

NEWS RELEASE

LUNDIN MINING PROVIDES CORPORATE UPDATE AND REVISED OUTLOOK

Toronto, July 21, 2011 (TSX: LUN; OMX: LUMI) Lundin Mining Corporation (“Lundin Mining” or the “Company”) provides the following corporate update on operations, projects and continuing exploration success in Portugal and Ireland.

Commenting on operations, Mr. Paul Conibear, President and CEO of Lundin Mining said “As mentioned in the Q1 release, the high-grade reserves currently being mined at Neves Corvo are in an area subject to high stresses and therefore mining rates are less predictable. This has continued to be the case in Q2 and as a result, production at Neves Corvo was below expectations.

“We are continuing to work through this and expect things back on track by Q4 of this year, if not sooner. In order to minimize the effect, and given the high copper prices, the newly expanded zinc plant currently being commissioned will be dedicated to treating copper ore. As a result of this, we have reduced our annual guidance for Neves Corvo for the year and updated our costs estimates to reflect this reduction, as well as the weaker US dollar” Mr. Conibear said.

Commenting on the progress of the Company’s projects and future development activities, Mr. Conibear said, “Our Neves Corvo Zinc Expansion Project team are to be congratulated for their on time and on-budget performance. This additional production capacity with the flexibility to process either zinc or copper ores greatly enhances the value of the Neves Corvo operations. Continued drilling success at the Semblana discovery combined with Lombador advancement should further endorse the Company’s investment strategy to ensure that the Neves Corvo operations will continue to be an extremely valuable core asset for many years to come.

We are also pleased to provide an update on the Belmore-Clare Project which is progressing well.”

Guidance Update

First half production and revised guidance for the full year 2011 is as follows:

(contained tonnes)		Q2 2011		First half 2011		Revised Guidance		Prior Guidance	
		Tonnes	C1 Cost	Tonnes	C1 Cost	Tonnes	C1 Cost	Tonnes	C1 Cost
Neves-Corvo	<i>Cu</i>	13,475	2.13	32,173	1.81	72,000	1.65	76,000	1.40
	<i>Zn</i>	1,020		1,971		6,000		25,000	
Zinkgruvan	<i>Zn</i>	17,582	0.26	37,351	0.35	78,000	0.21	78,000	0.15
	<i>Pb</i>	7,829		17,350		36,000		38,000	
	<i>Cu</i>	356		797		3,400		3,400	
Galmoy (in ore)	<i>Zn</i>	8,802		16,279		28,000		17,000	
	<i>Pb</i>	2,538		4,430		8,000		6,000	
Total: Wholly-owned									
	<i>Cu</i>	13,831		32,970		75,400		79,400	
	<i>Zn</i>	27,404		55,601		112,000		120,000	
	<i>Pb</i>	10,367		21,780		44,000		44,000	
Tenke: 24.0% attrib	<i>Cu</i>	7,173	0.94	14,897	0.91	30,400		31,200	

Cash costs remain dependent upon exchange rates (2011 initial forecast €/USD: 1.30 – USD/SEK: 7.50, revised forecast €/USD: 1.40 – USD/SEK: 6.40).

Production targets for 2011 have been adjusted for lower production in Q2 at Neves-Corvo. Zinkgruvan remains essentially unchanged and we have increased production guidance at Galmoy. C1 cash costs have been updated for production changes and changes in the US dollar exchange rates with European currencies.

Operations Commentary

- **Neves-Corvo:** Production from Neves-Corvo comes from a blend of high-grade copper sources (approximately 15% of production) and lower-grade run-of-mine material, often in areas which remain under-defined. The implication for immediate production is that when an area is developed for production there are often large areas of lower-grade but economically viable copper mineralisation found (out-of-reserve grade material).

During Q2, production continued to be affected by poor ground conditions surrounding important high grade massive sulphide stopes thus slowing down the high-grade production. This necessitated mining lower grade stockwork zones. The mine is presently in an area of 500,000 tonnes of out-of-reserve material with a 1.3% grade. This material is economic and, if not mined now in sequence, will be sterilized and not accessible in future. These two factors significantly lowered head-grade for the quarter (2.2% Cu versus a plan of 3.07%). These circumstances are not normal and were not planned. The mine is expected to return to planned high head-grades and production no later than Q4. In addition, the annual plant maintenance shutdown was brought forward to June thus reducing plant availability by 8% over the quarter.

In order to maximize copper production this year, given the presently overwhelmingly favourable copper versus zinc price, the newly expanded zinc plant currently being commissioned will be used to treat low-grade copper ores rather than zinc ores. This will help make up the Q2 shortfall in copper production.

As a result of these changes, and the weaker US dollar, C1 cost guidance for the year is increased from \$1.40 to \$1.65/lb copper.

The Neves Corvo mine continued to hoist and mill record tonnes.

- **Zinkgruvan:** Annual guidance is maintained except for a reduction in lead from 38,000 tonnes to 36,000 tonnes as a result of Q2 plant disruptions and expected lower lead grades to year end. C1 cost guidance has been increased from \$0.15/lb to \$0.21/lb zinc, partly owing to higher costs in the first half as efforts were made to remove waste from the mine, due to additional contractor costs incurred as a result of under-performance of the crusher, and the effects of a weaker US dollar. Overall C1 costs remain in the lowest-cost quartile.
- **Aguablanca:** A new mining contractor is currently mobilizing and will start pre-stripping operations in August 2011. First concentrate production is scheduled for the third quarter of 2012.

Guidance on timing and total investment of €40 million to commence full ore production is maintained.

- **Galmoy:** Zinc and lead production continues to exceed targets and thus zinc and lead annual guidance have been increased to 28,000 tonnes and 8,000 tonnes, respectively.
- **Tenke:** As reported by Freeport, copper production guidance has been slightly reduced for the year.

Projects

The Neves Corvo Zinc Expansion Project was completed on schedule and on budget at €44 million. First ore was milled in early July and a saleable zinc concentrate has been produced. The circuit is designed for 1.0 million tonnes per annum (“tpa”) ore throughput enabling 50,000 tpa zinc metal production in concentrate. Processing of zinc ore over the next few weeks is being performed to test all circuits against design and equipment supplier specifications. Thereafter the circuit will be committed to copper production for the balance of the year.

The Lombador Phase One Feasibility Study is nearing completion and is undergoing internal review. This study is Phase One of a multi-stage development planned to exploit zinc and copper ores from the Lombador South, East and North ore bodies. As previously reported, the grinding mill for the expanded zinc plant was ordered earlier this year and is scheduled for delivery in December 2012.

The Lombador Phase One development schedule contemplates expanded zinc plant start up in 4Q 2013 using zinc ore from existing Neves Corvo ore bodies. The main access ramp down into Lombador South continues to advance and the study schedules significant production coming from Lombador South starting in 4Q 2014.

Bids have been received to commence scoping study work to conceptualize Phase Two development of the deeper portions of the Lombador ore bodies in conjunction with assessing how to access high grade copper from Semblana.

Exploration

Semblana Deposit, Neves Corvo, Portugal

Drilling has progressed very successfully on the high-grade Semblana copper discovery with 4 rigs now advancing in-fill and step-out exploration drilling. The Semblana deposit is located at a nominal depth of 900 m from surface and just over 1000 m from the adjacent Zambujal and Corvo deposits which are being actively mined.

A total of 57 drill holes have now been completed at Semblana, extending the zone of copper mineralization that was first discovered in the second half of 2010. Significant new intersections from Semblana include (true thicknesses given):

- 11.1 metres (from 831.5 to 842.6 metres) at 14.6% copper in hole PSN44A-1
- 21.0 metres (from 828.0 to 849.0 metres) at 5.9% copper in hole PSN46;
- 57.0 metres (from 860.0 to 917.0 metres) at 3.5% copper in hole PSK50C;
- 18.0 metres (from 946.0 to 964.0 metres) at 4.6% copper in hole PSJ50A

Surface exploration drilling has now delineated a high-grade copper zone over a continuous area of 600 metres by at least 150 metres. The shape and extent of deposit has not yet been fully delineated. In addition to this high-grade copper zone, drilling has encountered significant and separate gold-tin and zinc-lead-silver mineralization, as indicated in the following drill results (true thicknesses given):

- 28.4 metres (from 878.6 to 907.0 metres) at 2.25 g/t gold and 0.13% tin in hole PSK50B;
- 29.7 metres (from 877.9 to 907.6 metres) at 6.0% zinc, 1.9% lead and 120 g/t silver in hole PSJ50;
- 18.0 metres (from 858.5 to 876.5 metres) at 7.5% zinc, 1.7% lead and 86 g/t silver in hole PSN46-1;

A full table of drill results and a plan map of drill hole locations are available on the Company’s website.

A high-resolution 3D seismic survey has now been completed over a 21 square kilometer area surrounding the Neves-Corvo mine. Preliminary results have clearly imaged the Semblana deposit, verifying the

effectiveness of this new tool in the search for blind massive sulphide deposits. Once the final results are interpreted during the third quarter, drill-testing the high-priority seismic anomalies will follow.

Clare Zinc-Lead-Silver Project, Ireland

The Company has been operator of the Clare Project (held by Belmore Resources) since February 2009. The Company has carried out an aggressive exploration program that has successfully identified a high-grade zinc-lead-silver deposit called Kilbricken in addition to discovering additional areas of zinc-lead-silver mineralization both near to Kilbricken and within other parts of the large Clare property. In contrast to most other zinc-lead deposits in Ireland, the Kilbricken deposit is rich in silver. Some of the higher grade drill intercepts at Kilbricken include (true thicknesses given):

- 21.2 metres (from 441.9 to 463.2 metres) at 11.0% zinc, 4.8% lead, 94.4 g/t silver in hole 09-3679-06
- 25.8 metres (from 430.3 to 456.1 metres) at 2.6% zinc, 6.7% lead, 114.8 g/t silver including 9.3 metres (from 442.1 to 451.5 metres) at 4.1% zinc, 12.0% lead, 242.8 g/t silver in hole 10-3679-43
- 20.5 metres (from 415.3 to 435.8 metres) at 7.5% zinc, 9.9% lead, 74.6 g/t silver in hole 10-3679-46
- 11.8 metres (from 484.6 to 496.4 metres) at 9.8% zinc, 5.7% lead, 178.2 g/t silver in hole 10-3679-50
- 6.1 metres (from 454.9 to 461.0 metres) at 9.3% zinc, 5.3% lead, 78.4 g/t silver in hole 11-3679-94

A full table of drill results and a plan map of drill hole locations are available on the Company's website.

Following the recent acquisition of joint venture partner Belmore Resources, the Company now controls 100% of the Clare Project. The 2011 Clare exploration program includes 37,000 metres of surface drilling and a high resolution 3D seismic survey covering the entire Kilbricken discovery area. The principal objective of the survey is to identify the key geological structures controlling the concentration of high-grade zinc-lead-silver mineralization for further drill-testing.

Sampling and Analytical Protocol:

NQ sized drill core was logged, cut in half with a diamond saw and sampled by Company personnel at its facilities at the Neves-Corvo mine in Portugal and in Quin, Ireland. Mineralized intervals are analyzed for a suite of elements including Zn, Cu, Pb, Ag and Sn at ALS Chemex laboratories in Vancouver (Neves-Corvo samples, following sample prep at the ALS facility in Seville) and Ireland (OMAC laboratory was recently acquired by ALS). Bob Carmichael, P.Eng., General Manager, Resource Exploration, is the Qualified Person as defined by National Instrument 43-101 for Neves-Corvo and Clare exploration projects and has reviewed and approved the exploration results information contained in this release, and verified all exploration data through personal supervision of the work programs.

About Lundin Mining

Lundin Mining Corporation is a diversified base metals mining company with operations in Portugal, Sweden, Spain and Ireland, producing copper, zinc, lead and nickel. In addition, Lundin Mining holds a development project pipeline which includes an expansion project at its Neves Corvo mines along with its equity stake in the world class Tenke Fungurume copper/cobalt project in the Democratic Republic of Congo.

On Behalf of the Board,

Paul Conibear
President and CEO

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