Eagle Mine's payment be less than \$200,000 per year that this Agreement is in effect.

5. Eagle Mine will work with the City and Northern Michigan University to promote good driving practices on Sugar Loaf Avenue and Wright Street by all users.

6. Subject to paragraphs C.1 and C.2 above, Eagle Mine agrees to provide an advance of the Safety Improvement Fee towards the safety improvement plan as and when requested by the City if implementation of the plan requires additional funding before the time when such Safety Improvement Fee would regularly be due in accordance with paragraph C.3 above. Any such advance payment will be credited against future Safety Improvement Fees payable and in no event shall such advances be in excess of remaining Safety Improvement Fees.

7. Eagle Mine may take over responsibility for any element of the road safety improvement program at the request of, and with the agreement of, the City.

D. TERM

1. This Agreement will commence on September 1, 2014, and will continue , on the following terms and conditions:

(a). Subject to paragraphs B.1,B.2, C.1 and C.2, the Maintenance Fee and Safety Improvement Fee will continue for eight (8) years from the signing of this Agreement.

(b) Except as provided for in paragraph D.2 below, the City shall allow and not impede Eagle Mine, its employees, contractors and agents to use the Truck Corridor on the terms set forth above, without further payments to the City, for a period not to exceed two (2) years from the date Eagle Mine is no longer obligated to pay the Maintenance Fee and Safety Improvement Fee provided for in Sections B.1 and C.1 above. In no case shall the Truck Corridor use rights conferred to Eagle Mine under this Agreement extend beyond August 31, 2024, unless extended in accordance with paragraph D. 2 below.

2. This Agreement may be extended past the dates set forth above. The terms and conditions of such extension will be subject to negotiations between the parties and further subject to approval by the City Commission, provided however that such approval shall not be unreasonably withheld.

3. If an alternate transportation route becomes available for Eagle Mine trucks outside the City of Marquette, or if for any other reason prior to the dates set forth above, Eagle Mine trucks permanently cease using the Truck Route established in A.1 and A.2, such action would initiate a permanent termination of this Agreement. Eagle will provide the City of

Marquette with at least six (6) months advance notice of intent to terminate, and any payments due to the City under this Agreement will be prorated to the effective date of such termination.

4. If an alternate transportation route entirely outside the City of Marquette does not become available by September 1, 2018, and if Eagle Mine has not sooner terminated this Agreement pursuant to paragraph D.3. with an effective date prior to September 1, 2018, then Eagle Mine will pay to the City amounts calculated as follows, to be used by the City for the reconstruction of Sugar Loaf Avenue and Wright Street:

a. Eagle Mine will accrue a liability to the City based on a calculation of \$2.7 million due for the period September 1, 2018 to September 1, 2022, i.e., four years.

b. If Eagle Mine terminates this Agreement, pursuant to paragraph D.3, with an effective date after September 1, 2018 but before September 1, 2022, then the amount due to the City will be prorated from September 1, 2018 to the month of the effective date of termination. This accrued amount due will be paid in full to the City when this Agreement is terminated.

c. If Eagle Mine has not terminated this Agreement, pursuant to paragraph D.3., with an effective date prior to September 1, 2022, then the full accrued amount of \$2.7 million will be paid to the City by September 1, 2022.

d. In no event will Eagle Mine's liability to the City under this paragraph D.4. exceed \$2.7 million dollars.

e. Eagle Mine will not be liable to the City for any portion of the \$2.7 million dollar payment if this Agreement is terminated, pursuant to paragraph D.3., with an effective date prior to September 1, 2018.

f. The payments called for in this paragraph D.4 are in addition to the payments referenced in paragraphs B and C of this Agreement.

5. Lundin Mining will provide to the City, on or before the effective date of this Agreement, a parent company guarantee letter – guaranteeing Eagle's performance under this Agreement, in the form attached as Exhibit A.

E. DEFAULT/TERMINATION

1. The failure of either party to perform any term, condition, or covenant made or undertaken by it, or the violation of any warranty or representation in this agreement, will be deemed a default of this agreement. If a default occurs and remains uncured by the defaulting party for 30 days after the other party has given a notice of default, the non-defaulting party will have the right to seek specific performance of this agreement or terminate this agreement, and shall be reimbursed by the defaulting party for costs and attorney's fees incurred in seeking such performance. The right to terminate will be cumulative and in addition to any and all other rights and remedies available to the parties.

F. GENERAL

1. Eagle Mine, LLC is a limited liability company duly organized, validly existing, and in good standing under the laws of the state of Delaware.

2. The execution, delivery, and performance of this agreement by Eagle Mine does not, and the consummation of the transactions contemplated will not, except as otherwise noted in this agreement or its schedules, (a) result in a material breach of any provision of, or constitute a material default under, the articles of incorporation or bylaws of Eagle Mine, or any agreement or instrument to which Eagle Mine is a party or by which it is bound, or (b) require the consent or approval of any other person or governmental agency or authority. Further, the undersigned for both parties represent and warrant that they have the authority to sign the agreement and bind the parties to the agreement.

3. This agreement will be governed by and enforced in accordance with the laws of the state of Michigan.

4. By execution of this agreement, the parties consent to venue in Marquette County, Michigan of any action brought to enforce the terms of this Agreement.

5. This agreement constitutes the entire agreement between the parties and will be deemed to supersede and cancel any and all prior discussions, negotiations, proposals, undertakings, understandings, and agreements, whether written or oral, relating to the transactions contemplated in this agreement.

6. All modifications to this agreement and all waivers of any of the provisions of this agreement, to be effective, will be in writing and signed by both parties.

7. This agreement is binding on and will inure to the benefit of the parties to this agreement.

8. If any provision in this agreement is held to be invalid or unenforceable, it will be ineffective only to the extent of the invalidity, without affecting or impairing the validity and enforceability of the remainder of the provision or the remaining provisions of this agreement.

9. The parties agree that signatures on this agreement, as well as any other documents to be executed under this agreement, may be delivered by facsimile or by scanned images in lieu of an original signature, and the parties agree to treat facsimile or scanned signatures as original signatures and agree to be bound by this provision.

CITY OF MARQUETTE

EAGLE MINE, LLC

Robert Niemi, Mayor

By: Paul McRae
Its: Senior Vice President Projects

David J. Bleau, City Clerk

Approved as to Substance:

William E. Vajda, City Manager

Approved as to Form:

Brian D. Sheridan, Special Counsel
to the City of Marquette

Dated: _____, 2014

Dated: _____, 2014

GUARANTEE

EXHIBIT A TO AGREEMENT

May ____, 2014

City of Marquette, Michigan
City Hall, 300 W. Baraga Avenue
Marquette, Michigan 49855

Attention: ●

Ladies and Gentlemen:

For value received, and in consideration of the City of Marquette, Michigan (the “**City**”) [**entering into the [NTD: describe contract creating the obligation between the City and Eagle Mine]**] (the “**City Contract**”), Lundin Mining Corporation (the “**Guarantor**”), a corporation duly organized under the laws of Canada, hereby unconditionally guarantees the prompt and complete payment when due, whether by acceleration or otherwise, of all obligations and liabilities, whether now in existence or hereafter arising, of Eagle Mine LLC (“**Eagle Mine**”) to the City arising under and pursuant to the City Contract. Notwithstanding anything else herein, the liability of the Guarantor hereunder shall be limited to a maximum sum of US\$2,700,000. This Guarantee is one of payment and not of collection.

The Guarantor hereby waives notice of acceptance of this Guarantee and notice of any obligation or liability to which it may apply, and waives presentment, demand for payment, protest, notice of dishonor or non-payment of any such obligation or liability, suit or the taking of other action by the City against, and any other notice to, Eagle Mine, the Guarantor or others.

The City may at any time and from time to time without notice to or consent of the Guarantor and without impairing or releasing the obligations of the Guarantor hereunder: (1) agree with Eagle Mine to make any change in the terms of any obligation or liability of Eagle Mine to the City, (2) take or fail to take any action of any kind in respect of any security for any obligation or liability of Eagle Mine to the City under the City Contract, (3) exercise or refrain from exercising any rights under or in respect of the City Contract against Eagle Mine or others, or (4) compromise or subordinate any obligation or liability of Eagle Mine to the City under the City Contract including any security therefor. Any other suretyship defenses are hereby waived by the Guarantor.

This Guarantee shall continue in full force and effect until all payment obligations of Eagle Mine under the City Contract have been satisfied in full.

The Guarantor may not assign its rights nor delegate its obligations under this Guarantee, in whole or in part, without prior written consent of the City, which consent shall not be unreasonably withheld, and any purported assignment or delegation absent such consent is void, except for an assignment and delegation of all of the Guarantor’s rights and obligations hereunder in whatever form the Guarantor determines may be appropriate to a partnership, corporation, trust or other organization in whatever form that succeeds to all or substantially all of the Guarantor’s assets and business and that assumes such obligations by

contract, operation of law or otherwise. Upon any such delegation and assumption of obligations, the Guarantor shall be relieved of and fully discharged from all obligations hereunder, whether such obligations arose before or after such delegation and assumption.

Any notices to the Guarantor shall be sufficiently given if made in writing and mailed or delivered to Guarantor's address shown below or other address as provided in accordance herewith, and to the City if made in writing and mailed or delivered to City's address shown above, or other address as City may specify in writing from time to time. If the Guarantor changes its address at any time before the date the guaranteed obligations are paid in full, the Guarantor agrees to provide written notice of this change of address to the City by registered or certified mail, return receipt requested, all charges prepaid.

No waivers, amendments, or modifications of this Guarantee shall be valid unless in writing and signed by both the Guarantor and the City.

This Guarantee represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties with respect to this Guarantee.

THIS GUARANTEE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MICHIGAN WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW. GUARANTOR AGREES TO THE EXCLUSIVE JURISDICTION OF COURTS LOCATED IN THE STATE OF MICHIGAN, UNITED STATES OF AMERICA, OVER ANY DISPUTES ARISING UNDER OR RELATING TO THIS GUARANTEE.

The undersigned has executed and delivered this Guarantee as of the date set forth above.

LUNDIN MINING CORPORATION

By: _____
Authorized Officer

Address:
150 King Street West, Suite 1500
Toronto, Ontario, Canada
M5H 1J9
Attention: [●]

The City of Marquette, Michigan hereby acknowledges, confirms and agrees to this Guarantee provided by Lundin Mining Corporation as of May ____, 2014.

CITY OF MARQUETTE, MICHIGAN

By: _____
Authorized Officer