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NEWS RELEASE

LUNDIN MINING ANNOUNCES AGREEMENT TO ACQUIRE INTEREST IN HIGH GRADE COPPER/GOLD PROJECT FROM FREEPORT

Toronto, March 3, 2016 - Lundin Mining Corporation (TSX: LUN) (OMX: LUMI) (“Lundin Mining”, “Lundin” or the “Company”) is pleased to announce that it has entered into a purchase agreement with an affiliate of Freeport-McMoRan Inc. (“Freeport”) to purchase an interest in Freeport’s stake in the Timok project located in Serbia. The high grade copper-gold Cukaru Peki deposit is situated on one of the four mineral licenses comprising the Timok project. The project partners are currently Freeport, who is operator of the project, and an affiliate of Reservoir Minerals Inc. (“Reservoir”) which holds a minority stake in the project and has certain transfer rights as a result of the proposed transaction.

Total consideration of up to US\$262,500,000 is payable in stages upon the achievement of key development milestones defined under the purchase agreement, as more particularly described below.

The transaction is subject to Reservoir’s right of first offer (“ROFO”), as well as other customary closing conditions. Prior to entry into the purchase agreement, a ROFO notice was provided today by Freeport to Reservoir, and is open for acceptance by Reservoir for 60 days from the receipt of notice. If the ROFO is not exercised by Reservoir, the transaction is expected to close in the second quarter of 2016.

Mr. Paul Conibear, President and CEO commented, *“The acquisition of an interest in the Timok project is consistent with our growth criteria that we have rigorously followed over the last few years. This high quality copper/gold project fits ideally within our overall asset base of operations in the Americas and Europe. This transaction enables the existing Freeport/Reservoir partnership to leverage our proven underground base metals development, construction and operating skill sets to advance the Timok project into operation in a timely manner. The Timok project is expected to enhance the Company’s long term copper growth pipeline, while preserving our strong balance sheet. We are very pleased to be able to extend our partnership with Freeport and we intend to advance a meaningful and cooperative relationship with Reservoir to the benefit of all stakeholders including those in Serbia.”*

Transaction Terms

Under the purchase agreement, and subject to Reservoir’s ROFO, Lundin will acquire (1) 100% of Freeport’s interest in the upper zone of the Cukaru Peki deposit which is characterized by high grade massive and semi-massive sulphide mineralization (the “Upper Zone”), as well as Freeport’s interest in all the mineral licenses comprising the Timok project, and (2) 28% of Freeport’s interest in the lower zone of the Cukaru Peki deposit which is characterized by porphyry-style mineralization (the “Lower Zone”). Freeport will retain the remaining interest in the Lower Zone. In addition, Freeport has the option to have any new large mineral deposit containing at least four million tonnes of contained copper equivalent characterized in the same manner as the Lower Zone upon the payment to Lundin of two times drilling, study and other similar costs plus other direct costs such as land acquisition costs.

As part of the transaction, Lundin will be appointed as operator of the Timok project until the occurrence of certain events and Lundin will advance the development of both the Upper Zone and the Lower Zone in accordance with approved budgets and work programs. Lundin will have the sole right to propose budgets and work programs relating to the Upper Zone and for certain agreed Lower Zone work, and Freeport will have the sole right to propose budgets and work programs relating to the Lower Zone, subject to specified exceptions.

Until the delivery of a feasibility study Lundin will fund 100% of the Upper Zone development costs, as well as \$20 million of agreed Lower Zone work, and Lundin and Freeport will fund 28% and 72% of all other Lower Zone

development costs, respectively. After the delivery of the feasibility study, Lundin and Reservoir will be responsible for funding the development of the Upper Zone on a pro rata basis (75%/25% respectively) and each will be entitled to its pro rata share of economic benefits of the Upper Zone. Freeport, Reservoir and Lundin will be responsible for funding of the development of the Lower Zone on a pro rata basis (54%/25%/21% respectively) and each will be entitled to its pro rata share of economic benefits of the Lower Zone.

Key Investment Highlights

- **High grade copper and gold deposit:** High grade copper and gold epithermal deposit overlying potentially large porphyry-style mineralization.
- **Located in a historic mining region:** Project stands to benefit from existing extensive infrastructure which is in place to support the nearby RTB Bor mining complex that has a long mining history.
- **Lundin core competency:** Size, quality and stage of the Upper Zone is ideal for Lundin Mining and fits well with our exploration, project development and underground base metals operating skill sets.
- **Staged development:** Staged development of the Upper Zone and Lower Zone will allow time to quantify and fully develop the Lower Zone potential to advance this prospective large-scale deposit in an optimal manner.
- **Balanced acquisition cost:** Total acquisition cost is paid over time and is directly tied to key project development and commercial operations milestones.
- **Excellent exploration potential:** Timok project comprises a total of four mineral licenses covering an area of over 200 square km of prospective ground.
- **Minority interest in potential large-scale asset:** Provides Lundin with an opportunity to participate in a potential large-scale porphyry deposit.

Transaction Overview

Timok Project Joint Venture

The Timok project is currently held 55% by Freeport and 45% by Reservoir. Freeport is currently operator of the project and is fully funding the project pursuant to a joint venture/shareholders agreement (“Timok JVSA”) dated December 15, 2015. Upon the delivery of a feasibility study, Freeport will earn an additional 20% interest, for a total project ownership interest of 75%, at which time Reservoir will be required to contribute its pro rata share of development expenditures. Freeport may cease to sole fund at any time, in which case it would not be entitled to earn the additional 20% interest.

Subject to the ROFO, upon the completion of the transaction, Lundin’s ownership interest in the Timok project will be as follows:

- 55% of the Upper Zone (Reservoir 45%), and
- 15.4% of the Lower Zone (Freeport 39.6%, Reservoir 45%)

Following the delivery of the feasibility study upon which Freeport’s interest in the project will increase to 75%, Lundin’s ownership interest in the Timok project will be as follows:

- 75% of the Upper Zone (Reservoir 25%), and
- 21% of the Lower Zone (Freeport 54%, Reservoir 25%)

Purchase Price

Total consideration of up to US\$262.5 million is payable as follows:

- US\$135 million payable to Freeport upon closing of the transaction
- Up to a maximum of US\$20 million to be spent by Lundin in connection with agreed exploration and study work on the Lower Zone
- US\$45 million payable to Freeport upon the earliest to occur of (i) a build decision on the Upper Zone, and (ii) access to any ore body for direct ship ore
- US\$50 million upon the achievement of commercial production
- Up to US\$12.5 million in recoupment of project expenditures

Project Overview

The Timok project is located in eastern Serbia and is currently centred on the development of the Cukaru Peki deposit located within the Brestovac-Metovnica mineral license. The project contemplates the development of a high grade massive and semi-massive sulphide deposit and conceptually, an underlying deep seated copper-gold porphyry deposit. The Cukaru Peki deposit is located approximately 6 km south of the famous century-old RTB Bor copper-gold mining/smelting complex. The region has a rich mining history and is complete with the necessary infrastructure and skilled workforce.

Please refer to Reservoir's news release dated January 27, 2014, and to the NI 43-101 Technical Report dated January 2014 for the initial mineral resource estimate for the Upper Zone.

Conference Call and Webcast

Lundin Mining will hold a conference call and webcast on Monday March 7th, 2016 at 8:00 am Eastern time. Details of the call are provided below:

Please call in 10 to 15 minutes before the conference starts and stay on the line (an operator will be available to assist you).

Call-in number for the conference call (North America): +1 734 385 2616

Call-in number for the conference call (North America Toll Free): +1 866 393 4306

Call-in number for the conference call (Europe Toll Free): +46 (0) 8 5661 9361

To take part in the interactive presentation, please log on using this direct link:

<http://www.investorcalendar.com/IC/CEPage.asp?ID=174778>

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 approximately one hour after the completion of the conference call until March 14, 2016.

Replay numbers:

North America: +1 404 537 3406

The pass code for the replay is: 65793436

About Lundin Mining

Lundin Mining Corporation is a diversified Canadian base metals mining company with operations in Chile, the USA, Portugal, and Sweden, primarily producing copper, nickel and zinc. In addition, Lundin Mining holds a 24% equity stake in the world-class Tenke Fungurume copper/cobalt mine in the Democratic Republic of Congo and in the Freeport Cobalt Oy business, which includes a cobalt refinery located in Kokkola, Finland.

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 Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. This information was publicly communicated on March 3, 2016 at 9:30 p.m. Eastern Time.

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Forward Looking Statements

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act. Forward-looking statements 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, the potential exercise of the ROFO by Reservoir, satisfaction of closing conditions, the timing of closing the proposed transaction, the completion of the feasibility study on the timetable proposed, foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; 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, 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 and in each management discussion and analysis. Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of copper, nickel, lead and zinc; 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.