

NEWS RELEASE

Lundin Mining Announces Neves-Corvo Zinc Expansion Project Feasibility Study Results

Toronto, May 11, 2017 (TSX: LUN; OMX: LUMI) Lundin Mining Corporation (“Lundin Mining” or the “Company”) is pleased to announce the results of a Feasibility Study completed on the Zinc Expansion Project (“ZEP”) at the Neves-Corvo mine in Portugal, as well as provide an update on the project progress.

(This news release contains forward-looking information about expected future events and financial and operating performance of the Company. We refer to the risks and assumptions set out in our Cautionary Statement on Forward-Looking Information at the end of this release. All currency figures are in US\$ unless otherwise stated.)

Highlights

- Annual zinc production forecast to peak in excess of 180,000 tonnes post expansion and average approximately 150,000 tpa over the period 2020 through 2030, along with a significant increase in lead production.
- Estimated life of mine C1 cash cost of \$0.28/lb copper net of by-product credits, or alternatively, \$0.29/lb zinc net of by-product credits.
- Incremental post-tax net present value (“NPV”) of €180 million at an 8% discount rate, an internal rate of return (“IRR”) of 22%, and an estimated payback period of less than four years from production start. Pre-production capital costs are estimated to be €257 million including a 15% contingency.
- Production is to be maximized from the existing zinc Mineral Reserve estimate and the development of a deeper higher zinc grade area known as Lombador Phase 2 (“LP2”) for which maiden Mineral Reserves, of both zinc and copper, have been estimated.
- The project comprises the installation of a new underground crusher and conveyor system to handle ore from the Lombador orebody, upgrades to the existing hoisting shaft, expansion of the zinc processing plant to a capacity of 2.5 mtpa and expansions to the Tailings Management Facility (“TMF”) as well as other site infrastructure.
- Given the positive results of the Feasibility Study, the Company has approved development of the ZEP subject to the approval of the Environmental Impact Assessment (“EIA”) and amendments to the Environmental Licence. The ZEP has recently been granted Project of National Interest (“PIN”) status by the Portuguese authorities in recognition of its scale and potential contribution to the national economy.
- In parallel with permitting activities, the Company has formed a project team and has awarded a contract for engineering and procurement services, and detailed design has started. Critical path underground development has started. Subject to receipt of environmental approval in Q3 2017, it is anticipated that surface construction works will commence in Q1 2018 and the expanded zinc plant will be commissioned and ramped up by the end of 2019.

Mr. Paul Conibear, President and CEO of Lundin Mining stated, “The results of the Feasibility Study on the Zinc Expansion Project confirm strong project economics and demonstrate significant incremental value to our Neves-Corvo operations. The project will significantly increase metal production and further increases the mine’s competitiveness to the continuing benefit of our shareholders, employees and the local economy. Early project activities are underway to facilitate a rapid start following permit approval, and, in the meantime, we continue with increased exploration efforts to find additional mineable copper and zinc mineralization.”

Mineral Resource and Mineral Reserve Estimates

Exploration drilling carried out at Neves-Corvo following acquisition by Lundin Mining in 2006 was highly successful in delineating additional mineralization and resulted in significant increases in Mineral Resource estimates, particularly for zinc. Higher grade zinc mineralization was discovered in the deep Lombador orebody where subsequent drilling allowed the estimation of Indicated Mineral Resources down to a depth of 1,200 metres below surface. These increased Mineral Resource estimates underpinned the previous decision by the Company to develop the upper part of the Lombador orebody (“LP1”) and expand the existing zinc plant to its current capacity of approximately 1.2 mtpa. The table below shows the total estimated Neves-Corvo and Semblana Mineral Resources including the full Lombador orebody.

Total Neves-Corvo and Semblana Mineral Resource Estimate, June 30, 2016

Category	Zinc Tonnes (kt)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)	Copper Tonnes (kt)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)
Measured & Indicated	106,819	6.1	0.3	1.3	58	69,986	1.0	2.7	0.3	45
Inferred	11,386	4.4	0.3	1.0	52	12,758	1.2	1.7	0.4	37
Semblana Inferred						7,807		2.9		25

The Feasibility Study includes an additional Mineral Reserve estimate for LP2, as tabulated below, that is reported for the first time.

Lombador Phase 2 Mineral Reserve Estimate, June 30, 2016

Category	Zinc Tonnes (kt)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)	Copper Tonnes (kt)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)
Probable	10,640	8.3	0.3	2.3	65	2,477	0.4	2.3	0.1	23

This additional LP2 Mineral Reserve estimate results in the following new total Neves-Corvo Mineral Reserve estimate.

Total Neves-Corvo Mineral Reserve Estimate, June 30, 2016

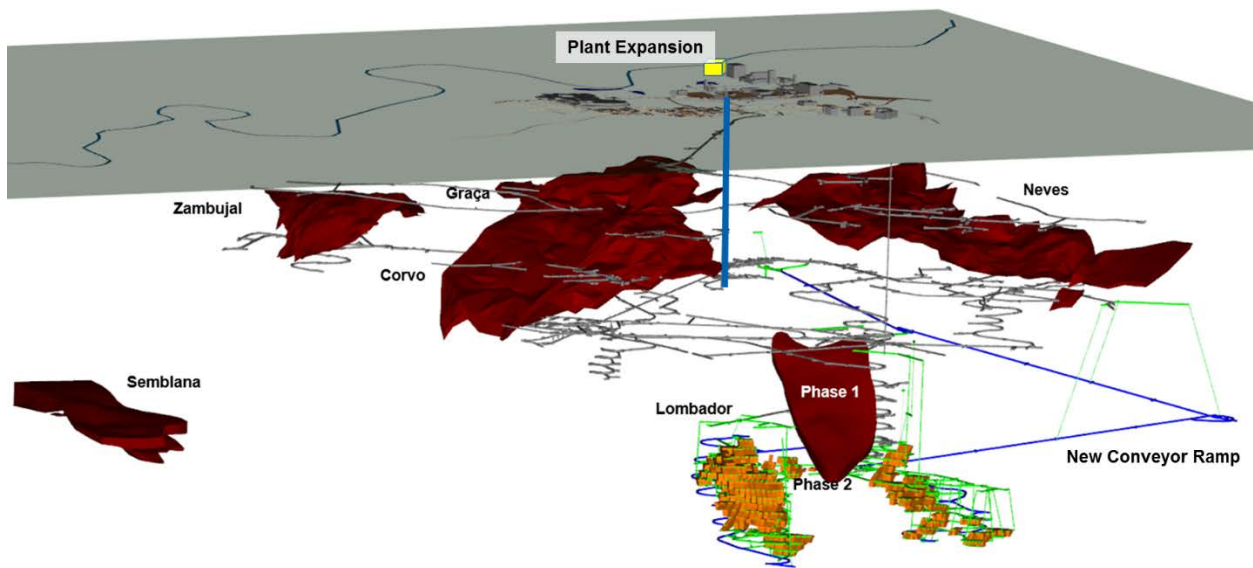
Category	Zinc Tonnes (kt)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)	Copper Tonnes (kt)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)
Proven & Probable	34,090	7.5	0.4	1.8	66	28,619	0.7	2.6	0.2	34

Mining and Processing

The ZEP Feasibility Study has examined further expanding zinc plant throughput capacity to 2.5 mtpa coupled with the development of LP2. The forecast increase in zinc ore production will be sourced by maximizing production from the existing zinc mining areas and by mining from LP2. Access to LP2 will be by conventional ramp development and mining of both zinc and copper mineralization will be by methods currently used at Neves-Corvo, namely, bench and fill with some localized areas of drift and fill.

Broken ore from LP1 and LP2 will be extracted using a new materials handling system comprising a crusher located on the 260 level and a three-leg conveyor system to elevate the ore to the existing shaft hoisting facilities on the 700 level, as shown in Figure 1. Minor upgrades will take the existing shaft capacity up to 5.4 mtpa. Extensions to the mine's ventilation, pumping, electrical reticulation and other infrastructure are also planned.

Figure 1 – Schematic of Neves-Corvo Mine Showing LP2 and the New Materials Handling System



The existing zinc plant will be significantly upgraded. The existing ore storage area will be modified and front end loaders employed to feed a new 8.5 MW SAG mill, which had been previously purchased, for primary grinding. Secondary grinding will be carried out in existing mills ahead of newly installed and increased lead and then zinc flotation capacity. Upgrades are also proposed to lead thickening and filtration, water supply and reagent circuits. The primary electrical feed to site and the existing substation are capable of handling the increased power demands having been upgraded during the LP1 project execution. The additional volumes of tailings to be produced will necessitate an expansion to the tailings thickening plant while the tailings themselves will continue to be deposited in an expanded TMF.

Capital and Operating Cost Estimates

The estimated pre-production capital cost for the ZEP is €256.5 million including an overall contingency of 15%. Mining, including development, mobile equipment and the new materials handling systems and shaft upgrades, comprise the largest element of the direct costs. The estimated capital costs are tabulated below.

Capital Cost Estimate Breakdown

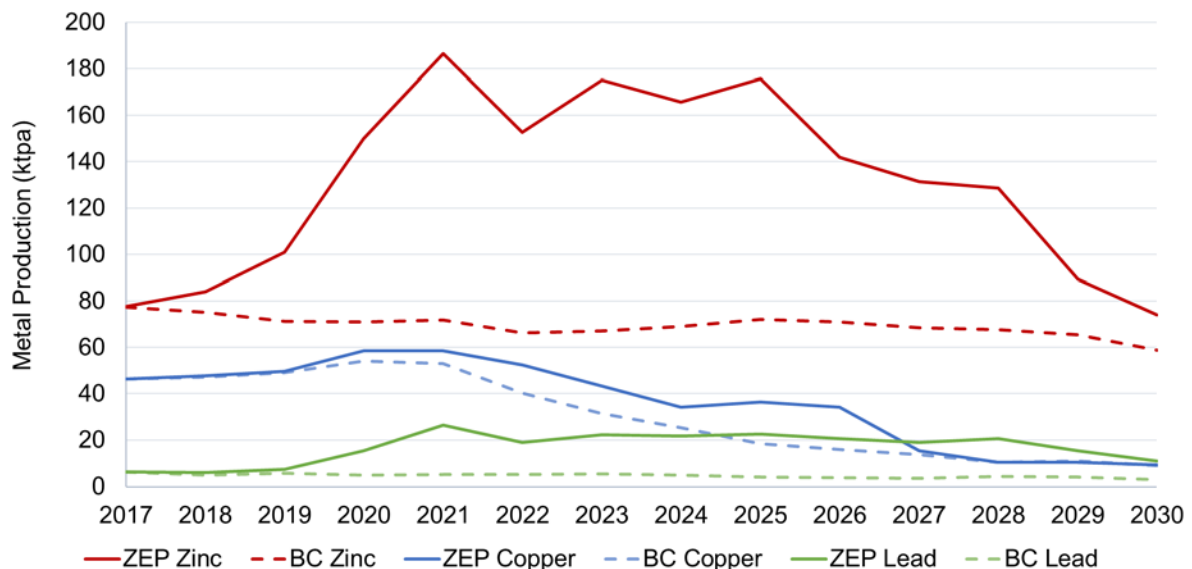
Area	Estimated Cost (€ million)
Mining	118.2
Process Plant Facilities, Services, and Site Development	74.3
Indirects	19.5
Owners Cost	11.1
Contingency	33.4
Total Project	256.5

Operating cost estimates have been based on the existing Neves-Corvo operations and budgets, with adjustments for the impacts of the new materials handling system, grinding methods and increased throughputs. The operating cost for Neves-Corvo post expansion from 2020 through 2030 is estimated to average €44.8/t of ore milled. Of this, mining costs are estimated to average €24.1/t of ore mined, processing costs in the expanded plant of €11.5/t milled, water and tailings management €1.6/t milled, and G&A €7.6/t milled.

Production Profile

The ZEP production profile for zinc, copper and lead compared to the existing Neves-Corvo life of mine plan is shown in Figure 2. Zinc production is forecast to increase from the current 2017 guidance of 72,000-75,000 tonnes to peak in excess of 180,000 tpa post-expansion and average approximately 150,000 tpa over the period 2020 through 2030. The additional copper mineralization from LP2 improves the copper production profile over the same period, while lead production is forecast to increase to average approximately 20,000 tpa.

Figure 2 – Neves-Corvo Estimated Life of Mine Production Schedule with the ZEP and with the Current Mine Plan (Base Case; BC)



Financial Analysis

The Feasibility Study is premised on commencement of underground development immediately following regulatory approval of the ZEP EIA, which the Company anticipates to receive in early Q3 2017. Surface construction is forecast to start in Q1 2018 following receipt of the RECAPE (*Relatório de Conformidade Ambiental do Projeto de Execução*) approval and the completion of basic engineering during 2017. Both surface and underground construction is forecast to be completed by Q3 2019, and production ramp up completed by the end of that year.

The results of the Feasibility Study demonstrate the viability of executing the ZEP with an estimated incremental post-tax NPV of €180 million at an 8% discount rate, and an estimated IRR of 22% using long term metal prices of \$1.00/lb zinc and \$3.00/lb copper. The forecast payback period is less than four years from production start and the forecast average C1 cash cost between 2020 and 2030 is \$0.28/lb copper net of by-product credits or alternatively \$0.29/lb zinc net of by-product credits. The breakeven zinc price for a NPV of zero at an 8% discount rate is \$0.71/lb Zn. The key results of the Feasibility Study are tabulated below.

Feasibility Study Results Summary	Unit	Neves-Corvo with ZEP (2020-2030)
Total ore processed zinc/lead, copper	million tonnes	25.0, 17.8
Average grades zinc/lead, copper	%	7.5 / 1.9, 2.4
Average recovery zinc/lead, copper	%	81.9 / 44.9, 85.3
Approximate average annual production of zinc/lead, copper	thousand tonnes	150 / 20, 33
Pre-production capital	€ millions	256.5
Metal price assumptions from 2020	\$/lb Zn	1.10 (2020) then 1.00
	\$/lb Cu	3.00
Exchange rate assumption	€/US\$	1.15
Incremental post-tax NPV ₈	€ millions	180
Incremental post-tax NPV ₀	€ millions	438
IRR	%	21.5
Average C1 cash cost	\$/lb copper or \$/lb zinc	0.28 or 0.29
Payback from production start	Years	<4
Breakeven zinc price, incremental NPV ₈ = 0	\$/lb Zn	0.71

An independently authored National Instrument 43-101 Technical Report on Neves-Corvo incorporating the ZEP project will be filed on the Company's SEDAR profile at www.sedar.com within 45 days of this press release.

Permitting and Development Status

The ZEP is subject to environmental review leading to an updated Environmental License (*Licença Ambiental*). The EIA was submitted to the regulatory authorities in November 2016. The Company expects to receive approval of the EIA from the environmental authority APA (*Agência Portuguesa do Ambiente*), in early Q3 2017. In April 2017, ZEP was granted PIN status by Portuguese authority AICEP (*Agência para o Investimento e Comércio Externo de Portugal*) in view of its scale and potential contribution to the local and national economy.

Following approval of the EIA and review of the project engineering data, APA will issue a final report on the environmental compliance of the execution project (RECAPE) before construction of surface facilities can commence. The Company anticipates that the RECAPE will be granted by year-end 2017 allowing construction to start in 2018. The RECAPE is not required to advance underground development.

In anticipation of permit approval, a project team has been formed and a contract awarded to a major engineering firm for the basic and detailed engineering of the process plant and associated facilities. In parallel, final designs and contract documentation is under preparation for the underground development, the materials handling system and the shaft upgrades. The critical path to the project is the underground conveyor ramp and work on this has been mobilized.

In the coming days the Company intends to post a ZEP presentation to its website.

Notes on the Mineral Resource, Mineral Reserve and Feasibility Study

The Mineral Resource and Mineral Reserve estimates in this news release have been prepared in accordance with Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects (“NI 43-101”), classified in accordance with Canadian Institute of Mining Metallurgy and Petroleum’s “CIM Definition Standards for Mineral Resources and Mineral Reserves” 2014.

The Neves-Corvo Mineral Resources and Mineral Reserves were estimated by the mine’s geology and mine engineering departments under the guidance of Nelson Pacheco, Chief Geologist and Fernando Cartaxo, Chief Mine Planning Engineer. The Semblana Mineral Resource estimate was prepared by Graham Greenway, Group Resource Geologist, Lundin Mining.

The Neves-Corvo and Semblana Mineral Resource estimates are reported above cut-off grades of 1.0% for copper and 3.0% for zinc and are dated June 30, 2016. The Mineral Resource estimates are inclusive of those Mineral Resources modified to produce the Mineral Reserve estimates.

The copper and zinc Mineral Reserve estimates have been calculated using variable Net Smelter Return (NSR) and cut-off values based on area and mining method, and are dated June 30, 2016. The NSR is calculated on a recovered payable basis taking in to account copper, lead, zinc and silver grades, metallurgical recoveries, prices and realization costs. The metal prices used for the NSR calculations are US\$2.75/lb copper, US\$1.00/lb zinc and US\$1.00/lb lead with an exchange rates of €/US\$1.25.

For Neves-Corvo, outside of LP2, the copper Mineral Reserve estimates are reported above a site average cut-off grade equivalent to 1.3% and for zinc Mineral Reserve estimates an average cut-off grade equivalent to 5.2% is used. For the LP2 area, Mineral Reserves average equivalent cut-offs are 1.6% for copper and 6.8% for zinc.

The Qualified Persons who have reviewed the Neves-Corvo and Semblana Mineral Resource and Mineral Reserve estimates are Richard Ellis, CGeol 1013201, Principal Resource Geologist and Phil Newall, CEng 48891 Managing Director respectively, both of Wardell Armstrong International Ltd.

The Qualified Persons who have reviewed and verified the data and estimates in the Neves-Corvo ZEP Feasibility Study are; Phil Newall, CEng Managing Director; Richard Ellis CGeol, Principal Resource Geologist; Alex Hill BSc, Technical Director; Philip King BSc FIMMM, Technical Director; Stephen Holley CEng MIMMM Senior Mining Engineer; Edvard Glücksman PhD CSci, Senior Environmental & Social Specialist; Veronica Luneva MSc IMC, Senior Financial Analyst, all of Wardell Armstrong International Ltd.

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.

On Behalf of the Board,

Paul Conibear
President and CEO

This is information that Lundin Mining Corporation is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out below on May 11, 2017 at 5:00 p.m. Eastern Time.

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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 legislation. All statements other than statements of historical fact in this document constitute forward-looking information. Such forward-looking statements include, but are not limited to, those in respect of the Neves-Corvo Zinc Expansion Project (or ZEP), the ZEP Feasibility Study, and the impacts and results thereof, including, without limitation, Mineral Resources, Mineral Reserves, economics (such as net present value (or NPV), internal rate of return (or IRR) and C1 cash costs), payback and payback period, breakeven, production profile and life of mine, all of which are estimates (and the parameters, expectations and assumptions underlying, and realization of, such estimates); capital expenditure estimates; metal price assumptions; and permitting and development expectations, and the results thereof. Words such as "anticipate", "assume", "budget", "contingency", "estimate", "expect", "feasibility", "forecast", "guidance", "post-expansion", "potential", "project", "schedule", "study", "viability" and "with ZEP", or variations of these terms or similar terminology, or statements that certain actions, events or results "may" or "will" occur or be achieved, or are "subject to", are identify forward-looking information. Although the Company believes that the assumptions, estimates and expectations reflected in the forward-looking information and forward-looking statements contained herein are reasonable, these statements by their nature involve risks and uncertainties, and are not guarantees of future performance. Forward-looking information is based on a number of assumptions, and subject to a variety of risks, uncertainties and contingencies which could cause actual events or results to differ from those reflected in the forward-looking statements. Such risks, uncertainties and contingencies include, without limitation, those: relating to foreign currency fluctuations; inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; associated with the estimation of Mineral Resources and Mineral 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 and volatility of metal prices; uncertain political and economic environments; changes in laws or policies or foreign taxation; and delays or the inability to obtain necessary governmental approvals and/or permits, as well as other risks, uncertainties and contingencies including but not limited to those described in the Risks and Uncertainties section of the Company's most recently filed Annual Information Form and in the Managing Risks section of each of the Company's full-year 2016 management's discussion and analysis. Forward-looking information and statements are in addition based on various estimates, forecasts and projections as well as expectations, beliefs and assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of copper, zinc, and lead; 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, uncertainties or contingencies materialize, or should

underlying estimates, forecasts, projections, expectations, beliefs or 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 information or statements. The Company disclaims any intention or obligation to update or revise any forward-looking information or statements or to explain any material difference between subsequent actual events and such forward- looking information or statements, except to the extent required by applicable law.