**Corporate Office**
150 King Street West, Suite 2200
P.O. Box 38, Toronto, ON M5H 1J9
Phone: +1 416 342 5560
Fax: +1 416 348 0303
lundinmining.com

# NEWS RELEASE

## Lundin Mining Fourth Quarter and Full Year Results

**Toronto, February 20, 2020 (TSX: LUN; Nasdaq Stockholm: LUMI) Lundin Mining Corporation** ("Lundin Mining" or the "Company") today reported cash flows of $186.4 million generated from operations in its fourth quarter and $564.6 million for the year. Net earnings attributable to Lundin Mining shareholders were $97.0 million ($0.13 per share) for the quarter and $167.3 million ($0.23 per share) for the year ended December 31, 2019. Adjusted earnings[2] were $ 93.2 million ($0.13 per share) for the fourth quarter and adjusted EBITDA[2] were $234.6 million for the fourth quarter.

Marie Inkster, President and CEO commented, *"This is a very exciting time for Lundin Mining. Over the last few years we have invested significantly in our operations and now we are beginning to realize the benefits. We saw improvement during the second half of 2019 as reflected in our operating and financial results. Momentum is expected to continue and increase this year as we achieve improved tonnages from the open pit and underground at Candelaria, complete the remaining aspects of the Candelaria Mill Optimization Project and ramp-up the Neves-Corvo Zinc Expansion Project. These and other capital investments have positioned the Company well to deliver multiple years of strong production, decreasing cash costs and free cash flow generation."*

## Summary Financial Results

| | **Three months ended December 31,** | | **Twelve months ended December 31,** | |
|---|---|---|---|---|
| US$ Millions (except per share amounts) | **2019** | 2018[3] | **2019** | 2018[3] |
| Revenue | **568.4** | 407.7 | **1,892.7** | 1,725.6 |
| Gross profit | **145.5** | 72.0 | **440.4** | 436.6 |
| **Attributable net earnings**[1] | **97.0** | 28.8 | **167.3** | 195.9 |
| Net earnings | **104.8** | 31.8 | **189.2** | 215.4 |
| Adjusted earnings[1,2] | **93.2** | 34.8 | **159.5** | 183.6 |
| Adjusted EBITDA[2] | **234.6** | 157.4 | **705.7** | 643.2 |
| Basic and diluted net earnings per share[1] | **0.13** | 0.04 | **0.23** | 0.27 |
| Adjusted basic and diluted net earnings per share[1,2] | **0.13** | 0.05 | **0.22** | 0.25 |
| Cash flow from operations | **186.4** | 44.2 | **564.6** | 476.4 |
| Cash and cash equivalents | **250.6** | 815.4 | **250.6** | 815.4 |
| Net (debt) cash [2] | **(60.2)** | 804.4 | **(60.2)** | 804.4 |

[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 year ended December 31, 2019.
[3] On adoption of IFRS 16, Leases, the Company has elected not to restate comparative periods presented.

## Highlights

**Operational Performance**

All operations successfully met or exceeded the Company's most recent annual metal production guidance. Candelaria, Chapada, Neves-Corvo and Zinkgruvan all achieved annual cash costs in-line with or better than the most recent guidance. Further, both Neves-Corvo and Zinkgruvan set all-time annual records for ore mined. Annual capital expenditures of $665.3 million were marginally lower than the most recent guidance of $695.0 million.

Significant achievements during the year ended December 31, 2019 include successful acquisition and integration of the Chapada mine, completion of pre-production development of the Candelaria Underground South Sector project and processing of first ore from Eagle East. In addition, progress on the Candelaria Mill Optimization Project and Neves-Corvo's Zinc Expansion Project ("ZEP") continues to advance in-line with the latest schedule and capital cost guidance.

**Candelaria (80% owned):** The Candelaria operations produced, on a 100% basis, 146,330 tonnes of copper, approximately 88,000 ounces of gold and 1.3 million ounces of silver in concentrate during the year. Copper production was in-line with market guidance and higher than the prior year, a reflection of mining and processing higher grade ore following successful mining of the open pit Phase 10 pushback and development of the Candelaria South Sector. Copper cash costs[1] of $1.54/lb were better than annual guidance and the prior year.

As noted above, pre-production development of the Candelaria South Sector underground mine was successfully completed and the project was transferred to operations, ahead of schedule. Mine production from Candelaria's North and South Sector underground mines ramped up to an average of 13,500 tonnes per day during the fourth quarter.

**Chapada (100% owned):** Acquisition of the Chapada mine was completed on July 5, 2019. During the period of Lundin Mining's ownership, Chapada produced 30,529 tonnes of copper and approximately 54,000 ounces of gold. Copper production exceeded guidance, and gold production was in-line with expectations. Copper cash costs of $0.58/lb were better than guidance with higher precious metal credits and favourable foreign exchange effects.

**Eagle (100% owned):** Eagle production for the year met guidance, producing 13,494 tonnes of nickel and 14,297 tonnes of copper. Nickel cash costs of $2.84/lb for the year were higher than guidance and prior year due to lower sales volumes.

Development of Eagle East reached an important milestone with first ore extracted and processed ahead of schedule, and with project costs expected to be below budget.

**Neves-Corvo (100% owned):** Neves-Corvo produced 41,436 tonnes of copper and 73,202 tonnes of zinc for the year, meeting guidance. Copper cash costs of $1.59/lb for the year were in-line with the most recent guidance though higher than the prior year due to lower by-product credits.

ZEP continued to advance in accordance with the revised schedule and budget for the phased start-up and production during 2020.

**Zinkgruvan (100% owned):** Zinc production of 78,313 tonnes met guidance and was higher than the prior year. Zinc, lead and copper production all exceeded the prior year as a result of higher head grades and metal recoveries. Zinc cash costs of $0.39/lb for the year were in-line with guidance.

[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 year ended December 31, 2019.

## Corporate Highlights

- On July 5, 2019, the Company announced the closing of the acquisition of a 100% ownership stake in Mineração Maracá Indústria e Comércio SA, which owns the Chapada copper-gold mine located in Brazil from Yamana Gold Inc. The net purchase price of $757.0 million was funded by cash on hand and a drawdown of $285.0 million on the Company's secured revolving credit facility (the "Credit Facility").

- The execution of a third amended and restated credit agreement was announced by the Company on August 28, 2019. The Credit Facility was increased to $800.0 million, with a $200.0 million accordion option to total $1.0 billion, with reduced costs of borrowing and an extended term to August 2023.

- On September 5, 2019, the Company reported its Mineral Resource and Mineral Reserve estimates as at June 30, 2019. On a consolidated and attributable basis, estimated contained metal in the Proven and Probable Mineral Reserve categories totaled 5,507 thousand tonnes of copper, including 1,757 thousand tonnes from Chapada, 3,231 thousand tonnes of zinc, 108 thousand tonnes of nickel, 977 thousand tonnes of lead and 6.8 million ounces of gold.

- On December 2, 2019, the Company announced that its joint venture with Freeport-McMoRan Inc., Freeport Cobalt, had completed the sale of its cobalt refinery in Kokkola, Finland and related cobalt cathode precursor business to Umicore for total cash consideration of approximately $200.0 million, including net working capital of approximately $50.0 million at the time of close (the "Freeport Cobalt Transaction"). The Company received approximately $114.2 million in funds distributed by the joint venture, including attributable proceeds of the Freeport Cobalt Transaction.

- During 2019 approximately 4.3 million shares were purchased by the Company under its normal course issuer bid ("NCIB"). All shares purchased under the NCIB were cancelled. On December 5, 2019, the Company renewed its NCIB which allows the Company to purchase up to 63,797,653 common shares over a period of twelve months commencing on December 9, 2019.

## Financial Performance

- Gross profit for the year ended December 31, 2019 was $440.4 million, an increase of $3.8 million in comparison to the prior year. The increase reflects the addition of Chapada's gross profit contribution of $104.4 million. Gross profit variances from the other operations include higher depreciation expense ($40.5 million), lower realized metal prices ($34.0 million) and higher treatment and refining charges ($24.5 million).

- For the year ended December 31, 2019, net earnings of $189.2 million, was $26.2 million lower compared to the prior year. Lower net earnings in the current year were due to negative revaluation adjustments for marketable securities and derivatives ($37.6 million) and lower income from investment in associates ($23.7 million), partially offset by lower finance costs ($21.4 million).

- Adjusted earnings for the year were lower than the prior year primarily due to lower realized foreign exchange gains offset by lower exploration and business development expenses and finance costs.

- Net debt position at December 31, 2019 was $60.2 million compared to net cash of $804.4 million at December 31, 2018. The movement from a net cash to a net debt position ($864.6 million) was largely attributable to the acquisition of Chapada ($757.0 million), cash used for capital investments in excess of operating cash flow ($100.7 million) and dividends paid ($66.4 million), partially offset by distributions received from investment in associate ($114.2 million).

## Financial Position and Financing

- In 2019, the Company acquired the Chapada mine for net cash consideration of $757.0 million. The purchase price of $800.0 million at the date of acquisition was paid using cash on hand of $515.0 million and a $285.0 million drawdown on the revolving credit facility. Offsetting this was cash held in the acquired operations and working capital adjustments totaling $43.0 million.

- Cash and cash equivalents decreased by $564.8 million during 2019. Cash flow from operations of $564.6 million were more than offset by capital expenditures of $665.3 million. In addition, the Company utilized cash of $472.0 million during the year for the acquisition of Chapada, and received $114.2 million in distributions from its equity investment in Freeport Cobalt, including attributable proceeds of the Freeport Cobalt Transaction.

- The Company ended 2019 with a net debt balance of $60.2 million compared to a net cash position of $804.4 million at December 31, 2018.

- As of February 20, 2020, the Company had a cash and net debt balance of approximately $200 million and $90 million, respectively.

## Outlook

### 2020 Production and Cash Cost

Production, cash cost and capital expenditure guidance for 2020 remains unchanged from that provided on November 26, 2019 (see news release "Lundin Mining Provides Operational Outlook & Shareholder Returns Update").

| (contained metal in concentrate) | | Tonnes | Cash Costs[a] |
|---|---|---|---|
| **Copper (t)** | Candelaria (100%) | *165,000 - 175,000* | *$1.45/lb*[b] |
| | Chapada | *51,000 - 56,000* | *$1.15/lb*[c] |
| | Eagle | *15,000 - 18,000* | |
| | Neves-Corvo | *38,000 - 43,000* | *$1.80/lb* |
| | Zinkgruvan | *3,000 - 4,000* | |
| | **Total** | ***272,000 - 296,000*** | |
| **Zinc (t)** | Neves-Corvo | *95,000 - 105,000* | |
| | Zinkgruvan | *77,000 - 82,000* | *$0.55/lb* |
| | **Total** | ***172,000 - 187,000*** | |
| **Gold (oz)** | Candelaria (100%) | *100,000 - 105,000* | |
| | Chapada | *90,000 - 95,000* | |
| | **Total** | ***190,000 - 200,000*** | |
| **Nickel (t)** | **Eagle** | ***15,000 - 18,000*** | *$1.00/lb* |

a. Cash costs are based on various assumptions and estimates, including but not limited to: production volumes, as noted above, commodity prices (Cu: $2.70/lb, Zn: $1.10/lb, Ni: $6.00/lb, Pb: $0.90/lb, Au: $1,350/oz), foreign exchange rates (€/USD:1.20, USD/SEK:8.50, USD/CLP:675, USD/BRL:3.75) and operating costs.
b. 68% of Candelaria's total gold and silver production are subject to a streaming agreement and as such cash costs are calculated based on receipt of $412/oz and $4.12/oz respectively, on gold and silver sales in the year. Silver production at Zinkgruvan and Neves-Corvo are also subject to streaming agreements, and cash costs are calculated based on $4.30/oz and $4.39/oz, respectively.
c. Chapada cash costs are calculated on a by-product basis and do not include the effects of the its copper stream agreements. Effects of the copper stream agreements are reflected in copper revenue and will impact realized revenue per pound.

**2020 Capital Expenditure Guidance**

Capital expenditures, excluding capitalized interest, are expected to be $620 million, as outlined below.

| 2020 Guidance | $ millions |
|---|---|
| Candelaria (100% basis) | *265* |
| Chapada | *60* |
| Eagle | *15* |
| Neves-Corvo | *75* |
| Zinkgruvan | *50* |
| **Total Sustaining Capital** | ***465*** |
| **Zinc Expansion Project (Neves-Corvo)** | ***155*** |
| **Total Capital Expenditures** | ***620*** |

**2020 Exploration Investment Guidance**

Planned exploration expenditures are expected to be $55 million in 2020, $10 million lower than previous guidance. The majority of the decrease is due to a reduction in the planned activities on regional exploration stage projects in South America. Planned expenditures for 2020 will be spent supporting significant in-mine and near-mine targets at our operations ($20 million at Candelaria, $15 million at Zinkgruvan, $10 million at Chapada, and $10 million at Neves-Corvo).

**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 February 20, 2020 at 5:00 p.m. Eastern Time.

**For further information, please contact:**
Mark Turner, Director, Business Valuations and Investor Relations: +1-416-342-5565
Brandon Throop, Manager, Investor Relations: +1-416-342-5583
Robert Eriksson, Investor Relations Sweden: +46 8 440 54 50

## 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 (such as the Chapada mine) 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 labour; 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 and/or associated with operating in foreign countries; uncertain political and economic environments; community activism, shareholder activism and risks related to negative publicity with respect to the Company or the mining industry in general; changes in laws, regulations or policies including but not limited to those related to permitting and approvals, environmental and tailings management, labour, trade relations, and transportation; delays or the inability to obtain necessary governmental approvals and/or permits; regulatory investigations, enforcement, sanctions and/or related or other litigation; risks associated with business arrangements and partners over which the Company does not have full control; risks associated with acquisitions and related integration efforts (including with respect to the Chapada mine), including the ability to achieve anticipated benefits, unanticipated difficulties or expenditures relating to integration and diversion of management time on integration; competition; development or mining results not being consistent with the Company's expectations; estimates of future production and operations; operating, cash and all-in sustaining cost estimates; allocation of resources and capital; litigation; uninsurable risks; volatility and fluctuations in metal and commodity prices; the estimation of asset carrying values; funding requirements and availability of financing; indebtedness; foreign currency fluctuations; interest rate volatility; changes in the Company's share price, and equity markets, in general; changing taxation regimes; counterparty and credit risks; health and safety risks; risks related to the environmental impact of the Company's operations and products and management thereof; unavailable or inaccessible infrastructure and risks related to ageing infrastructure; 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; actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; ore processing efficiency; risks relating to attracting and retaining of highly skilled employees; ability to retain key personnel; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; the price and availability of energy and key operating supplies or services; the inherent uncertainty of exploration and development, and the potential for unexpected costs and expenses including, without limitation, for mine closure and reclamation at current and historical operations; 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; actual ore mined and/or metal recoveries varying from Mineral Resource and Mineral Reserve estimates; mine plans, and life of mine estimates; the possibility that future exploration, development or mining results will not be consistent with expectations; natural phenomena such as earthquakes, flooding, and unusually severe weather; 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; security at the Company's operations; breach or compromise of key information technology systems; materially increased or unanticipated reclamation obligations; risks related to mine closure activities; risks related to closed and historical sites; title risk and the potential of undetected encumbrances; risks associated with the structural stability of waste rock dumps or tailings storage facilities; and other risks and uncertainties, including but not limited to those described in the "Risk and Uncertainties" section of the Annual Information Form for the year ended December 31, 2018 and the "Managing Risks" section of the Company's MD&A for the year ended December 31, 2019, 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.*