lundin mining

Corporate Office
150 King Street West, Suite 1500
P.O. Box 38
Toronto, ON M5H 1J9
Phone: +1 416 342 5560
Fax: +1 416 348 0303

NEWS RELEASE

Lundin Mining Fourth Quarter and Full Year Results

Toronto, February 15, 2018 (TSX: LUN; OMX: LUMI) Lundin Mining Corporation ("Lundin Mining" or the "Company") today reported cash flows of $230.1 million generated from operations in its fourth quarter of the year and $903.5 million for the year. Net earnings from continuing operations attributable to Lundin Mining shareholders were $133.0 million ($0.18 per share) for the quarter and $371.4 million ($0.51 per share) for the year ended December 31, 2017.

Mr. Paul Conibear, President and CEO commented, *"Our operations performed well last year meeting production guidance and beating cash cost expectations. Importantly, this result was underpinned by the Company's best ever safety performance, and excellent project execution on the various projects we have in progress to enhance value at each of our mines. It was a very constructive year for Lundin Mining as we commissioned the zinc mill expansion at Zinkgruvan, advanced Eagle East ahead of schedule, commenced work on a major zinc expansion at Neves-Corvo and we achieved completion of the initial phase of the Candelaria Los Diques tailings facility well ahead of schedule and significantly under its original budget.*

We enter 2018 in excellent position. We are investing in several low-risk, positive return initiatives to further improve the value of our operations, taking a long-term view. Our financial strength, disciplined capital allocation, and focus will enable us to continue to deliver strong shareholder returns through opportunities both in our own assets and externally."

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

	Three months ended December 31,		Twelve months ended December 31,	
US$ Millions (except per share amounts)	**2017**	2016	**2017**	2016
Sales	**533.3**	459.2	**2,077.5**	1,545.6
Operating costs	**(210.8)**	(226.4)	**(875.8)**	(864.4)
Operating earnings[1]	**311.5**	225.3	**1,162.8**	654.2
Impairment reversals	**-**	95.9	**-**	95.9
Continuing, attributable net earnings[2]	**133.0**	148.7	**371.4**	92.4
Attributable net earnings / (loss) [2]	**133.0**	162.9	**426.5**	(661.7)
Net earnings / (loss)	**154.0**	180.2	**502.0**	(630.2)
Basic and diluted earnings / (loss) per share[3]	**0.18**	0.23	**0.59**	(0.92)
Cash flow from operations	**230.1**	107.9	**903.5**	363.2
Cash and cash equivalents	**1,567.0**	715.3	**1,567.0**	715.3
Net cash / (debt)[4]	**1,110.5**	(284.1)	**1,110.5**	(284.1)

[1] Operating earnings is a non-GAAP measure defined as sales, less operating costs (excluding depreciation) and general and administrative costs.
[2] Attributable to shareholders of Lundin Mining Corporation.
[3] Basic and diluted earnings / (loss) per share attributable to shareholders of Lundin Mining Corporation.
[4] Net cash / (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

Full year production for all metals met the Company's most recent guidance provided in the Company's MD&A for the three and nine months ended September 30, 2017. Cash costs[1] across all operations benefitted from higher by-product metal prices and bettered the Company's most recent guidance, with the exception of Candelaria's which was higher by $0.02/lb of payable copper. Capital spending for the year of $478.8 million was modestly lower than the most recent guidance due primarily to the timing of payments.

Candelaria (80% owned): The Candelaria operations produced, on a 100% basis, 183,858 tonnes of copper, and approximately 104,000 ounces of gold and 1,821,000 ounces of silver in concentrate during the year. Copper production was in line with expectations and exceeded the prior year comparable period due primarily to higher copper head grades. Copper cash costs of $1.22/lb for the year were marginally higher than expectations ($1.20/lb), and were better than the prior year due primarily to higher production volumes in the current year.

Average head grades were lower in the fourth quarter as a higher proportion of low-grade ore was processed as a result of a localized slide on the east wall of the open pit which temporarily restricted activities in that area. In line with the improved life-of-mine plan announced November 29, 2017, increased waste stripping was initiated and advances in an effort to accelerate Phase 10.

Commissioning of the Los Diques Tailings Storage Facility ("TSF") is underway with the first placement of tails deposited several months ahead of schedule in January 2018. Full operation of the Los Diques TSF for tailings deposition is expected in the second quarter of 2018. Total forecast spend on the project remains unchanged at $295 million. Construction of subsequent phases has been initiated early, beginning in the third quarter of 2017 with excellent progress to date.

Eagle (100% owned): Eagle production for the year was in line with most recent guidance producing 22,081 tonnes of nickel and 21,302 tonnes of copper. Quantities were lower than the prior year as a result of planned mine sequencing. Nickel cash costs of $0.93/lb for the year benefited significantly from excellent operating performance and higher by-product prices, and bettered both guidance and the prior year. Record metal recovery was achieved in 2017 with excellent concentrate qualities.

Permit approval for mining of the Eagle East orebody was received during the fourth quarter, and development of the access ramp continues ahead of schedule.

Neves-Corvo (100% owned): Neves-Corvo produced 33,624 tonnes of copper and 71,356 tonnes of zinc for the year, in line with most recent guidance. Zinc production was a new record for Neves-Corvo, while copper production was impacted by lower throughput, grades and recoveries. Copper cash costs of $0.88/lb for the year were significantly better than the prior year comparable period, aided by higher zinc by-product volumes and prices, and were also better than most recent guidance ($1.00/lb).

The Zinc Expansion Project ("ZEP") investment, to double zinc production at Neves-Corvo, progressed over the year and remains on target to commence production ramp-up prior to the end of 2019, with approximately 50% of the underground materials handling development achieved as of year-end.

Production was affected by rotating strikes during the fourth quarter and the labour dispute has not yet been resolved. Accordingly, there remains a risk to 2018 production targets and the ZEP project schedule due to the possibility of future labour action.

Zinkgruvan (100% owned): Zinc production of 77,963 tonnes for the year was in line with both recent guidance and prior year production. Lead production of 28,324 tonnes was lower than the prior year driven by lower head grades as a result of mine sequencing. Zinc cash costs of $0.31/lb for the year were better than the prior year and most recent guidance, benefitting from higher by-product credits. Following mid-year completion of the 1350 mill expansion project, Zinkgruvan achieved a record total mill throughput of 1,264,000 tonnes in the year.

[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.

Senior Operational Changes

The Company is pleased to announce that Kenneth Norris has taken up the role of Managing Director at the Neves-Corvo mine. Mr. Norris was most recently Managing Director, Operational Development and Continuous Improvement for Lundin Mining and has over 30 years of international experience in the industry primarily in senior operational roles.

Corporate Highlights

- On February 22, 2017, the Company declared a C$0.03 per share dividend, and has declared a C$0.03 per share dividend on a quarterly basis since then. The declaration, timing, amount, and payment of future dividends will remain at the discretion of the Board of Directors.
- The Company announced it completed the sale of its indirect interest in TF Holdings Limited ("TF Holdings") to an affiliate of BHR Partners for $1.136 billion on April 19, 2017. Lundin Mining's effective 24% interest in Tenke Fungurume Mining S.A. ("Tenke") was held through its 30% indirect interest in TF Holdings.
- On April 27, 2017, the Company filed an updated Technical Report for the Eagle mine. The Technical Report incorporates updates to Eagle mine's operations and the results of a Feasibility Study on the high-grade Eagle East nickel/copper mineralization. Refer to the news release entitled "Lundin Mining Files Updated Technical Report for the Eagle Mine" on the Company's website (www.lundinmining.com). A copy of the Technical Report can be found under the Company's profile on SEDAR (www.sedar.com) and on the Company's website.
- On May 11, 2017, the Company announced the results of a Feasibility Study on the ZEP at its Neves-Corvo mine. Refer to the news release entitled "Lundin Mining Announces Neves-Corvo Zinc Expansion Project Feasibility Study Results" on the Company's website. An updated Technical Report for the Neves-Corvo Mine, incorporating the ZEP, was filed on June 23, 2017 and can be found under the Company's profile on SEDAR and on the Company's website.
- On September 5, 2017, the Company reported its Mineral Resource and Mineral Reserve estimates as at June 30, 2017. Refer to the news release entitled "Lundin Mining Announces 2017 Mineral Resource and Mineral Reserve Estimates" on the Company's website or under the Company's profile on SEDAR. On a consolidated and attributable basis, estimated contained metal in the Proven and Probable Mineral Reserve categories totaled 3,232,000 tonnes of copper, 3,415,000 tonnes of zinc and 130,000 tonnes of nickel.
- On November 20, 2017, the Company redeemed all of its 7.50% Senior Secured Notes due 2020 (the "2020 Notes") at the redemption price of 103.75% of the principal amount of the 2020 Notes for a total redemption price of $570.6 million plus accrued and unpaid interest. The early redemption of the 2020 Notes will save the Company $41.25 million per annum in interest payments.
- On November 30, 2017, the Company filed an updated Technical Report for the Candelaria Copper Mining Complex in Chile, and an updated Technical Report for the Zinkgruvan Mine in Sweden. Refer to the news release entitled "Lundin Mining Files Updated Technical Reports for Candelaria and Zinkgruvan" on the Company's website. The reports can be found under the Company's profile on SEDAR and on the Company's website.

Financial Position and Financing

- Cash and cash equivalents increased $851.7 million over the year, from $715.3 million at December 31, 2016, to $1,567.0 million at December 31, 2017. The increase is primarily as a result of Tenke sale net cash proceeds ($1.1 billion), operating cash flows ($903.5 million), and distributions from Tenke prior to sale ($58.3 million). Use of cash was primarily directed towards principal repayment of the 2020 Notes ($570.6 million), investments in mineral properties, plant and equipment ($478.8 million), dividends paid to shareholders ($67.7 million), interest paid ($65.7 million), and distributions to non-controlling interests ($56.0 million).
- Net cash position at December 31, 2017 was $1.1 billion compared to net debt of $284.1 million at December 31, 2016.
- The Company has a revolving credit facility available for borrowing up to $350 million. As at December 31, 2017, the Company had no amount drawn on the credit facility, only letters of credit in the amount of $26.8 million.
- As of February 15, 2018, cash and net cash balances were approximately $1.6 billion and $1.2 billion, respectively.

Outlook

Production, cash cost, capital expenditure and exploration guidance for 2018 remains unchanged from that provided on November 29, 2017 (see news release entitled "Lundin Mining Provides Operational Outlook & Update").

2018 Production and Cost Guidance

(contained tonnes in concentrate)		Tonnes	Cash Costs[a]
Copper	Candelaria (80%)	*104,000 - 109,000*	*$1.70/lb*
	Eagle	*15,000 - 18,000*	
	Neves-Corvo	*39,000 - 44,000*	*$1.30/lb*
	Zinkgruvan	*1,000 - 2,000*	
	Total attributable	*159,000 - 173,000*	
Zinc	Neves-Corvo	*68,000 - 73,000*	
	Zinkgruvan	*76,000 - 81,000*	*$0.45/lb*
	Total	*144,000 - 154,000*	
Nickel	Eagle	*14,000 - 17,000*	*$1.35/lb*

a. Cash costs remain dependent upon exchange rates (forecast at €/USD:1.20, USD/SEK:8.00, USD/CLP:625) and metal prices (forecast at Cu: $2.75/lb, Zn: $1.30/lb, Ni: $5.00/lb, Au: $1,250/oz, Pb: $1.00/lb, Ag: $18.00/oz).

2018 Capital Expenditure Guidance

Capital expenditures, excluding capitalized interest, are expected to be $850 million, as outlined below.

2018 Guidance	$ millions
Candelaria (100% basis)	
Capitalized Stripping	*200*
Los Diques TSF	*60*
New Mine Fleet Investment	*75*
Candelaria Mill Optimization Project	*50*
Candelaria Underground Development	*20*
Other Sustaining	*105*
Candelaria Sustaining	*510*
Eagle Sustaining	*25*
Neves-Corvo Sustaining	*55*
Zinkgruvan Sustaining	*40*
Total Sustaining Capital	***630***
Eagle East	*30*
ZEP (Neves-Corvo)	*190*
Total Expansionary Capital	***220***
Total Capital Expenditures	***850***

Exploration Investment Guidance

Exploration expenditures are expected to approximate $83 million in 2018.

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 February 15, 2018 at 6:00 p.m. Eastern Time.

For further information, please contact:
Mark Turner, Director, Business Valuations and Investor Relations: +1-416-342-5565
Sonia Tercas, Senior Associate, Investor Relations: +1-416-342-5583
Robert Eriksson, Investor Relations Sweden: +46 8 545 015 50

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

Certain of the statements made and information contained or incorporated by reference herein is "forward-looking information" within the meaning of applicable Canadian securities laws. All statements other than statements of historical facts in this document constitute forward-looking information based on current expectations, estimates, forecasts and projections as well as beliefs and assumptions made by the Company's management. Such forward-looking statements include but are not limited to those regarding the Company's outlook and guidance on estimated metal production (or production profile), costs and capital expenditures; exploration; the Zinc Expansion Project (or ZEP) at Neves-Corvo, Eagle East and the Los Diques Tailings Storage Facility (TSF) at Candelaria; mine life, life-of-mine and life-of-mine plans and Mineral Reserve and Mineral Resource estimates. Words such as "aim", "anticipate", "assumption", "believe", "budget", "enhance", "estimate", "expected", "exploration", "exposure", "feasibility", "focus", "forecast", "growth", "guidance", "initiative", "outlook", "path", "phase", "plan", "possible", "potential", "predict", "program", "progress", "project", "sensitivity", "schedule", "stage", "study", "target" or "trend", or variations of or similar such terms, or statements that certain actions, events or results could, may, might or will be taken or occur or be achieved, identify forward-looking information. Although the Company believes that the expectations reflected in the forward-looking information herein are reasonable, these statements by their nature involve risks and uncertainties and are not guarantees of future performance. These estimates, expectations 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 materially from those reflected in the forward-looking statements. Such risks and uncertainties include, without limitation, risks and uncertainties inherent in and/or relating to: estimates of future production and operations, cash and all-in sustaining costs; metal and commodity price fluctuations; foreign currency fluctuations; mining operations including but not limited to environmental hazards, industrial accidents, ground control problems and flooding; geology including, but not limited to, unusual or unexpected geological formations and events (including but not limited to rock slides and falls of ground), estimation and modelling of grade, tonnes, metallurgy continuity of mineral deposits, dilution, and mineral resources and mineral reserves, and actual ore mined and/or metal recoveries varying from such estimates; mine life and life-of-mine plans and estimates; the possibility that future exploration, development or mining results will not be consistent with expectations; the potential for and effects of labour actions, disputes or shortages including but not limited to at Neves-Corvo, or other unanticipated difficulties with or interruptions in production; potential for unexpected costs and expenses including, without limitation, for mine closure and reclamation at current and historical operations; uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain or maintain necessary governmental approvals and/or permits; regulatory investigations, enforcement, sanctions and/or related or other litigation; and other risks and uncertainties, including but not limited to those described in the "Managing Risks" section of this Management's Discussion and Analysis, and the "Risks and Uncertainties" section of the Company's most recently filed Annual Information Form. In addition, forward-looking information is based on various assumptions including, without limitation, the expectations and beliefs of management; assumed prices of copper, zinc, nickel 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, there can be no assurance that forward-looking information will prove to be accurate, and readers should not place undue reliance on forward-looking statements. The Company disclaims any intention or obligation to update or revise forward-looking statements or to explain any material difference between such and subsequent actual events, except as required by applicable law.

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.