

4 June 2019

PolarX secures A\$4.3m investment from Lundin Mining to acquire an earn-in option on Alaskan Cu-Au porphyry projects

Lundin Mining's A\$4.3M subscription for 14.3% of PolarX secures an exclusive option to earn a 51% interest in PolarX's Stellar Project by staged spending of US\$24M on exploration and staged payments to PolarX of US\$20M.

Key Points:

- **PolarX Limited and Lundin Mining Corporation (Lundin Mining) have agreed terms for a strategic earn-in joint venture over select porphyry Cu-Au targets in PolarX's 100% owned Stellar Claims within its Alaska Range Project. The Zackly Cu-Au skarn claims are excluded from the earn-in area (Figure 1).**
- **Lundin Mining will subscribe for 53.4M ordinary shares in PolarX at A\$0.08 per share for A\$4.3M, following which Lundin Mining will become PolarX's largest shareholder owning 14.3% of the Company. This share subscription secures an exclusive option for Lundin Mining to enter an earn-in joint venture on porphyry Cu-Au targets within PolarX's Stellar Claims.**
- **PolarX has agreed to use the proceeds of this share subscription to fund an exploration program on those porphyry Cu-Au targets. The exploration program is to be completed by the end of 2019, subject to extension in certain limited circumstances, and will be determined by a five-person exploration committee (3 Lundin Mining members, 2 PolarX). Lundin Mining will make its decision as to whether to exercise the option to commence the earn-in on or before the later of a thirty-day period to review results of the exploration program and 31 December 2019 (the "Option Exercise Date").**
- **Lundin Mining can exercise the option to enter into a 3-year Earn-in Period for a joint venture at any time prior to Option Exercise Date, with the following earn-in terms:**
 - **Year 1 - upfront cash payment to PolarX of US\$2M within 30 days of the Option Exercise Date (anticipated to be 30 January 2020) plus a minimum of US\$8M exploration expenditure by the end of Year 1 to earn the right to continue.**
 - **Year 2 - upfront cash payment to PolarX of US\$3M within 30 days of the first anniversary of the Option Exercise Date (anticipated to be 30 January 2021) plus a minimum of US\$8M exploration expenditure by the end of Year 2 to earn the right to continue.**
 - **Year 3 - upfront cash payment to PolarX of US\$5M within 30 days of the second anniversary of the Option Exercise Date (anticipated to be 30 January 2022) plus a minimum of US\$8M exploration expenditure by the end of Year 3 to earn the right to then enter into a joint venture.**

- **Final cash payment of US\$10M to PolarX to exercise the right to form a joint venture initially owned 51% Lundin Mining and 49% PolarX.**
- **Lundin Mining can withdraw at any time prior to formation of the JV as long as the required upfront cash payments for said year to PolarX have been made to that point.**
- **Lundin Mining may accelerate the earn-in phase by spending the total of \$24M and making the \$20M cash payments in a shorter timeframe at its sole election.**
- **Once formed, the JV will be managed by a five-person board (3 Lundin Mining appointees, 2 PolarX appointees). Both parties will be responsible for funding their share of future expenditure, with standard dilution provisions for non-contributing parties.**

1. STRATEGIC ALLIANCE WITH LUNDIN MINING

PolarX Limited (ASX: PXX) is pleased to announce that Lundin Mining Corporation (**Lundin Mining**) will subscribe for 53.44M ordinary shares priced at A\$0.08 each to raise approximately A\$4.3M before costs (**Share Placement**). Funds raised from the Share Placement will specifically be used to evaluate porphyry Cu-Au targets over a defined area within PolarX's 100% owned Stellar Project (refer to Figure 1) through a work program agreed by a joint exploration committee comprising three Lundin Mining members and two PolarX members. No shareholder approval is required for the Share Placement. The Company intends to issue 23.62M shares under its existing placement capacity pursuant to Listing Rule 7.1 and the remaining 29.82M shares under its existing placement capacity pursuant to Listing Rule 7.1A.

PolarX has also granted an exclusive option to Lundin Mining, expiring on the later of (i) 31 December 2019 and (ii) 30 days after Lundin Mining has been provided all information and data from the work program, to elect to earn into the Stellar Project by spending a total of US \$24M on exploration within three years and making a series of cash payments to PolarX totalling US\$20M. On completion of the earn-in, Lundin Mining can elect to form a joint venture which will be owned 51% by Lundin Mining and 49% by PolarX, with both parties to fund their share of future costs or dilute as per standard JV dilution provisions. Lundin Mining will be the manager of the joint venture.

Pursuant to the Share Placement the Company will grant Lundin Mining the right to maintain its equity interest in the Company in the event that the Company commits to issue equity securities other than in specified circumstances (**Anti-Dilution Right**). The Company has obtained an ASX waiver from ASX Listing Rule 6.18 to allow the Company to grant the Anti-Dilution Right. A summary of the terms of the waiver is provided in Appendix B.

The Company has also received an ASX determination that Listing Rule 10.1 will not apply to the granting of the earn-in right to Lundin Mining.

A summary of the key terms of the strategic alliance is set out in the Appendix A.

2. A\$4.25M ENTITLEMENT OFFER TO POLARX SHAREHOLDERS

Following completion of the Share Placement, PolarX also intends to raise up to an additional A\$4.25M via a 1 for 7 non-renounceable **Entitlement Offer** to eligible shareholders priced at A\$0.08 per share. Funds raised through the Entitlement Offer will be used for exploration on the excluded Zackly Claims and the Caribou Dome Project and for general working capital. Further details on the Entitlement Offer will be announced following completion of the Share Placement.

PolarX Managing Director Frazer Tabearth said the strategic investment by Lundin Mining provided strong independent validation of the Company's confidence in its porphyry copper-gold targets in the Alaska Range:

"We are delighted to have attracted an investor and potential project partner with the demonstrated financial, technical, commercial and operational capability that Lundin Mining provides," Dr Tabearth said.

"Our porphyry Cu-Au targets at Saturn and Mars are compelling opportunities of significant scale and we look forward to a major exploration campaign in 2019 with Lundin Mining's input."

"Conclusion of the Share Placement and Entitlement Offer means we will be fully-funded for the 2019 exploration program. Our goal is to provide enough information by the end of this field season to enable Lundin Mining to exercise its option to enter the JV earn-in phase on the Stellar Property."

At the same time, we plan to undertake further drilling to grow the inferred resource size at our 100% owned high-grade Zackly Cu-Au skarn deposit, which is specifically excluded from the earn-in area and remains 100% owned by PolarX."

3. ABOUT LUNDIN MINING

Lundin Mining is a diversified Canadian base metals mining company with operations in Chile, the United States of America, Portugal and Sweden, primarily producing copper, nickel and zinc. In addition, Lundin Mining holds an indirect 24% equity stake in the Freeport Cobalt Oy business, which includes a cobalt refinery located in Kokkola, Finland.

For more information please see www.lundinmining.com

For and on behalf of the Board.

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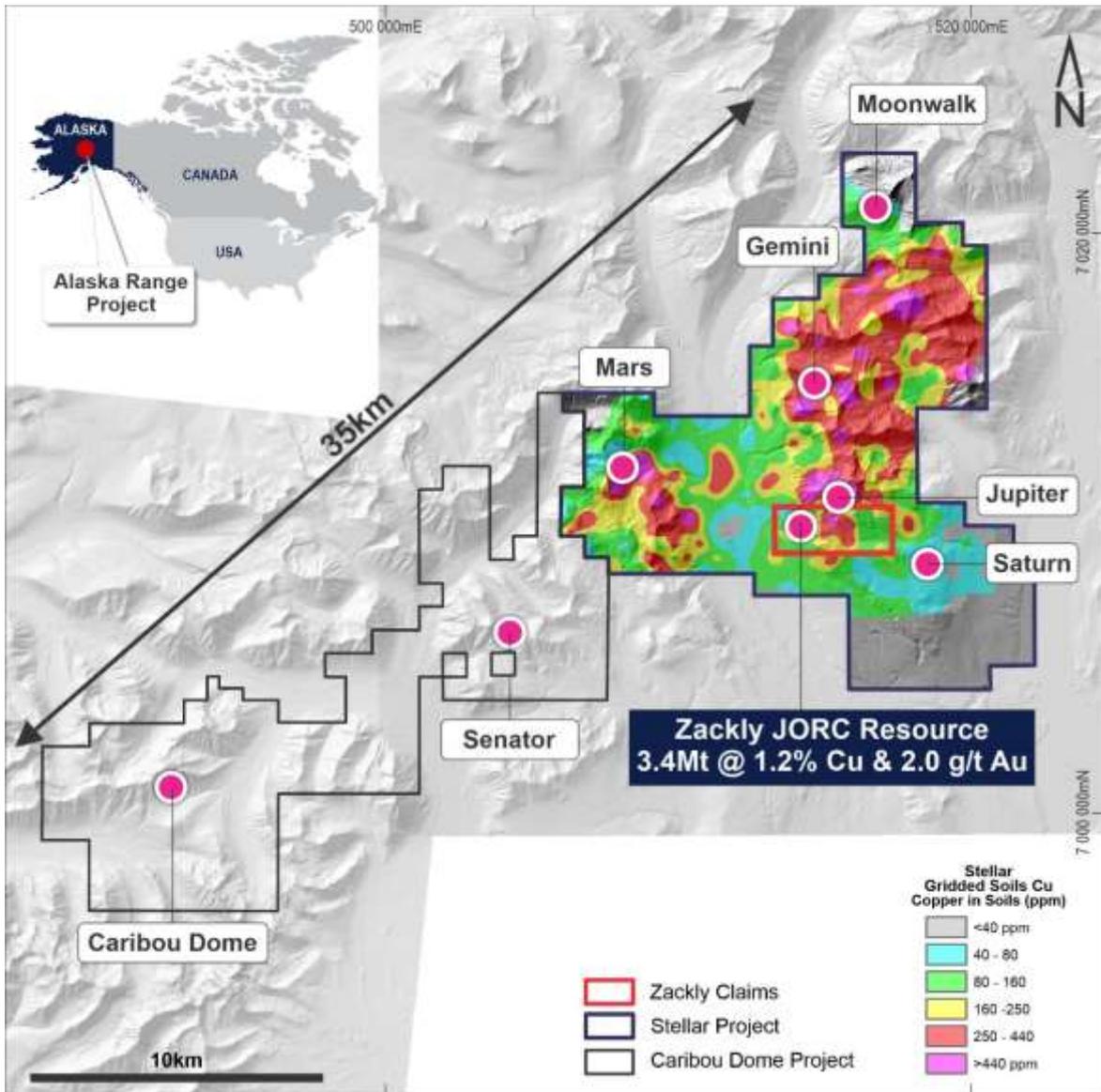


Figure 1 Location map depicting the Stellar Earn-In project outline and showing the Excluded Zackly Claims.

ADDITIONAL DISCLOSURE

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this announcement has been presented in accordance with the JORC Code.

Information in this announcement relating to Exploration results is based on information compiled by Dr Frazer Tabeart (an employee and shareholder of PolarX Limited), who is a member of The Australian Institute of Geoscientists. Dr Tabeart has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Tabeart consents to the inclusion of the data in the form and context in which it appears.

There is information in this announcement relating to:

- (i) the Mineral Resource Estimate for the Caribou Dome Deposit (Alaska Range Project), which was previously announced on 5 April 2017; and*
- (ii) the Mineral Resource Estimate for the Zackly Deposit (Alaska Range Project), which was previously announced on 20 March 2018.*

Other than as disclosed in those announcements, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and that all material assumptions and technical parameters have not materially changed. The Company also confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Forward Looking Statements:

Any forward-looking information contained in this news release is made as of the date of this news release. Except as required under applicable securities legislation, PolarX does not intend, and does not assume any obligation, to update this forward-looking information. Any forward-looking information contained in this news release is based on numerous assumptions and is subject to all of the risks and uncertainties inherent in the Company's business, including risks inherent in resource exploration and development. As a result, actual results may vary materially from those described in the forward-looking information. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

Company Overview

PolarX is an advanced ASX-listed mineral explorer and developer (ASX: PXX). The recently formed PolarX brings together exciting Alaskan assets the “**Alaska Range Project**”, covering 241km² of State Mining Claims. High-Grade existing resources and numerous large unexplored advanced targets are within this impressive **35km mineralised belt** now under PolarX’s control.

IMPRESSIVE HIGH-GRADES

Current Copper and Copper equivalent grades of 4% and 5.5% respectively compare favourably with some of the world’s highest grade operating mines. This allows an initially small-scale highly profitable development. One of the Company’s greatest advantages is the high-grade nature of its deposits. The JORC resource grade at Caribou Dome is 3.1% Cu and the JORC resource grade at Zackly is 1.2% Cu and 2.0 g/t Au. Both the Zackly and Caribou-Dome deposits remain open in all directions. No targets outside the existing resources have ever been drill-tested to date.

Exploration and development programs are designed to initially bring the 100% owned Zackly Deposit and 80% controlled Caribou-Dome Deposit into early production whilst much larger new targets such as Senator (90%) and Mars (100%), are tested and if successful, advanced to resource/reserve status.

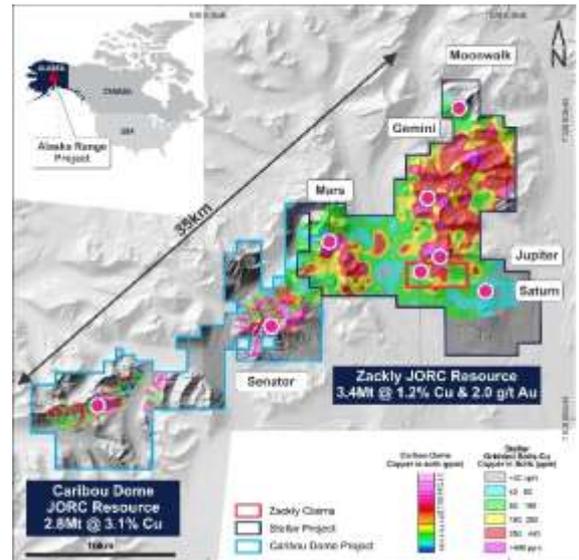
Both existing deposits are expected to progress to feasibility assessment in the near future whilst they continue to rapidly expand. Early environmental baseline surveys are underway and specialists have been engaged to assist in the future mine permitting process.

MASSIVE UPSIDE

Early soil sampling demonstrates almost the **ENTIRE 35km belt is mineralised with Copper, Gold and Silver** from surface in various geological forms.

PROVEN MANAGEMENT

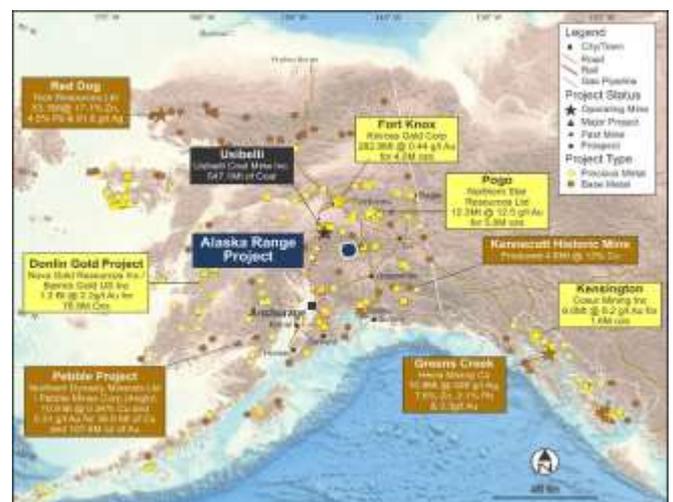
PolarX has consolidated this entire region and has assembled an accomplished technical and commercial team in Australia with a proven record of delivering projects into production and a well-established technical and operational team in Alaska, USA. Shareholders, Mitchell River Group in Perth and Millrock Resources Inc. in Alaska each provide technical and on-ground operational assistance as required.



	Tonnes (Mt)	Contained Cu (t)	Contained Au (oz)	Contained Ag (oz)
ZACKLY	3.4	41,200	213,000	1,500,000
CARIBOU DOME	3.1	85,800	-	-
TOTAL		127,000	213,000	1,500,000

REGIONAL CONTROL

For the first time, PolarX’s integration will allow fully integrated regional exploration and development of the consolidated Alaska Range Project. It immediately combines existing substantial high-grade resources and provides exploration upside potential in one of the world’s best mining regions with road access and excellent nearby infrastructure. Alaska already hosts many of the world’s largest and highest grade gold and copper mines with similar geology to PolarX’s package. Members of the team have operated in Alaska for over 20 years and have been directly involved in 2 of more recent large discoveries at Pebble and at Donlin Creek.



Appendix A – Summary of Terms and Conditions of the Strategic Alliance

The following summary sets out the key terms and conditions of the strategic alliance with Lundin Mining:

- (1) **(Option)**: upon completion of the Share Placement, Lundin Mining will be granted an exclusive option to earn in to a 51% participating interest in certain claims contained within the Stellar Project (**JV Claims**), as depicted in Figure 1, expiring on the later of (i) 31 December 2019 and (ii) 30 days after Lundin Mining has been provided all information and data from the Exploration Program (as defined below) (**Option Period**), during which:
 - (i) the parties will form a joint exploration committee (**Exploration Committee**), which committee will comprise three representatives appointed by Lundin Mining and two representatives appointed by the Company, for the purposes of directing and reviewing the exploration program (including identifying drilling targets) on the JV Claims (**Exploration Program**);
 - (ii) the Company will remain the operator of the drilling program on the other Alaska Range project claims which are located outside the JV Claims (**Excluded Claims**). The Excluded Claims include the areas covered by the Caribou Dome and Zackly deposits which contain the Company's existing mineral resource estimates.
- (2) **(Earn-in)**: if Lundin Mining exercises the Option (**Option Exercise Date**), during the next three-year period (**Earn-in Period**):
 - (i) Lundin Mining's earn-in obligations will be as follows:
 - (A) Year One – a cash payment of US\$2 million to the Company within 30 days of the Option Exercise Date (anticipated to be 30 January 2020) plus a US\$8 million minimum expenditure commitment in relation to the JV Claims;
 - (B) Year Two – an additional cash payment of US\$3 million to the Company within 30 days of the first anniversary of the Option Exercise Date (anticipated to be 30 January 2021) plus a further US\$8 million minimum expenditure commitment in relation to the JV Claims; and
 - (C) Year Three – an additional cash payment of US\$5 million to the Company within 30 days of the second anniversary of the Option Exercise Date (anticipated to be 30 January 2022) plus a further US\$8 million minimum expenditure commitment in relation to the JV Claims,
 (together, the **Earn-in Requirements**);
 - (ii) Lundin Mining will have the option to assume the role of operator in relation to the JV Claims;
 - (iii) All exploration work will be decided on by the Exploration Committee (which composition will remain the same as described in paragraph (1)(i) above);
 - (iv) Lundin Mining shall be entitled to nominate one candidate for appointment to the Board as a non-executive director of the Company, subject to Lundin Mining holding in aggregate no less than 12.5% of the shares on issue and assuming the role of operator in relation to the JV Claims and provided that if Lundin Mining's

interest in the Company falls below 10% for more than 10 consecutive trading days, such nomination right will be terminated; and

- (v) Lundin Mining shall have a first right of refusal in relation any purported sale of (i) the Company's interest in the JV Claims; and/or (ii) the Excluded Claims, subject to any requirements (including the requirement to obtain shareholder approval) that ASX may impose on the Company at the time of exercise by Lundin of such rights (provided that the Company shall use its best efforts to satisfy such requirements or obtain an exemption therefrom).
- (3) **(Joint Venture):** upon completion of the Earn-in Requirements and subject to payment of an option exercise fee of US\$10 million (**Option Payment**):
- (i) the parties will form an incorporated joint venture or other agreed structure (**JV Entity**) in relation to the JV Claims, under which Lundin Mining would be entitled to an initial 51% interest;
 - (ii) the board of the JV Entity will comprise five directors, with three to be initially appointed by Lundin Mining and two initially appointed by the Company;
 - (iii) Lundin Mining will be manager and operator of the JV Claims;
 - (iv) the detailed structure and other terms related to the management, governance, administration, funding, and dilution of the JV Entity will be set out in a formal joint venture agreement, and will be consistent with industry practice for joint venture exploration, development and operating companies;
 - (v) Lundin Mining shall have a first right of refusal in relation any purported sale of (i) the Company's interest in the JV Claims; and/or (ii) the Excluded Claims, subject to any requirements (including the requirement to obtain shareholder approval) that ASX may impose on the Company at the time of exercise by Lundin Mining of such rights (provided that the Company shall use its best efforts to satisfy such requirements or obtain an exemption therefrom);
 - (vi) if the Company identifies a deposit on any of the Excluded Claims, which deposit exceeds a threshold size of 2Moz Au equivalent or 1Mt Cu equivalent (JORC Code – inferred resources), the JV Entity will have the right to require that those claims be transferred to the JV Entity at fair market value, subject to the Company first having a 90-day period to market the deposit to a third party for a higher value, subject to a right of first refusal in favour of the JV Entity and any requirements (including the requirement to obtain shareholder approval) that ASX may impose on the Company at the time of exercise of such rights (provided that the Company shall use its best efforts to satisfy such requirements or obtain an exemption therefrom); and
 - (vii) any and all rights now or hereafter acquired by PolarX or Lundin Mining or any of their respective affiliates within the JV Claims or the associated area of interest (other than with respect to the Excluded Claims) shall be subject to the joint venture.

Appendix B – Terms of ASX Waiver

Based solely on the information provided, ASX Limited (“ASX”) grant PolarX Limited (the “Company”) a waiver from listing rule 6.18 to the extent necessary to permit Lundin Mining Corporation (“Lundin Mining”) to maintain, by way of a right to participate in any offer of securities by the Company, its percentage relevant interest such that Lundin Mining’s percentage holding immediately before the completion of the offer of equity securities remains the same immediately following the equity offer (the “Anti-Dilution Right”), on the following conditions:

- 1.1 The Anti-Dilution Right includes a term that the right lapses on the date on which Lundin Mining’s voting power in the Company exceeds 25%.
- 1.2 The Anti-Dilution Right lapses on the earlier of:
 - 1.2.1 the date on which Lundin Mining ceases to hold in aggregate at least 10% voting power in the Company;
 - 1.2.2 the date on which Lundin Mining’s voting power in the Company exceeds 25%;
or
 - 1.2.3 the strategic relationship between the Company and Lundin Mining ceasing or changing in such a way that it effective ceases.
- 1.3 The Anti-Dilution Right may only be transferred to a wholly owned subsidiary of Lundin Mining.
- 1.4 Any securities issued under the Anti-Dilution Right must be issued to Lundin Mining for cash consideration that is:
 - 1.4.1 no more favourable to the Company than any cash consideration paid by third parties (in the case of issues of equity securities to third parties for cash consideration); or
 - 1.4.2 equivalent in value to non-cash consideration offered by third parties (in the case of issues of equity securities to third parties for non-cash consideration).
- 1.5 The number of securities that may be issued to Lundin Mining under the Anti-Dilution Right in the case of any diluting event must not be greater than the number required in order for Lundin Mining to maintain its percentage holding in the issued share capital of the Company immediately before that diluting event.
- 1.6 The Company discloses a summary of the Anti-Dilution Right to persons who may subscribe for securities under a prospectus, and undertakes to include in each annual report a summary of the Anti-Dilution Right.
- 1.7 The Company immediately releases the terms of the waiver to the market.