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NEWS RELEASE
LUNDIN MINING THIRD QUARTER RESULTS

Toronto, October 26, 2016 (TSX: LUN; OMX: LUMI) Lundin Mining Corporation ("Lundin Mining" or the "Company") today reported cash flows of $59.3 million generated from operations, not including the Company's attributable cash flows from Tenke Fungurume, and a net loss attributable to Lundin shareholders of $11.4 million ($0.02 per share) for the quarter ended September 30, 2016.

Mr. Paul Conibear, President and CEO commented, *"We are pleased with our aggregate operating performance in the third quarter and year-to-date. Our operations continue to generate healthy cash flows despite the continued low commodity price environment and have enabled us to continue to improve our already strong balance sheet. Production guidance ranges have been updated and narrowed, and we look forward to increased production in the fourth quarter from Candelaria from planned higher copper head grades. The Candelaria Los Diques tailings dam facility is progressing on schedule, as are development of the Eagle East exploration access ramp and Zinkgruvan plant debottlenecking and tailings projects."*

Summary financial results for the quarter and year-to -date:

	Three months ended September 30,		**Nine months ended September 30,**	
US$ Millions (except per share amounts)	**2016**	2015	**2016**	2015
Sales	**374.5**	353.2	**1,086.4**	1,386.0
Operating earnings[1]	**142.6**	94.1	**428.9**	611.1
Impairments	**-**	-	**(772.1)**	-
Net (loss) / earnings	**(7.1)**	(35.3)	**(810.5)**	101.8
Net (loss) / earnings attributable to Lundin shareholders	**(11.4)**	(34.6)	**(824.6)**	83.7
Basic and diluted (loss) / earnings per share	**(0.02)**	(0.05)	**(1.15)**	0.12
Cash flow from operations	**59.3**	120.2	**255.3**	606.9
Ending net debt position[2]	**308.8**	453.8	**308.8**	453.8

[1] Operating earnings is a non-GAAP measure defined as sales, less operating costs (excluding depreciation) and general and administrative costs.
[2] Net debt is a non-GAAP measure defined as cash and cash equivalents, less long-term debt and finance leases, before deferred financing fees.

Highlights

Operational Performance

Cash costs[1] for the third quarter of 2016 were favourable compared to the prior year as the Company continues with its spending restraint measures and benefited from higher by-product metal prices. Overall production for the third quarter of 2016 was less than that reported in the prior year, primarily as a result of lower throughput levels at all the operations. However, the Company remains on track to meet or do better than full year guidance across all operations.

Candelaria (80% owned): The Candelaria operations produced, on a 100% basis, 39,106 tonnes of copper, approximately 24,000 ounces of gold and 381,000 ounces of silver in concentrate during the quarter. Copper production was 13% lower than the prior year comparable period due primarily to lower head grades, but was in-line with the mine plan. Copper cash costs of $1.34/lb for the quarter were lower than the prior year and consistent with full year guidance. Operational efficiencies resulted in lower costs in the current year compared with the third quarter of 2015.

Early works, including major power line relocations related to the Los Diques tailings project, are substantially complete. To date, approximately $40 million has been spent on the project in 2016 with a further $20 million expected over the remainder of the year. At the end of the quarter, all critical tailings dam construction permits had been obtained from relevant authorities.

Eagle (100% owned): Eagle produced 6,085 tonnes of nickel and 5,796 tonnes of copper in the current quarter, lower than the prior year comparable period for both metals due to lower throughput, head grades and recoveries. Nickel cash costs of $2.15/lb for the quarter benefited from cost control measures and were lower than the comparable period in the prior year. Full year cash cost guidance has been reduced to $1.90/lb, from $2.00/lb, given positive results to date.

The Feasibility Study on Eagle East remains on track and is scheduled for completion before the end of the year. Development of the Eagle East exploration access ramp commenced in the quarter and is progressing as scheduled.

Neves-Corvo (100% owned): Neves-Corvo produced 9,691 tonnes of copper and 17,642 tonnes of zinc in the third quarter. Copper production was lower than the prior year comparable period due to lower mill throughput, lower head grades and recoveries, while zinc production in the quarter exceeded the prior year comparable period primarily as a result of higher recoveries. Copper cash costs of $1.76/lb for the quarter were marginally lower than the prior year comparable period. Full year cash cost guidance is maintained at $1.55/lb.

Zinkgruvan (100% owned): Zinc production in the third quarter of 2016 was marginally higher than the comparable period in 2015, while lead production of 6,406 tonnes was impacted by lower head grades. Cash costs for zinc of $0.41/lb for the quarter were consistent with the prior year comparable period and full year guidance.

Tenke (24% owned): Tenke operations continue to perform well, generally meeting expectations for the quarter. Lundin's attributable share of third quarter production included 13,522 tonnes of copper cathode and 980 tonnes of cobalt in hydroxide. The Company’s attributable share of sales included 12,882 tonnes of copper at an average realized price of $2.07/lb and 997 tonnes of cobalt at an average realized price of $7.83/lb.

[1] Cash cost/lb of copper, zinc and nickel are non-GAAP measures defined as all cash costs directly attributable to mining operations, less royalties and by-product credits.

Financial Performance

- Sales for the quarter ended September 30, 2016 were $374.5 million, an increase of $21.3 million in comparison to the third quarter of the prior year ($353.2 million). The increase was mainly due to higher metal prices, net of price adjustments ($49.9 million), partially offset by lower sales volumes ($18.7 million), and the shutdown of the Aguablanca operations ($9.1 million).

  On a year-to-date basis, sales were $1,086.4 million, a decrease of $299.6 million in comparison to the first nine months of 2015 ($1,386.0 million). The decrease was mainly due to lower metal prices, net of price adjustments ($107.7 million), lower sales volumes ($137.7 million), and the shutdown of the Aguablanca operations ($62.3 million).

- Operating costs (excluding depreciation) for the quarter ended September 30, 2016 were $225.6 million, a decrease of $26.7 million in comparison to the third quarter of the prior year ($252.3 million). The decrease was largely due to lower sales volumes ($16.3 million) and the shutdown of the Aguablanca operations ($13.5 million).

  On a year-to-date basis, operating costs (excluding depreciation) were $638.1 million, a decrease of $116.4 million in comparison to the nine months ended September 30, 2015 ($754.5 million). The decrease was largely due to lower sales volumes ($75.2 million), the shutdown of the Aguablanca operations ($38.3 million) and cost reduction measures.

- Operating earnings for the quarter ended September 30, 2016 were $142.6 million, an increase of $48.5 million in comparison to the third quarter of the prior year ($94.1 million). The increase was primarily due to higher metal prices (net of price adjustments) in the current quarter.

  On a year-to-date basis, operating earnings were $428.9 million, a decrease of $182.2 million in comparison to the first nine months of 2015 ($611.1 million). The decrease was primarily due to lower metal prices in the current year, net of price adjustments ($107.7 million), lower sales volumes ($62.5 million), and the shutdown of the Aguablanca operations ($24.0 million).

- Depreciation, depletion and amortization expense decreased for the three and nine months ended September 30, 2016 when measured against the comparable period in 2015. The decrease was primarily attributable to lower production in the current year at Candelaria and an increase in the Candelaria Mineral Resources & Reserves Estimate (Q3: $5.9 million, YTD: $61.1 million), as well as the shutdown of the Aguablanca operations (Q3: $2.8 million, YTD: $14.1 million).

- Cash flow from operations for the quarter ended September 30, 2016 was $59.3 million, a decrease of $60.9 million in comparison to the third quarter of the prior year ($120.2 million). The decrease was primarily due to changes in non-cash working capital ($104.0 million), partially offset by higher operating earnings ($48.5 million) in the current quarter.

  On a year-to-date basis, cash flow from operations was $255.3 million, a decrease of $351.6 million in comparison to the nine months ended September 30, 2015 ($606.9 million). The decrease was attributable to lower operating earnings in the current year ($182.2 million) as well as changes in non-cash working capital ($156.6 million).

- Net loss for the quarter ended September 30, 2016 was $7.1 million compared to net loss of $35.3 million in the third quarter of the prior year. Comparative net loss was lower due to:

    - higher operating earnings ($48.5 million);
    - lower depreciation, depletion and amortization expense ($11.0 million); and
    - lower general exploration and business development ($6.9 million); partially offset by
    - higher net tax expense ($39.5 million).

  On a year-to-date basis, the Company reported a net loss of $810.5 million compared to net earnings of $101.8 million for the nine months ended September 30, 2015. Net loss in the current year was impacted by:

    - impairment of investment in Tenke ($772.1 million);
    - lower operating earnings ($182.2 million);
    - lower income from investment in Tenke ($23.0 million);
    - higher net tax expense ($16.7 million); and
    - comparative foreign exchange losses ($19.8 million); partially offset by
    - lower depreciation, depletion and amortization expense ($90.9 million).

Corporate Highlights

- On May 9, 2016, Freeport-McMoRan Inc. ("Freeport") announced that it had entered into an agreement to sell its indirect interest in TF Holdings Limited ("TF Holdings") to China Molybdenum Co., Ltd (“CMOC”), which is subject to, among other things, Lundin’s right of first offer.

  TF Holdings is the holding company that indirectly owns an 80 percent interest in Tenke Fungurume Mining S.A. Lundin has an indirect 30 percent interest in TF Holdings and an effective 24 percent interest in Tenke.

  The Company has announced that the period in which the Company has the right to acquire Freeport's indirect interest in TF Holdings had been extended again, to November 15, 2016.

  The Company, in consultation with its legal and financial advisors, continues to evaluate all its options in connection with its ownership interest in TF Holdings.

- On the August 11, 2016, the Company released a NI 43-101 Technical Report entitled “Technical Report on the Eagle Mine, Michigan, USA” authored by Roscoe Postle Associates.

- On September 1, 2016, the Company reported its Mineral Reserve and Resource estimates as at June 30, 2016 on SEDAR (www.sedar.com). On a consolidated and attributable basis, contained metal in the Proven and Probable Mineral Reserve category totaled 3,931,000 tonnes of copper, 2,737,000 tonnes of zinc and 95,000 tonnes of nickel.

- On October 20, 2016, the Company announced that it has executed an amending agreement to its $350 million revolving credit facility that reduces the costs of borrowing and extends the term to June 2020, from October 2017.

Financial Position and Financing

- Net debt position at September 30, 2016 was $308.8 million compared to $441.3 million at December 31, 2015 and $341.9 million at June 30, 2016.

- The $33.1 million decrease in net debt during the quarter was largely attributable to operating cash flows of $59.3 million and receipt of distributions from Tenke of $15.6 million, partially offset by investments in mineral properties, plant and equipment of $41.4 million.

  For the nine months ended September 30, 2016, net debt decreased by $132.5 million due primarily to operating cash flows of $255.3 million and receipt of distributions from Tenke and Freeport Cobalt of $31.0 million and $7.5 million, respectively, partially offset by investments in mineral properties, plant and equipment of $127.7 million and net interest payments of $40.2 million.

- The Company has a revolving credit facility available for borrowing up to $350 million. As at September 30, 2016, the Company had no amount drawn on the credit facility, only a letter of credit in the amount of $18.8 million (SEK 162 million).

Outlook

Market Conditions

Production optimization, cost saving and cost deferral programs remain in place, pending improvements in market conditions. As metal prices improve, spending restraint programs are being reassessed.

2016 Production and Cost Guidance

- Production and cash cost guidance for 2016 has been updated from that disclosed in our Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2016, as noted below.
- Production guidance ranges have been updated and narrowed, taking into account production results to date.
- Cash cost guidance for Eagle has been lowered to reflect successful costs initiatives and positive results to date.
- Guidance on Tenke's cash costs reflect the most recent guidance from Freeport.

2016 Guidance (contained tonnes)		**Previous Guidance[a]** Tonnes	C1 Cost	**Revised Guidance** Tonnes	C1 Cost[b]
Copper	Candelaria (80%)	*128,000 - 132,000*	*1.35/lb*	***130,000 - 132,000***	*1.35/lb*
	Eagle	*20,000 - 23,000*		***22,000 - 24,000***	
	Neves-Corvo	*50,000 - 55,000*	*1.55/lb*	***48,000 - 51,000***	*$1.55/lb*
	Zinkgruvan	*2,500 - 3,000*		***1,900 - 2,000***	
	Tenke (24%)	*52,800*	*1.28/lb*	*52,800*	***$1.26/lb***
	Total attributable	*253,300 - 265,800*		***254,700 - 261,800***	
Nickel	Eagle	*21,000 - 24,000*	*$2.00/lb*	***23,000 - 25,000***	***1.90/lb***
Zinc	Neves-Corvo	*65,000 - 70,000*		***70,000 - 73,000***	
	Zinkgruvan	*80,000 - 85,000*	*0.40/lb*	*80,000 - 85,000*	*$0.40/lb*
	Total	*145,000 - 155,000*		***150,000 - 158,000***	

a. Guidance as outlined in our MD&A for the three and six months ended June 30, 2016.
b. Cash costs remain dependent upon exchange rates (forecast at €/USD:1.15, USD/SEK:8.30, USD/CLP:675) and metal prices (forecast at Cu: $2.10/lb, Ni: $4.25/lb, Zn: $1.00/lb, Pb: $0.80/lb, Au: $1,250/oz, Ag: $16.50/oz, Co: $11.00/lb). Prior guidance assumed exchange rate of USD/CLP:690 and metal prices of Ni: $4.00/lb, Zn: $0.80/lb, Pb: $0.75/lb, Au: $1,150/oz and Ag: $15.00/oz.

2016 Capital Expenditure

Capital expenditures (excluding Tenke) for 2016 are expected to be $195 million, a $10 million increase over previous guidance.

Revised Capital Expenditure Guidance

($ millions)	Prior Guidance[a]	Revisions	Revised Guidance
Candelaria			
Los Diques Tailings	60	-	**60**
Capitalized Stripping	30	5	**35**
Other Sustaining	10	5	**15**
	100	10	**110**
Eagle	10	-	**10**
Neves-Corvo	40	-	**40**
Zinkgruvan	35	-	**35**
	185	10	**195**

a - Guidance as outlined in our MD&A for the three and six months ended June 30, 2016.

The Company estimates its share of sustaining capital funding for 2016 at Tenke to be approximately $25 million, unchanged from previous guidance. All of Tenke's capital expenditures and exploration programs are expected to be self-funded by cash flow from operations. The Company has received $38.5 million from Tenke related investments year-to-date. After capital expenditures, the Company expects to receive cash distributions from Tenke and Freeport Cobalt in 2016 aggregating approximately $50 million to $60 million, in-line with previous guidance.

Exploration Investment

The Company's exploration expenditures (not including Tenke) are expected to approximate $50 million in 2016.

On Behalf of the Board,

Paul Conibear
President and CEO

The information in this release is subject to the disclosure requirements of Lundin Mining under the EU Market Abuse Regulation. This information was publically communicated on October 26, 2016 at 5:30 p.m. Eastern Time.

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Cautionary Statement in Forward-Looking Information and Non-GAAP performance measures

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of applicable Canadian securities legislation. This report includes, but is not limited to, forward looking statements with respect to the Company's estimated annual metal production, cash costs, exploration expenditures and capital expenditures, as noted in the Outlook section and elsewhere in this document. These estimates and other forward-looking statements are based on a number of assumptions and are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to estimated operating and cash costs, foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; including risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, and commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors Relating to the Company's Business in the Company's Annual Information Form. In addition, forward-looking information is based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed price of copper, nickel, zinc and other metals; that the Company can access financing, appropriate equipment and sufficient labour and that the political environment where the Company operates will continue to support the development and operation of mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Certain financial measures contained herein, such as operating earnings, net debt and cash costs, have no meaning within generally accepted accounting principles under IFRS and therefore amounts presented may not be comparable to similar data presented by other mining companies. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures or performance prepared in accordance with IFRS.