

NEWS RELEASE

Lundin Mining Provides Operational Outlook & Update

Toronto, November 29, 2017 (TSX: LUN; OMX: LUMI) Lundin Mining Corporation (“Lundin Mining” or the “Company”) provides the following production guidance for the three-year period beginning in 2018, cash costs, capital and exploration expenditure guidance for 2018, as well as ten-year guidance for our Candelaria operation. Key highlights are as follows:

- The Company will make significant investments in both the mine and mill at Candelaria to increase the copper production profile over the life-of-mine. A particular focus is on improvements in years 2021 and beyond. Forecasts for 2018 and 2019 have been lowered from the previous outlook under the new re-phased open pit life-of-mine plan and to address localized pit wall instability, reflecting the short-term impact on production from a recent slide.
- Zinc production guidance has increased for 2019 incorporating the Zinc Expansion Project (ZEP) at Neves-Corvo, though lowered for 2018. Total zinc production is on-track to increase in 2020 by a forecast 60% over 2018 levels with the ZEP to be contributing at full production rates.
- Nickel production forecasts remain in line with previous guidance. Final approval of permit amendments to develop and mine Eagle East were received November 20, 2017.
- Eagle and Zinkgruvan are to remain first-quartile producers, and Candelaria and Neves-Corvo well positioned on global cash operating cost curves in 2018.

Paul Conibear, President and CEO commented, *“We are significantly expanding investment in our own assets including a number of low-risk, positive return initiatives, further positioning all of our operations for sustained reliability of production and lower operating costs, taking a long-term view.*

The life-of-mine copper production profile of Candelaria has once again been improved as we reinvest in the mine fleet, advance a mill optimization project, and expand underground production.

The Zinc Expansion Project at Neves-Corvo and development of Eagle East remain on budget and schedule with first production from both growth projects anticipated in the second half of 2019, and early 2020, respectively.”

Attributable Production Outlook (tonnes of metal) 2018 - 2020¹

	2018	2019	2020
Copper			
Candelaria (80%)	104,000 - 109,000	116,000 - 121,000	132,000 - 137,000
Eagle	15,000 - 18,000	12,000 - 15,000	12,000 - 15,000
Neves-Corvo	39,000 - 44,000	40,000 - 45,000	41,000 - 46,000
Zinkgruvan	1,000 - 2,000	1,000 - 2,000	2,000 - 3,000
Total Attributable Copper	159,000 - 173,000	169,000 - 183,000	187,000 - 201,000
Zinc			
Neves-Corvo	68,000 - 73,000	88,000 - 93,000	155,000 - 160,000
Zinkgruvan	76,000 - 81,000	78,000 - 83,000	79,000 - 84,000
Total Zinc	144,000 - 154,000	166,000 - 176,000	234,000 - 244,000
Nickel			
Eagle	14,000 - 17,000	10,000 - 13,000	13,000 - 16,000
Total Nickel	14,000 - 17,000	10,000 - 13,000	13,000 - 16,000

- Candelaria:** The copper production profile for Candelaria has been improved over the life-of-mine and next ten years. Re-phasing of the open pit mine plan, increased planned production from underground mines, mine fleet reinvestment and initiatives to increase mill capacity have all contributed to the improved production profile. An updated NI 43-101 Technical Report is being completed and expected to be released before the end of 2017. Ten-year guidance for Candelaria is provided in Appendix A.

The latest open pit plan considers new phase designs, production sequences and a change in pit ore excavation and truck loading methodology. It also addresses recent instability in a localized area of the pit's east wall and a slide which occurred October 31, 2017. Both have impacted 2018 and 2019 production forecasts. Production guidance for 2017 remains unchanged. Candelaria attributable copper production guidance of 104,000 to 109,000 tonnes in 2018 is less (20%) than the previous outlook for the year. As a result of the recent slide and to take a more conservative approach in mining this area of the pit, the near-term plans have been altered to focus on waste push backs above the area prior to mining where the slide occurred. In the meantime, low grade stockpile ore will make up the difference in mill feed.

Forecast copper production over the next ten years has increased in aggregate by approximately 290,000 tonnes (20%) with particular focus on improvements in years 2021 and beyond.

- Eagle:** Consistent with original expectations, year-over-year production levels of nickel and copper are expected to gradually decline as the highest-grade ore is mined earlier in the plan and prior to production commencing from the Eagle East ore body. Forecast 2018 copper production from Eagle has increased modestly to 15,000 to 18,000 tonnes with forecast nickel production remaining consistent with our prior outlook, while forecast 2019 levels have decreased modestly.

Final approval of permit amendments to develop and mine Eagle East was granted by the Michigan Department of Environmental Quality (MDEQ) on November 20, 2017. Permit amendment requests for processing of Eagle East ore at our Humboldt plant continue to progress

¹ Production Guidance is based on certain estimates and assumptions, including but not limited to; mineral resources and mineral reserves, geological formations, grade and continuity of deposits and metallurgical characteristics.

and are anticipated by mid-2018. Full production from Eagle East in 2020 is reflected in our three-year production outlook.

- **Neves-Corvo:** Forecast zinc and copper production guidance now incorporate the ZEP which is expected to approximately double zinc production from current levels. First production from ZEP remains on schedule for the second half of 2019. Forecast zinc and copper production guidance for 2018 are modestly less than (3% and 6%, respectively) the previous outlook provided on November 30, 2016, as average mill feed grades and recoveries have been reassessed. Zinc production is expected to increase significantly in 2019 and ramp up to full tonnage in 2020. Both copper and zinc production are forecast to benefit from metallurgical improvements in the process plants undertaken as part of the ZEP and result in better metal recoveries.
- **Zinkgruvan:** The 1350 Zinc Expansion Project was commissioned on schedule and budget in mid-2017 increasing mill capacity to approximately 1.35 million tonnes per annum (1.17 million tonnes of zinc-lead ore and 0.18 million tonnes of copper ore). Average zinc and lead mill recoveries have been reassessed in this production outlook. Significant focus is being given to improvement projects in the process plant including initiatives to improve ore feed characteristics, throughput, metal recoveries and overall concentrate quality. Prioritization remains on the processing of zinc-lead ores. An updated NI 43-101 Technical Report is being completed and expected to be released before the end of 2017.

2018 Cash Cost Guidance²

- At Candelaria, estimated C1 cash costs are expected to approximate \$1.70/lb³ copper after by-product credits. By-product credits have been adjusted for the terms of the streaming agreement but exclude any allocation of upfront cash received.
- Eagle's estimated C1 cash costs are expected to approximate \$1.35/lb nickel after by-product credits, primarily copper as well as cobalt and precious metals. Eagle cash costs are to remain well positioned in the lowest quartile of the global nickel producer cost curve.
- At Neves-Corvo, estimated C1 cash costs for 2018 are expected to approximate \$1.30/lb copper after zinc and lead by-product credits.
- Zinkgruvan's estimated C1 cash costs are expected to approximate \$0.45/lb zinc after copper and lead by-product credits. Zinkgruvan is expected to remain a low cost zinc producer for the foreseeable future.

C1 Cash Cost ²	2018
Copper	
Candelaria (80%)	\$1.70/lb ³
Neves-Corvo	\$1.30/lb
Zinc	
Zinkgruvan	\$0.45/lb
Nickel	
Eagle	\$1.35/lb

² C1 cash costs are based on various assumptions and estimates, including, but not limited to; production volumes, as noted above, commodity prices (2018 - Cu: \$2.75/lb, Zn: \$1.30/lb, Pb: \$1.00/lb, Ni: \$5.00/lb) foreign currency exchange rates (2018 - €/USD:1.20, USD/SEK:8.00, CLP/USD:625) and operating costs. All figures in are in US\$ unless otherwise noted.

³ 68% of Candelaria's total gold and silver production are subject to a streaming agreement and as such C1 cash costs are calculated based on receipt of \$404/oz and \$4/oz, respectively, on gold and silver sales in the year. No consideration has been made for the upfront payment received in the calculation of C1 cash costs.

2018 Capital Expenditure Guidance

- Capital expenditures in 2018 for mines operated by the Company are expected to be approximately \$850 million on a 100% basis, which includes:

Capital Expenditures (\$ millions) ⁴	2018
Candelaria (100% basis):	
Capitalized Stripping	200
Los Diques Tailings	60
New Mine Fleet Investment	75
Mill Optimization Investment	50
Candelaria Sur 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
Zinc Expansion (Neves-Corvo)	190
Total Expansionary Capital	220
Total Capital Expenditures	850

- Candelaria:** At Candelaria capital expenditures are expected to total \$510 million in 2018. The Company will invest in several low-risk positive return initiatives focussed on improving the life-of-mine production profile and increasing the value of the operation.

Capitalized stripping expenditures are estimated to be \$200 million in 2018 under the new mine plan as more waste material is moved to ensure production requirements and flexibility for future years. Short term use of a mining contractor is planned to accelerate stripping rates, supporting both the short-term mine plan changes and the new improved life of mine production plan.

The **Los Diques Tailings Project** remains on budget and on schedule for tailings deposition in the first quarter of 2018. Estimated costs to complete remain unchanged at \$295 million with \$45 million to be spent in 2018, from \$30 million previously disclosed due to timing of payments, to complete the construction of the first phase of the main embankment. Future lifts of the embankment have been initiated ahead of schedule to benefit from synergies with the current project and readily available mine waste. An additional \$15 million of capital is forecast in 2018 to construct two additional lifts, bringing the forecast total capital expenditures on the facility to \$60 million for the year.

New Mine Fleet Investment is estimated to be \$75 million in 2018. Ongoing exploration efforts have significantly increased Candelaria Mineral Reserves and extended mine life well beyond the original 20-year life when the open pit began production in 1994. Mine equipment has been rebuilt and maintained in line with industry standards, however reinvestment in a latest generation loading and haulage fleet is expected to generate a positive payback gained through increased ore loading and haulage capacity and efficiency, while improving equipment availability and reliability. Management believes upside potential exists, for additional productivity gains which have not yet been reflected in the open pit plan.

⁴ Forecast capital expenditures have been reported on a cash basis. Discrepancies may exist with other external reports which have been reported on an accrual basis, most notably for the Los Diques Tailings Project in 2018.

Mill Optimization Investment studies have identified several low-risk improvements to increase metal production, reduce maintenance costs and improve safety. Mill Optimization Investment capital expenditures are expected to be \$50 million in 2018. Upgrades are planned for the primary crusher, cyclones, ball mills, pebble crushing and flotation circuits. In addition, desalination plant debottlenecking and pipeline improvements will increase fresh water supply. These investments are forecast to take approximately two years to come on line and are expected to increase mill throughput by approximately 4,000 tonnes per day and improve metal recovery rates for an approximate increase of more than 6,000 tonnes of copper per year. The Mill Optimization Investment presents near-term low-risk initiatives that would also provide benefit under potential future expansions.

Increased production from Candelaria underground mines also contribute meaningfully to the improved forecast production profile. In the third quarter of 2017 the Company received an environmental permit to expand production from the Candelaria underground deposits to 14,000 tonnes per day from 6,000. Production ramp-up from Candelaria underground North sector has begun with levels currently in the range of 8,000 tonnes per day and 10,000 tonnes per day targeted by 2019. Development of **Candelaria underground South sector** (Susana-Damiana deposits) has been brought forward and is expected to contribute to production in the second half of 2019 at a mining rate of 4,000 tonnes per day. The total pre-production capital is \$47 million, \$20 million of which will be spent in 2018.

The Other Sustaining Capital noted in Appendix A includes funds for horizontal and vertical development, ventilation, self-perform mining equipment purchase and supporting infrastructure being invested to expand the Candelaria, Alcaparrosa and Santos underground mine production.

- **Eagle:** Capital expenditures at Eagle are estimated to total \$55 million in 2018, of which \$30 million is development of Eagle East. The Eagle East project remains on schedule and on budget. Recently approved permit amendments from the MDEQ have authorized complete ramp development as well as mine development and mining of the orebody.
- **Neves-Corvo:** At Neves-Corvo capital costs are expected to total \$245 million in 2018, \$190 million of which is expansionary capital expenditure on the ZEP. The project remains on budget and on target to commence production ramp up in the second half of 2019. Review by authorities of the ZEP project engineering and construction permit (RECAPE) package is in progress and construction of the process plant expansion and surface infrastructure is expected to commence in the first quarter of 2018 once RECAPE approvals are in hand.
- **Zinkgruvan:** At Zinkgruvan sustaining capital expenditures are estimated to total \$40 million in 2018. Approximately half is for underground development and half for mine and plant maintenance and improvement initiatives.

2018 Exploration Investment Guidance

Exploration expenditures are planned to be \$83 million in 2018. This is a 12% increase over estimated 2017 expenditures reflecting a results-driven commitment to aggressive exploration programs. Approximately \$70 million will be spent on in-mine and near-mine targets (\$34 million at Candelaria, \$18 million at Eagle, \$13 million at Zinkgruvan and \$5 million at Neves-Corvo), with the remainder to advance exploration activities for new South American and Eastern European exploration projects.

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.

This is information that Lundin Mining Corporation is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below on November 29, 2017 at 5:00 p.m. Eastern Time.

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Cautionary Statement in Forward-Looking Information

Certain of the statements made and information contained herein or incorporated by reference is “forward-looking information” within the meaning of applicable Canadian securities laws. All statements other than statements of historical facts in this news release 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 and production profile, costs, and exploration and capital expenditures; the Zinc Expansion Project at Neves-Corvo and the Eagle East project ; Mineral Reserves, Mineral Resources, life-of-mine (or mine life); all of which are estimates (and the parameters, expectations and assumptions underlying, and realization of, such estimates including, but not limited to metal price assumptions, and permitting and development expectations. Words such “aim”, “anticipate”, “assumption”, “believe”, “budget”, “commitment”, “estimate”, “expansive”, “expect”, “exploration”, “flexibility”, “focus”, “forecast”, “foreseeable”, “forward”, “future”, “growth”, “guidance”, “initiative”, “on-track”, “outlook”, “plan”, “positioning”, “potential”, “priority”, “profile”, “project”, “ramp-up”, “risk”, “schedule”, “study”, “target” or “view” , 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,, or variations of these terms or similar terminology or statements that certain actions, events or results could , may, might or will be taken or occur or be achieved are intended to identify such forward-looking information. 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, 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 plans, and life of mine estimates; the possibility that future exploration, development or mining results will not be consistent with expectations; the expected strike by union workers (and potential further such strikes) at Neves-Corvo, and the potential for and effects of other labour disputes or shortages, 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 necessary governmental approvals and/or permits, including but not limited to the Alcaparrosa underground mine operating license, the Punta Padrones process operating license and the Ojos del Salado mill tailings line permit at Candelaria which are required by the end of the year; 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 the Company’s Management’s Discussion and Analysis for the financial period ending December 31, 2016 and completed financial quarters in 2017, and the “Risks and Uncertainties”

section of our 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, 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, 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.

Appendix A – Candelaria Ten-Year Outlook

Candelaria (100% basis)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Copper Production ¹ (tonnes)	130,000 - 136,250	145,000 - 151,250	165,000 - 171,250	171,000 - 178,000	182,000 - 189,000	182,000 - 189,000	150,000 - 156,000	159,000 - 165,000	153,000 - 159,000	168,000 - 174,000
C1 Cash Cost ³	\$1.70/lb	\$1.60/lb	\$1.60/lb	\$1.55/lb	\$1.45/lb	\$1.15/lb	\$1.50/lb	\$1.25/lb	\$1.25/lb	\$1.10/lb
Capital Expenditures (\$ millions) ⁴										
Capitalized Stripping	200	170	135	140	115	120	85	55	65	70
Los Diques Tailings (All Phases)	60	5	10	30	45	50	25	30	30	-
New Mine Fleet Investment	75	100	35	10	25	20	-	10	5	-
Mill Optimization Investment	50	25	-	-	-	-	-	-	-	-
Candelaria Sur	20	25	10	15	10	5	-	-	-	-
Other Sustaining Capex	105	50	45	25	25	25	25	10	5	5
Total Candelaria Capital Expenditures	510	375	235	220	220	220	135	105	105	75