

NEWS RELEASE

Lundin Mining Announces 2016 Production Results

Toronto, Ontario (January 12, 2017) - Lundin Mining Corporation (TSX:LUN) (OMX:LUMI) ("Lundin Mining" or the "Company") announces production results for the three and twelve months ended December 31, 2016. The Company also provides a capital project update and announces the disposal of Aguablanca Mine.

2016 Highlights:

- The Company achieved annual production guidance for copper and nickel. Zinc production was marginally below the most recent guidance.
- Candelaria's fourth quarter capped a strong operating year with the highest quarterly copper production of the year. Eagle production met full year guidance on continued robust performance. Neves-Corvo's zinc plant demonstrated stability with continued zinc recovery improvements, while Zinkgruvan's performance was impacted by lower than planned zinc head grades in the final quarter.
- Operations safety performance in 2016 saw the fourth straight year-over-year improvement with a Total Recordable Injury Frequency ("TRIF") rate of 0.60 achieved at year-end.
- Year-end net debt balance was approximately \$290 million, including cash and cash equivalents of approximately \$710 million. Tenke Fungurume related distributions totalled approximately \$70 million for the year, better than previously guided.

(contained tonnes)		Q4 2016 Production Results	Full Year 2016 Production Results	2016 Production Guidance ¹
Copper	<i>Candelaria (80%)</i>	39,258	133,274	130,000 - 132,000
	<i>Eagle</i>	5,742	23,417	22,000 - 24,000
	<i>Neves-Corvo</i>	10,975	46,557	48,000 - 51,000
	<i>Zinkgruvan</i>	0	1,906	1,900 - 2,000
	<i>Wholly-owned</i>	55,975	205,154	201,900 - 209,000
	<i>Tenke (24%)²</i>	<i>n/a</i>	<i>n/a</i>	52,800
	<i>Total attributable</i>	<i>n/a</i>	<i>n/a</i>	254,700 - 261,800
Nickel	<i>Eagle</i>	5,249	24,114	23,000 - 25,000
	<i>Total</i>	5,249	24,114	23,000 - 25,000
Zinc	<i>Neves-Corvo</i>	15,886	69,527	70,000 - 73,000
	<i>Zinkgruvan</i>	19,773	78,523	80,000 - 85,000
	<i>Total</i>	35,659	148,050	150,000 - 158,000

¹ Guidance as presented in the Company's Management Discussion and Analysis for the three and nine months ended September 30, 2016.

² Production results for Tenke have not yet been released by the operator

Mr. Paul Conibear, President and CEO commented: “We are pleased with our aggregate performance across all of our mines in the challenging metal price environment of 2016 and expect to build upon this performance in the year ahead. Responding to market conditions that persisted over the majority of last year, the Company focused on discretionary spending restraint, deferring of non-essential sustaining capital and maximizing cash flow. Lundin Mining is in the desirable position of having one of the strongest balance sheets in our sector enabling us great financial flexibility to advance our internal growth projects, return capital to shareholders, and take advantage of potential external growth opportunities.”

Operational Commentary

Production guidance for the three-year period of 2017 through 2019, and 2017 cash cost guidance remain unchanged from figures previously disclosed on November 30, 2016.

- **Safety and environmental performance:** 2016 was a Company record year, with a TRIF rate of 0.60 achieved at year-end (measured per 200,000 person hours worked). This marks the fourth straight year-over-year improvement and was capped by a Lundin Mining record of zero recordable injuries during the month of December.

Environmental performance met expectations with no Level 3 incidents experienced. The Company received the International Green Apple Award for best environmental practice related to the Galmoy mine closure wetlands reclamation project on the former mine tailings site in Ireland.

- **Candelaria:** Fourth quarter copper production of 49,072 tonnes on a 100% basis was the highest quarterly rate of the year. Total annual copper production at Candelaria exceeded the most recent guidance on strong mill throughput and increased head grades.

A NI 43-101 Technical Report is expected to be filed within the month supporting the five-year outlook provided on November 30, 2016, and further detailing the life of mine improvements made at Candelaria over the last year.

- **Eagle:** Production of both nickel and copper met target during the fourth quarter and achieved the most recent full year guidance on continued robust performance across the operation.
- **Neves-Corvo:** Full year zinc and copper production were modestly below the most recent guidance range. Zinc recovery rates continued to demonstrate improvement over prior year performance. Increased production definition drilling is being undertaken in the copper stockwork mineralization to better predict near term variation in ore grade and complex copper ore characteristics that impacted 2016 copper recovery and overall copper production. 2016 actual copper plant performance has been factored into 2017 production guidance.
- **Zinkgruvan:** Full year zinc production was near to target. Fourth quarter equipment availability and mine sequencing impacted ore delivery and the planned zinc head grade. No copper ore was campaigned through the plant, as planned, to maximize processing of the higher value zinc/lead ore.

Capital Projects Update

Expected capital expenditure and the exploration budget for 2017 remain unchanged from figures previously disclosed on November 30, 2016.

- **Candelaria Los Diques Tailings Storage Facility:** Construction continues to progress on time and on budget, while sustaining a perfect safety record. First tailings deposition remains on schedule for the first quarter of 2018. Owner self-perform construction successes of the main embankment and civil works continue, the last of the major contracts have been awarded, and all construction permits have been received. Originally budgeted at approximately \$400 million, total project costs are now estimated at approximately \$295 million with \$135 million expected to be spent in 2017 and \$30 million in 2018.
- **Candelaria Consolidation Project (CCP):** Conceptual studies into underground production expansion and further optimization of the life-of-mine plan at the operation continue to advance. Feasibility Study level work is examining a potential mill debottlenecking expansion to add approximately 15-20% throughput with increased ore feed from the underground deposits. This work continues to be supported by ongoing underground exploration success. The 2017 exploration budget at Candelaria has been approximately doubled over that of 2016 to \$32 million.
- **Neves-Corvo Zinc Expansion Project (ZEP):** The Environmental Impact Assessment (EIA) was submitted to the regulatory authorities in the fourth quarter of 2016. The 2015 Feasibility Study capital cost estimates are being updated and early works and project critical path items are being assessed in the anticipation of fast tracking the project once EIA approvals and subsequent full project expenditure approvals are in hand. The approximately €250 million initial project investment targets doubling of current zinc production levels within 28 months of full project approval, adding about 80,000 tpa zinc production to Neves Corvo.
- **Eagle East:** Exploration ramp development is progressing on plan while the Eagle East project is advancing in the permitting phase. The Eagle East Feasibility Study has progressed with the completion of stope and mine infrastructure design as well as geotechnical, hydrogeological and metallurgical investigation programs. Exploration drilling continued in the fourth quarter of 2016 systematically testing the Eagle East conduit and deep peridotite and gabbro targets. Growth capital of \$35 million for project advancement and exploration ramp development and \$16 million for ongoing exploration is budgeted for 2017.
- **Zinkgruvan 1350 Expansion Project:** This investment increases plant capacity by 10% and remains on schedule for a mid-2017 commissioning. The remaining approximately \$5 million of project capital expenditure is expected to be incurred in H1 2017.
- **Zinkgruvan Enemossen Tailings Facility:** Expansion of the existing facility is advancing on schedule and budget, with the first phase of the new dam expected to be complete Q3 2017. A major milestone was reached in November 2016 with material completion of the embankment to the final height.

Additionally, during the fourth quarter, the Company disposed of the Aguablanca Mine in Spain through the transfer of all of the shares of Rio Narcea Recursos S.A. ("RNR") to Valoriza Minería, a subsidiary of Grupo Sacyr. The assets of RNR included the Aguablanca mine and other exploration licenses. Grupo Sacyr is a multinational infrastructures and services company, operating in 29 countries and headquartered in Madrid, Spain. The Company transferred approximately €30 million to RNR prior to the transfer in order to ensure that all of the environmental, employee and other liabilities were fully funded.

About Lundin Mining

Lundin Mining 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, until its announced sale has been concluded, Lundin Mining holds an indirect 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 EU Market Abuse Regulation and the Swedish Securities Market Act. This information was publicly communicated on January 12, 2017 at 5:30 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

Forward Looking Statements

Certain of the statements made and information contained herein is “forward-looking information” within the meaning of the applicable Canadian securities legislation including, without limitation, with respect to the timing and amount of future dividends. Forward-looking information includes, but is not limited to information with respect to the Company’s strategy, plans or future financial or operating performance. Forward-looking statements are characterized by words such as “plan,” “expect”, “budget”, “target”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation: uncertain political and economic environments; 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; 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.

2016 Operating Statistics

Details of operating statistics by mine, by quarter and for the year are summarized below:

Candelaria

(100% Basis)	2016				
	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	30,915	8,877	6,817	5,910	9,311
Ore milled (000s tonnes)	31,938	8,097	7,794	7,890	8,157
Grade					
Copper (%)	0.57	0.67	0.55	0.52	0.55
Recovery					
Copper (%)	91.8	93.1	90.5	90.7	92.7
Production (contained metal)					
Copper (tonnes)	166,592	49,072	39,106	36,907	41,507
Gold (000 oz)	97	27	24	22	24
Silver (000 oz)	1,665	466	381	345	473

Eagle

	2016				
	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	745	183	189	188	185
Ore milled (000s tonnes)	748	190	188	184	186
Grade					
Nickel (%)	3.9	3.4	3.9	4.3	3.8
Copper (%)	3.2	3.0	3.2	3.1	3.4
Recovery					
Nickel (%)	84.8	86.0	84.1	85.4	83.6
Copper (%)	97.7	98.3	97.1	97.5	97.7
Production (contained metal)					
Nickel (tonnes)	24,114	5,249	6,085	6,812	5,968
Copper (tonnes)	23,417	5,742	5,796	5,639	6,240

Neves-Corvo

	2016				
	Total	Q4	Q3	Q2	Q1
Ore mined, copper (000 tonnes)	2,351	598	557	594	602
Ore mined, zinc (000 tonnes)	1,041	247	254	272	268
Ore milled, copper (000 tonnes)	2,386	598	560	602	626
Ore milled, zinc (000 tonnes)	1,039	237	257	270	275
Grade					
Copper (%)	2.5	2.4	2.3	2.6	2.8
Zinc (%)	8.2	8.0	8.3	8.3	8.2
Recovery					
Copper (%)	76.5	75.5	76.3	77.1	77.2
Zinc (%)	78.5	80.3	81.0	77.4	75.9
Production (contained metal)					
Copper (tonnes)	46,557	10,975	9,691	12,146	13,745
Zinc (tonnes)	69,527	15,886	17,642	18,272	17,727
Lead (tonnes)	4,126	1,142	833	1,245	906
Silver (000 oz)	1,242	313	279	331	319

Zinkgruvan

	2016				
	Total	Q4	Q3	Q2	Q1
Ore mined, zinc (000 tonnes)	1,057	294	211	264	288
Ore mined, copper (000 tonnes)	107	nil	46	48	13
Ore milled, zinc (000 tonnes)	1,093	296	256	237	304
Ore milled, copper (000 tonnes)	107	nil	56	51	nil
Grade					
Zinc (%)	8.0	7.4	8.1	8.2	8.3
Lead (%)	3.5	3.0	3.1	3.6	4.3
Copper (%)	2.0	nil	1.7	2.3	nil
Recovery					
Zinc (%)	89.8	89.8	90.7	89.3	90.0
Lead (%)	82.3	83.0	80.9	81.6	83.8
Copper (%)	91.6	nil	90.5	92.4	nil
Production (contained metal)					
Zinc (tonnes)	78,523	19,773	18,808	17,286	22,656
Lead (tonnes)	31,661	7,363	6,406	7,063	10,829
Copper (tonnes)	1,906	nil	855	1,051	nil
Silver (000 oz)	2,159	556	449	495	659