

NEWS RELEASE

Lundin Mining to Acquire a Majority Interest in the Caserones Copper Mine in Chile

Toronto, March 27, 2023 (TSX: LUN; Nasdaq Stockholm: LUMI) Lundin Mining Corporation (“Lundin Mining” or the “Company”) is pleased to announce it has entered into a binding purchase agreement with JX Nippon Mining & Metals Corporation and certain of its subsidiaries (collectively, “JX”), to acquire fifty-one percent (51%) of the issued and outstanding equity of SCM Minera Lumina Copper Chile (“Lumina Copper”), a wholly owned subsidiary of JX which operates the Caserones copper-molybdenum mine (“Caserones”) located in Chile (the “Acquisition”). JX will receive upfront cash consideration from Lundin Mining of \$800 million, and in addition, \$150 million in deferred cash consideration will be payable by Lundin Mining in installments over a six-year period following the closing date. Lundin Mining will also have the right to acquire up to an additional 19% interest in Caserones for \$350 million over a five-year period commencing on the first anniversary of the date of closing. Additional details are provided below.

Lundin Mining will host a conference call and webcast at 8:00 am ET, 14:00 CET on March 28, 2023, to discuss the Acquisition. Call details are outlined at the end of this news release.

Acquisition Rationale

- **Aligned with strategic goals** – delivers a large-scale, long-life copper operation with favorable cash flow generation, complementing Lundin Mining’s existing operations and overall copper-dominant portfolio of high-quality base metal mines.
- **Enhances copper production profile** – increases exposure to a highly desired base metal and on a pro forma basis would have increased Lundin Mining’s 2022 copper production by 50%¹. This will further solidify Lundin Mining’s position as a meaningful copper producer globally.
- **Immediate free cash flow contribution** – underpinned by competitive cash costs and modest capital expenditures, and significantly accretive to operating cash flow per share metrics.
- **Continued balance sheet strength** – remains a high priority for Lundin Mining, and financial leverage continues to be low in relation to internal targets and to comparable mining peers. The Company retains healthy liquidity headroom on its \$1.75 billion revolving facility after accounting for the upfront cash consideration for the Acquisition.
- **Upside opportunities** – through expected operational improvements under Lundin Mining’s management, including initiating drill programs. The producing operation comes with a mineral property package in a highly prospective district and Lundin Mining believes significant exploration potential exists.
- **Potential synergies** – proximity to Lundin Mining’s Candelaria operations (~160 km from Caserones) introduces opportunities to realize additional savings and implement effective supply, logistical and management strategies.
- **Chile is a well-established Tier-1 mining jurisdiction** – Lundin Mining has made a significant investment in the region and the country, and can leverage its operating experience, as well as local regulatory and community relationships.
- **Attractive call option** – clear path for Lundin Mining to increase ownership up to 70% and strengthen its presence in a leading copper mining district.
- **Strengthening partnerships** – JX has extensive operational knowledge, which will help Lundin Mining to realize the full potential of the Caserones mining operation.

¹ Based on 2022 actual production as reported by the Company and Caserones and is on a 100% basis.

Commenting on the transaction, Peter Rockandel, CEO, said, *“Upon closing of the Acquisition of Caserones, we add another long-life copper mine of material size and with significant growth potential to our portfolio, in a region in which we have considerable knowledge and experience. The Caserones team has achieved meaningful operational improvements in recent years, and we will work to unlock additional upside through our strong technical resources and existing presence in the region. The initial controlling interest increases our exposure to what we believe is a growing top-tier copper mining district. We retain the option to further increase our ownership over the next few years at an attractive price. The Acquisition further solidifies Lundin Mining’s position as a growing global producer of copper as the world shifts to a lower carbon future.”*

Caserones Overview

Caserones is a significant porphyry copper-molybdenum deposit in the Atacama Region (Region III) of the northern Chilean Andean Cordillera, situated between the Maricunga and El Indio belts and is part of the emerging Vicuña copper district. It is located approximately 160 km southeast of Copiapó, 9 km from the border with Argentina, and at an altitude of approximately 4,500 meters above sea level. The operation produces copper and molybdenum concentrates from a traditional open pit mine and conventional sulphide flotation plant, as well as copper cathode from a dump leach, solvent extraction and electrowinning plant. First copper cathode was produced in 2013, followed by copper and molybdenum concentrates in 2014. Climatic conditions and the physiology of the high-cordillera of the Chilean Andes support mining operations throughout the year.

Asset Highlights:

- **Mine operations** – traditional open-pit truck and shovel operation utilizing thirty-three haul trucks loaded by a combination of two electric rope shovels, two hydraulic shovels, and two large front-end loaders.
- **Processing** – conventional crush, grind and flotation processing with a nominal capacity of 105 k tonnes per day (“tpd”), producing both copper in concentrates and molybdenum in concentrates, as well as a solvent extraction and electrowinning (SX-EW) plant and leaching facilities for processing oxide and low-grade sulphide ore with a production capacity of 34.5 kt of cathode per year (96 tpd). In 2022, the concentrator plant produced 109.1 kt of copper in concentrate. In addition, 15.1 kt of copper cathodes and 3.1 kt of molybdenum in concentrate was produced.
- **Concentrate** – clean copper concentrate with minimal impurities. Similarly, molybdenum concentrates meet the quality standards for global sales.
- **Operating cash costs²** – C1 cash costs of \$2.22/lb and all-in sustaining cash costs (AISC) of \$2.54/lb was reported by Caserones for 2022.
- **Mineral Reserves and Resources** – a “historical estimate” (as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”)) for copper Proven and Probable Mineral Reserves of 892.1 Mt at an average grade of 0.33% copper containing approximately 2.9 Mt of copper and historical estimates for copper Measured and Indicated Mineral Resources of 1.595 Bt at an average grade of 0.29% copper containing 4.583 Mt of copper. A qualified person has not done sufficient work to classify these historical estimates as current Mineral Resources or Mineral Reserves and Lundin Mining is not treating the historical estimate as current Mineral Resources or Mineral Reserves. See below for further detail.
- **Tailings facility (TSF)** – tailings are managed in two separate facilities. The flotation tailings from the concentrator plant are classified into coarse and fine fractions. The La Brea TSF, located approximately 9 km west of the concentration plant, receives the fines and the coarse fractions are sent to the El Tambo sand stacking facility

² Cash cost and AISC are non-GAAP measures and, although calculated according to accepted industry practice, these are not a standardized measure under IFRS and therefore the disclosed cash costs and ASIC may not be directly comparable to other base metal producers. C1 Cash Cost is calculated from total costs and expenditures as reported by SCM by removing the following costs: idle capacity, tailings construction, desalinated water, by-product credits (Mo & Ag), and exploration expenses and adding TC/RC to the resulting figure. Costs and expenditures are comprised of the following costs: salary expenses, spare parts, consumables, electricity, subcontracts, general expenses, desalinated water, freight & port, and net smelting return as reported by Lumina Copper. C1 Cash Costs (in US\$ millions) is divided by total copper production to produce C1 Cash Costs per pound of copper (on a by-product basis). C1 Cash Costs (in US\$ millions) plus sustaining capital costs is divided by total copper production to produce ASIC per pound of copper (on a by-product basis). See the reconciliation at the end of this press release.

immediately adjacent to the concentrator plant. Due diligence was performed on the tailings facilities and related infrastructure, led by Lundin Mining's Technical Services Group.

- **High-quality infrastructure** – well-established supporting infrastructure includes a 160 km road to Copiapó, access to maritime transportation channels for exporting concentrates and cathodes, a 220 kV power line connection to the national grid, and water rights permitted for operational use.
- **Communities and employees** – experienced workforce and community relations team in place enabling good relationships with local stakeholders.

Transaction Overview

The purchase price for the Acquisition will be paid in cash and will consist of an upfront payment of \$800 million subject to any adjustments from the effective locked box date of December 31, 2022, until closing. The remainder of the cash consideration, of \$150 million shall be paid to JX as follows: (A) \$50 million shall be paid in five installments of \$10 million on the anniversary of the transaction closing date in each of 2024, 2025, 2026, 2027 and 2028; and (B) \$100 million shall be paid on the anniversary of the closing date in 2029, subject to certain adjustments as provided for in the purchase agreement. The Acquisition is based on Lumina Copper containing zero debt and zero cash as of the locked box date of December 31, 2022. The purchase price is expected to be funded from Lundin Mining's revolving credit facility.

Lundin Mining will also have the right to acquire up to an additional 19% interest in Caserones for \$350 million, which would bring total ownership to a maximum of 70%. Lundin Mining will be permitted to exercise the call option (in increments or its entirety) one time per calendar quarter during the subsequent five-year period beginning on the one year anniversary of the closing date.

Lundin Mining and JX shall each be entitled to a percentage of the copper production from the Caserones mine equal to their respective percentage share ownership.

The Acquisition has been unanimously approved by the Board of Directors of both the Company and JX and is expected to close in the third or fourth quarter 2023 subject to typical closing conditions, including third-party and requisite regulatory approvals. The transaction does not require shareholder approval of either party.

Historical Estimates – April 2021³

The historical estimates for Caserones are presented in the table below.

Category	Grade			Contained Metal	
	000's Tonnes	Cu %	Mo %	Cu Kt	Mo Kt
Proven	419	0.35			
Probable	473	0.31			
Total	892	0.33		2,933	
Measured	486	0.34	0.0129	1,659	63
Indicated	1,109	0.26	0.0097	2,924	108
M&I	1,595	0.29	0.0107	4,583	171

³ Mineral Resources are inclusive of Mineral Reserves.

The reported historical estimates above are based on the Caserones block model prepared by Golder Associates S.A. (Golder) during 2018. The resource model update followed the 2017 infill drilling campaign. The estimation of the grades was carried out by means of Ordinary Kriging and using GIL (Geological Information Limit).

The historical estimates do not use categories as defined in CIM Definition Standards. The Lumina Copper Annual Reports include an annual "reserve statement" with no accompanying qualifying attributes or supporting assumptions given. The most recent reserve statement is from Lumina Copper's 2020 Annual Report and does not provide the detailed assumptions for the estimation of its reported "reserves" but does state "ore reserves are estimates of the amount of ore that can be economically and legally extracted from the company's mining properties". As Caserones is an active mining operation with production history, the Company believes that the historical estimates are relevant in that they provide a general basis for establishing the mineralized material and historical production statements. However, the historical estimates should not be relied upon until verified by a qualified person. Compilation, review, and independent verification by qualified persons of geological, engineering, metallurgical, economic, and other data that support ongoing mining operations will be required before the historical estimate can be verified as current. This reserve statement predates the Company's acquisition of its interest in Caserones and is therefore considered to be a historical reserve estimate. A qualified person has not done sufficient work to classify these historical estimates as current Mineral Resources or Mineral Reserves and Lundin Mining is not treating the historical estimate as current Mineral Resources or Mineral Reserves.

Lundin Mining is currently undertaking the work to prepare current estimates and expects to announce a current estimate and file a technical report for Caserones on its SEDAR profile in due course following this announcement. The technical report is expected to contain current Mineral Resource and Mineral Reserve estimates and other relevant information related to the Caserones mine.

Advisors and Counsel

Scotiabank acted as financial advisor to Lundin Mining and delivered an opinion to Lundin Mining's Board of Directors as to the fairness, from a financial point of view, of the consideration to be paid by Lundin Mining in the transaction. Lundin Mining retained Cassels Brock & Blackwell LLP as Canadian legal advisors, Paul, Weiss, Rifkind, Wharton & Garrison LLP as US legal advisors, and Bofill Mir Abogados and Bofill Escobar Silva Abogados as Chilean legal advisors in connection with the transaction.

Technical Information

The qualified person for the scientific and technical information contained herein is Jeremy Weyland, P.Eng., Director, Studies. Mr. Weyland, who is a "qualified person" as defined under NI 43-101, has reviewed and approved the technical information in this news release.

Conference Call and Webcast

The Company will hold a telephone conference call and webcast at 08:00 ET, 14:00 CET on Tuesday, March 28, 2023. Conference call details are provided below:

Call-in number for the conference call (North America): +1 416 764 8658

Call-in number for the conference call (North America Toll Free): +1 888 886 7786

Call-in number for the conference call (Sweden): 0200899189

To view the live webcast presentation, please log on using this direct link:

https://viavid.webcasts.com/starthere.jsp?ei=1606322&tp_key=eac9d5210b

The presentation slideshow will also be available in PDF format for download from the Lundin Mining website www.lundinmining.com before the conference call.

A replay of the telephone conference will be available after the completion of the conference call until March 28, 2024.

Replay numbers:

North America: +1 877 674 7070

Internationally: +1 416 764 8692

The passcode for the replay is: 200446

A replay of the webcast will be available by clicking on the [direct link](#) above.

About Lundin Mining

Lundin Mining is a diversified Canadian base metals mining company with operations and projects in Argentina, Brazil, Chile, Portugal, Sweden and the United States of America, primarily producing copper, zinc, gold and nickel.

The information in this release is subject to the disclosure requirements of Lundin Mining under the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below on March 27, 2023 at 21:30 Eastern Time.

For further information, please contact:

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Reconciliation of Non-GAAP Measures

The Company uses certain performance measures in its analysis. These performance measures have no standardized meaning within generally accepted accounting principles under International Financial Reporting Standards and, therefore, amounts presented may not be comparable to similar data presented by other mining companies.

Cash Cost and All-in Sustaining Cost can be reconciled to Caserones' operating costs as follows:

Year ended December 31, 2022	
Operation (\$000s, unless otherwise noted)	Caserones Total
Total payable copper (000 lbs)	267,409
Cost of sales	\$667,022
Add: Administrative expenses	\$113,497
Add: Selling and distribution expenses	\$30,296
Total	\$810,815
Less: Depreciation and other	(\$15,514)
Production costs	\$795,301
Less: Capitalized tailings costs	(\$40,760)
Less: Desalinated water	(\$34,600)
Less: Exploration	(\$3,958)
Add: Treatment and refining	\$36,482
Deduct: By-product credits	(\$157,494)
C1 cash cost	\$594,971
C1 cash cost per pound (\$/lb)	\$2.22
Add: Capitalized tailings	\$40,760
Add: Sustaining capital	\$43,650
All-in sustaining cost	\$679,381
AISC per pound (\$/lb)	\$2.54

Cautionary Statement on Forward-Looking Information

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of applicable Canadian securities laws. All statements other than statements of historical facts included in this document constitute forward-looking information, including but not limited to statements regarding the Company's plans, prospects and business strategies; statements with respect to the intentions of the Company regarding the Acquisition and other strategic growth opportunities, the anticipated timing and completion of the Acquisition, the ability of Lundin Mining to complete the transactions contemplated by the Acquisition, life of mine, delivery of shareholder returns and value added by projects. Words such as "believe", "expect", "anticipate", "contemplate", "target", "plan", "goal", "aim", "intend", "continue", "budget", "estimate", "may", "will", "can", "could", "should", "schedule" and similar expressions identify forward-looking statements. Forward-looking information is necessarily based upon various estimates and assumptions including, without limitation, the expectations and beliefs of management, including that the Company can access financing, appropriate equipment and sufficient labour; assumed and future price of copper, nickel, zinc, gold and other metals; anticipated costs; ability to achieve goals; the prompt and effective integration of acquisitions; that the political environment in which the Company operates will continue to support the development and operation of mining projects; and assumptions related to the factors set forth below. While these factors and assumptions are considered reasonable by Lundin Mining as at the date of this document in light of management's experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information. Such factors include, but are not limited to: global financial conditions, market volatility and inflation, including pricing and availability of key supplies and services; risks inherent in mining including but not limited to risks to the environment, industrial accidents, catastrophic equipment failures, unusual or unexpected geological formations or unstable ground conditions, and natural phenomena such as earthquakes, flooding or unusually severe weather; uninsurable risks; risks associated with water rights, water supply restrictions, the availability and access to water and water management strategies; risks associated with environmental impact studies, audits, investigations and compliance with remediation plans; project financing risks, liquidity risks and limited financial resources; volatility and fluctuations in metal and commodity demand and prices; delays or the inability to obtain, retain or comply with permits; significant reliance on a

single asset; reputation risks related to negative publicity with respect to the Company or the mining industry in general; health and safety risks; risks relating to the development of the Josemaria Project; inability to attract and retain highly skilled employees; risks associated with climate change; compliance with environmental, health and safety laws and regulations; unavailable or inaccessible infrastructure, infrastructure failures, and risks related to ageing infrastructure; risks inherent in and/or associated with operating in foreign countries and emerging markets, including with respect to foreign exchange and capital controls; economic, political and social instability and mining regime changes in the Company's operating jurisdictions, including but not limited to those related to permitting and approvals, environmental and tailings management, labour, trade relations, and transportation; risks relating to indebtedness; the inability to effectively compete in the industry; risks associated with acquisitions and related integration efforts, including the ability to achieve anticipated benefits, unanticipated difficulties or expenditures relating to integration and diversion of management time on integration; changing taxation regimes; risks related to mine closure activities, reclamation obligations, environmental liabilities and closed and historical sites; reliance on key personnel and reporting and oversight systems, as well as third parties and consultants in foreign jurisdictions; information technology and cybersecurity risks; risks associated with the estimation of Mineral Resources and Mineral Reserves and the geology, grade and continuity of mineral deposits including but not limited to models relating thereto; actual ore mined and/or metal recoveries varying from Mineral Resource and Mineral Reserve estimates, estimates of grade, tonnage, dilution, mine plans and metallurgical and other characteristics; ore processing efficiency; community and stakeholder opposition; financial projections, including estimates of future expenditures and cash costs, and estimates of future production may not be reliable; enforcing legal rights in foreign jurisdictions; environmental and regulatory risks associated with the structural stability of waste rock dumps or tailings storage facilities; activist shareholders and proxy solicitation matters; risks relating to dilution; regulatory investigations, enforcement, sanctions and/or related or other litigation; risks relating to payment of dividends; counterparty and customer concentration risks; the estimation of asset carrying values; risks associated with the use of derivatives; relationships with employees and contractors, and the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; conflicts of interest; existence of a significant shareholder; exchange rate fluctuations; challenges or defects in title; internal controls; compliance with foreign laws; potential for the allegation of fraud and corruption involving the Company, its customers, suppliers or employees, or the allegation of improper or discriminatory employment practices, or human rights violations; the threat associated with outbreaks of viruses and infectious diseases; risks relating to minor elements contained in concentrate products; and other risks and uncertainties, including but not limited to those described in the "Risk and Uncertainties" section of the annual information form and the "Managing Risks" section of the Company's MD&A for the year ended December 31, 2022, which are available on SEDAR at www.sedar.com under the Company's profile. All of the forward-looking information made in this document are qualified by these cautionary statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, forecast or intended and readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. 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 information. Accordingly, there can be no assurance that forward-looking information will prove to be accurate and forward-looking information is not a guarantee of future performance. Readers are advised not to place undue reliance on forward-looking information. The forward-looking information contained herein speaks only as of the date of this document. The Company disclaims any intention or obligation to update or revise forward-looking information or to explain any material difference between such and subsequent actual events, except as required by applicable law.