

NEWS RELEASE

Lundin Mining Second Quarter Results

Toronto, July 28, 2021 (TSX: LUN; Nasdaq Stockholm: LUMI) Lundin Mining Corporation (“Lundin Mining” or the “Company”) today reported cash flows of \$419.0 million generated from operations in its second quarter. Adjusted operating cash flow² was \$431.6 million (\$0.58 per share) and free cash flow² was \$298.9 million for the quarter ended June 30, 2021. Net earnings attributable to Lundin Mining shareholders for the quarter was \$242.6 million (\$0.33 per share). Adjusted earnings² was \$226.3 million (\$0.31 per share) for the quarter and adjusted EBITDA² were \$480.7 million for the quarter.

Marie Inkster, President and CEO commented, “Our operations performed well in the second quarter, particularly as our South American mines continued to address evolving challenges of COVID-19. Production of all metals increased over the first quarter. On this performance, we were able to take advantage of the current base metal price environment, generating over \$480 million of adjusted EBITDA and a quarterly record of nearly \$300 million of free cash flow.”

Summary Financial Results

US\$ Millions (except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Revenue	872.3	533.3	1,553.8	911.3
Gross profit	380.2	142.1	632.6	119.4
Attributable net earnings ¹	242.6	38.7	377.8	(72.7)
Net earnings (loss)	268.4	48.3	422.7	(65.3)
Adjusted earnings ^{1,2}	226.3	52.8	370.7	11.7
Adjusted EBITDA ²	480.7	231.5	835.2	321.8
Basic and diluted net earnings per share ¹	0.33	0.05	0.51	(0.10)
Adjusted basic and diluted earnings per share ^{1,2}	0.31	0.07	0.50	0.02
Cash flow from operations	419.0	37.6	577.7	121.0
Adjusted operating cash flow ²	431.6	179.0	711.5	206.9
Adjusted operating cash flow per share ²	0.58	0.24	0.96	0.28
Free cash flow ²	298.9	(47.8)	354.9	(74.1)
Cash and cash equivalents	294.9	283.9	294.9	283.9
Net cash (debt) ²	153.4	(220.0)	153.4	(220.0)

¹ Attributable to shareholders of Lundin Mining Corporation.

² These are non-GAAP measures. Please refer to the Company's discussion of non-GAAP measures in its Management's Discussion and Analysis for the three and six months ended June 30, 2021.

Highlights

Operational Performance

Operations performed well during the quarter with production generally in line with expectations, however, Neves-Corvo zinc grades were lower than plan.

Candelaria (80% owned): Candelaria produced 36,014 tonnes of copper, and approximately 24,000 ounces of gold in concentrate on a 100% basis in the quarter. Copper and gold production was higher than the prior year quarter mostly due to higher mill throughput. Copper cash costs¹ of \$1.52/lb for the current quarter were higher than the prior year quarter largely owing to the impact of higher mining costs.

Chapada (100% owned): Chapada produced 11,258 tonnes of copper and approximately 17,000 ounces of gold in concentrate in the quarter. Copper and gold production increased compared to the previous quarter and to expectations, though were lower than the prior year quarter primarily due to planned lower grades. Chapada set a monthly mill throughput record in May. Copper cash costs of \$1.32/lb for the quarter were higher than the prior year quarter due mainly to higher mining costs and lower sales volumes. Gross operating costs were in line with expectations.

Eagle (100% owned): Eagle produced 4,774 tonnes of nickel and 5,227 tonnes of copper during the quarter, which was above plan. Nickel and copper production were higher than the prior year quarter as higher than planned ore tonnes continue to be mined in the higher-grade Eagle East orebody. By-product credits, aided by rising copper prices, exceeded gross cash costs in the quarter resulting in nickel cash costs of negative \$2.01/lb.

Neves-Corvo (100% owned): Neves-Corvo produced 10,317 tonnes of copper for the quarter, ahead of plan, and 16,662 tonnes of zinc. Copper production increased over the previous quarter and was comparable to the prior year quarter as lower mill throughput was partially offset by higher grades. Zinc production was lower than the prior year due to lower grades. Copper cash costs of \$1.65/lb for the quarter were lower than the prior year quarter and better than plan primarily due to favourable by-product metal prices.

The Zinc Expansion Project (“ZEP”) continues to progress on schedule and on budget.

Zinkgruvan (100% owned): Zinc production of 18,171 tonnes was higher than the prior year quarter and plan due to higher grades and throughput. Lead production of 5,095 tonnes was higher than the prior year quarter due to higher grades and recoveries. Zinc cash costs of \$0.42/lb were better than plan and the prior year quarter largely due to higher sales volumes.

Total Production

(Contained metal in concentrate)	2021			2020				
	YTD	Q2	Q1	Total	Q4	Q3	Q2	Q1
Copper (t) ^a	120,811	63,457	57,354	230,781	41,885	61,444	65,285	62,167
Zinc (t)	68,198	34,833	33,365	142,744	41,428	32,787	31,582	36,947
Gold (koz) ^a	75	41	34	163	35	45	44	39
Nickel (t)	10,128	4,774	5,354	16,718	4,909	4,854	3,380	3,575

a - Candelaria's production is on a 100% basis.

¹ This is a non-GAAP measure. Please refer to the Company's discussion of non-GAAP measures in its Management's Discussion and Analysis for the three and six months ended June 30, 2021.

Corporate Highlights

- The Company continues to manage and respond to the COVID-19 pandemic and continues to implement preventative measures to ensure the safety of its workforce, local communities and other key stakeholders. The operational impact of second and third wave outbreaks is being closely monitored, especially in Brazil and Chile. Cases in Brazil and Chile have risen since the start of the year and remained high at the end of the quarter. To date, production disruptions as a result of COVID-19 have been minimal and there has been no significant disruption in the delivery or receipt of goods at our operations.
- On July 6, 2021, the Company published its annual Sustainability Report which provides updates on the economic, safety, environmental and social issues that are of greatest interest to communities near the Company's operations, employees, investors, and other stakeholders. A copy of the Sustainability Report is available on the Company's website (www.lundinmining.com).
- On July 27, 2021, the Company announced that its 24% owned subsidiary, Koboltti Chemicals Holding Limited, had entered into an agreement to sell its specialty cobalt business ("Freeport Cobalt") to Jervois Mining Limited ("Jervois") for \$85.0 million, in cash and Jervois shares, plus working capital to be determined at closing with the right to receive up to \$40.0 million in contingent cash consideration based on the future performance of the business. Assuming a full allotment of shares of up to 9.9% of Jervois shares and excluding contingent consideration, the Company estimates its net share of the proceeds would be \$42.0 million in cash plus its pro-rata 24% share of up to 9.9% of Jervois shares. The transaction is expected to close in the third quarter of 2021.

Financial Performance

- Gross profit for the quarter ended June 30, 2021 was \$380.2 million, an increase of \$238.1 million compared to the prior year quarter. On a year-to-date basis, gross profit was \$632.6 million, an increase of \$513.2 million over the prior year comparative period. The increase was primarily due to higher realized metal prices and price adjustments (Q2 - \$298.1 million, YTD - \$640.5 million), partially offset by higher operating costs at Candelaria and Chapada and the unfavourable effects of foreign exchange (Q2 - \$18.9 million, YTD - \$25.7 million). Total production costs were in line with expectations.
- Net earnings for the quarter ended June 30, 2021 were \$268.4 million, an increase of \$220.2 million compared to the prior year quarter. On a year-to-date basis, net earnings were \$422.7 million, an increase of \$488.0 million from the prior year comparative period. The increases were attributable to higher gross profit partially offset by higher income tax expense.
- Adjusted earnings for the quarter were \$226.3 million, an increase of \$173.5 million over the prior year quarter. On a year-to-date basis, adjusted earnings were \$370.7 million, \$358.9 million higher than the prior year. The increases were primarily due to higher gross profit partially offset by higher income taxes and higher net earnings attributable to non-controlling interests.

Financial Position and Financing

- Cash and cash equivalents of \$294.9 million as at June 30, 2021 represents an increase of \$113.6 million during the quarter. Cash flow from operations of \$419.0 million was used to invest in capital expenditures (\$131.9 million), pay shareholder dividends (\$71.2 million) and repurchase shares of \$28.4 million. The Company also repaid approximately \$53.2 million in debt including the remaining \$45.0 million balance owing on its revolving credit facility.

- On a year-to-date basis, cash and cash equivalents increased by \$153.5 million. Cash flow from operations of \$577.7 million was used to invest in capital expenditure of \$244.4 million, to repay debt (\$81.0 million), pay shareholder dividends (\$71.2 million) and fund share repurchases (\$28.4 million).
- Free cash flow for the three and the six months ended June 30, 2021 has increased (Q2 - \$346.7 million, YTD - \$429.0 million) over the prior year comparative periods due to higher cash provided by operating activities.
- As at June 30, 2021, the Company had a net cash balance of \$153.4 million. As at July 28, 2021, the Company had a cash and net cash balance of approximately \$250.0 million and \$190.0 million, respectively. Subsequent to the end of the quarter \$80.0 million of Candelaria's term loan was repaid.

Outlook

In late June, the Company announced revised 2021 production guidance for Candelaria due to a change in the near-term mining sequence impacting the amount of direct ore mined and available for processing. Production guidance was reduced to 150,000 – 155,000 tonnes of copper and 85,000 – 90,000 ounces of gold, on a 100% basis.

Annual production guidance ranges have been tightened for all other operations. Chapada gold and Neves-Corvo zinc production saw modest reductions based largely on forecast mill feed grades. All other metals were tightened within the previous ranges.

Full year cash cost guidance for Eagle and Neves-Corvo have been improved given year to date performance and forecasts for continued favourable by-product metal prices. Candelaria cash cost guidance has increased reflecting the previously disclosed near-term mine sequence changes in open pit phase 10 for the second half of the year. Cash cost guidance for Chapada and Zinkgruvan is unchanged.

While the Company has not experienced significant disruptions to production, shipments of concentrate, or its supply chain due to COVID-19, we continue to caution that a localized outbreak at the operations may require the need to implement increased isolation and containment measures which could impact production, delay maintenance activities or disrupt supply chains. Given the uncertainty of the duration and magnitude of the impact of COVID-19, production and cash cost estimates are subject to a higher than normal degree of uncertainty. The guidance below does not reflect any potential for additional suspensions or other significant disruption to operations due to COVID-19.

2021 Production and Cash Cost Guidance

		Previous Guidance ^a		Revised Guidance	
		Production	Cash Costs	Production	Cash Costs ^b
Copper (t)	Candelaria	150,000 - 155,000	N/A	150,000 - 155,000	\$1.55/lb^c
	Chapada	48,000 - 53,000	\$1.10/lb	48,000 - 50,000	\$1.10/lb ^d
	Eagle	17,000 - 20,000		18,000 - 20,000	
	Neves-Corvo	35,000 - 40,000	\$2.20/lb	36,000 - 38,000	\$2.10/lb^c
	Zinkgruvan	3,000 - 4,000		3,000 - 4,000	
	Total	253,000 - 272,000		255,000 - 267,000	
Zinc (t)	Neves-Corvo	70,000 - 75,000		67,000 - 70,000	
	Zinkgruvan	71,000 - 76,000	\$0.65/lb	73,000 - 76,000	\$0.65/lb ^c
	Total	141,000 - 151,000		140,000 - 146,000	
Gold (oz)	Candelaria	85,000 - 90,000		85,000 - 90,000	
	Chapada	75,000 - 80,000		73,000 - 76,000	
	Total	160,000 - 170,000		158,000 - 166,000	
Nickel (t)	Eagle	17,000 - 20,000	\$(0.25)/lb	18,000 - 20,000	\$(1.00)/lb

a. Guidance as outlined in the Management's Discussion and Analysis for the quarter ended March 31, 2021 in the Outlook section. Candelaria production guidance was updated and cash cost guidance temporarily suspended in a news release dated June 21, 2021 entitled "Lundin Mining Updates Candelaria 2021 Production Guidance".

b. Cash costs are based on various assumptions and estimates, including but not limited to: production volumes, as noted above, commodity prices (Cu: \$4.30/lb, Zn: \$1.25/lb, Pb: \$0.90/lb, Au: \$1,800/oz), foreign exchange rates (€/USD:1.25, USD/SEK:8.20, USD/CLP:700, USD/BRL:5.10) and operating costs for the remaining of 2021.

c. 68% of Candelaria's total gold and silver production are subject to a streaming agreement and silver production at Zinkgruvan and Neves-Corvo are also subject to streaming agreements. Cash costs are calculated based on the receipt of approximately \$4.16/oz gold \$4.16/oz to \$4.48/oz silver.

d. Chapada cash costs are calculated on a by-product basis and do not include the effects of its copper stream agreements. Effects of copper stream agreements are reflected in copper revenue and will impact realized revenue per pound.

2021 Capital Expenditure Guidance

Capital expenditure guidance remains unchanged from the prior quarter. Although Chapada's total sustaining capital guidance has not changed, forecast lower deferred stripping expenditures are expected to offset the cost of land acquisitions that was not included in the original guidance.

2020 Guidance (\$millions)	Guidance
Sustaining Capital	
Candelaria (100% basis)	345
Chapada	65
Eagle	20
Neves-Corvo	65
Zinkgruvan	50
Total Sustaining Capital	545
Zinc Expansion Project (Neves-Corvo)	70
Total Capital Expenditures	615

2021 Exploration Investment Guidance

Total planned exploration expenditures are expected to be \$40.0 million in 2021, unchanged from previous guidance. Approximately \$38.0 million will be spent supporting significant in-mine and near-mine targets at our operations (\$13.0 million at Candelaria, \$6.0 million at Zinkgruvan, \$16.0 million at Chapada, and \$3.0 million at Neves-Corvo). The remaining amount is planned to advance activities at exploration stage and new business development projects.

2022 and 2023 Candelaria Production Guidance

The Company is currently preparing and optimizing Candelaria's life of mine plan as part of the annual planning process.

Preliminary plans for Candelaria consider:

- forecast annual processing of approximately 28 million tonnes per annum for Candelaria complex utilizing existing infrastructure, and
- allowance for mine to mill grade dilution (5-8%) for 2022 and 2023.

While further work is required to complete and confirm the plans, on preliminary review, production forecast for 2022 and 2023 is expected to be approximately 10% - 15% lower than prior guidance¹ for both years.

Alternative plans, trade-off studies and further revisions being evaluated to improve future years' production include adding and debottlenecking pebble crushing and grinding, improved grade control, increased contribution to mill feed from underground mines and earlier and increased contribution of phase 11 ore.

The life of mine plans will be completed in coming months and approved by the Company's Board in November. A three year production outlook, along with one year cost and capital expenditure guidance for all mines will be provided at that time.

About Lundin Mining

Lundin Mining is a diversified Canadian base metals mining company with operations in Brazil, Chile, Portugal, Sweden and the United States of America, primarily producing copper, zinc, gold and nickel.

The information in this release is subject to the disclosure requirements of Lundin Mining under the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below on July 28, 2021 at 19:45 Eastern Time.

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1. Guidance provided in the November 30, 2020 news release entitled "Lundin Mining Provides Operational Outlook & Shareholder Returns Update".

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 laws. All statements other than statements of historical facts included in this document constitute forward-looking information, including but not limited to statements regarding the Company’s plans, prospects and business strategies; the Company’s guidance on the timing and amount of future production and its expectations regarding the results of operations; expected costs; permitting requirements and timelines; timing and possible outcome of pending litigation; the results of any Preliminary Economic Assessment, Feasibility Study, or Mineral Resource and Mineral Reserve estimations, life of mine estimates, and mine and mine closure plans; anticipated market prices of metals, currency exchange rates, and interest rates; the development and implementation of the Company’s Responsible Mining Management System; the Company’s ability to comply with contractual and permitting or other regulatory requirements; anticipated exploration and development activities at the Company’s projects; and the Company’s integration of acquisitions and any anticipated benefits thereof. Words such as “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “goal”, “aim”, “intend”, “continue”, “budget”, “estimate”, “may”, “will”, “can”, “could”, “should”, “schedule” and similar expressions identify forward-looking statements.

Forward-looking information is necessarily based upon various estimates and assumptions including, without limitation, the expectations and beliefs of management, including that the Company can access financing, appropriate equipment and sufficient labor; assumed and future price of copper, nickel, zinc, gold and other metals; anticipated costs; ability to achieve goals; the prompt and effective integration of acquisitions; that the political environment in which the Company operates will continue to support the development and operation of mining projects; and assumptions related to the factors set forth below. While these factors and assumptions are considered reasonable by Lundin Mining as at the date of this document in light of management’s experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information. Such factors include, but are not limited to: risks inherent in mining including but not limited to risks to the environment, industrial accidents, catastrophic equipment failures, unusual or unexpected geological formations or unstable ground conditions, and natural phenomena such as earthquakes, flooding or unusually severe weather; uninsurable risks; global financial conditions and inflation; changes in the Company’s share price, and volatility in the equity markets in general; volatility and fluctuations in metal and commodity prices; the threat associated with outbreaks of viruses and infectious diseases, including the COVID-19 virus; changing taxation regimes; reliance on a single asset; delays or the inability to obtain, retain or comply with permits; risks related to negative publicity with respect to the Company or the mining industry in general; health and safety risks; exploration, development or mining results not being consistent with the Company’s expectations; unavailable or inaccessible infrastructure and risks related to ageing infrastructure; actual ore mined and/or metal recoveries varying from Mineral Resource and Mineral Reserve estimates, estimates of grade, tonnage, dilution, mine plans and metallurgical and other characteristics; risks associated with the estimation of Mineral Resources and Mineral Reserves and the geology, grade and continuity of mineral deposits including but not limited to models relating thereto; ore processing efficiency; community and stakeholder opposition; information technology and cybersecurity risks; potential for the allegation of fraud and corruption involving the Company, its customers, suppliers or employees, or the allegation of improper or discriminatory employment practices, or human rights violations; regulatory investigations, enforcement, sanctions and/or related or other litigation; uncertain political and economic environments, including in Brazil and Chile; risks associated with the structural stability of waste rock dumps or tailings storage facilities; estimates of future production and operations; estimates of operating, cash and all-in sustaining cost estimates; civil disruption in Chile; the potential for and effects of labor disputes or other unanticipated difficulties with or shortages of labor or interruptions in production; risks related to the environmental regulation and environmental impact of the Company’s operations and products and management thereof; exchange rate fluctuations; reliance on third parties and consultants in foreign jurisdictions; climate change; risks relating to attracting and retaining of highly skilled employees; compliance with environmental, health and safety laws; counterparty and credit risks and customer concentration; litigation; risks inherent in and/or associated with operating in foreign countries and emerging markets; risks related to mine closure activities and closed and historical sites; changes in laws, regulations or policies including but not limited to those related to mining regimes, permitting and approvals, environmental and tailings management, labor, trade relations, and transportation; internal controls; challenges or defects in title; the estimation of asset carrying values; historical environmental liabilities and ongoing reclamation obligations; the price and availability of key operating supplies or services; competition; indebtedness; compliance with foreign laws; existence of significant shareholders; liquidity risks and limited financial resources; funding requirements and availability of financing; enforcing legal rights in foreign jurisdictions; dilution; risks relating to dividends; risks associated with acquisitions and related integration efforts, including the ability to achieve anticipated benefits, unanticipated difficulties or expenditures relating to integration and diversion of management time on integration; activist shareholders and proxy solicitation matters; and other risks and uncertainties, including but not limited to those described in the “Risk and Uncertainties” section of the Annual Information Form and the “Managing Risks” section of the Company’s MD&A for the year ended December 31, 2020, which are available on SEDAR at www.sedar.com under the Company’s profile. All of the forward-looking statements made in this document are qualified by these cautionary statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, forecast or intended and readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. 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 information. Accordingly, there can be no assurance that forward-looking information will prove to be accurate and forward-looking information is not a guarantee of future performance. Readers are advised not to place undue reliance on forward-looking information. The forward-looking information contained herein speaks only as of the date of this document. The Company disclaims any intention or obligation to update or revise forward-looking information or to explain any material difference between such and subsequent actual events, except as required by applicable law.