

Condensed Interim Consolidated Financial Statements of

Lundin Mining Corporation

September 30, 2018
(Unaudited)

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

September 30, December 31,
(Unaudited - in thousands of US dollars) 2018 2017

ASSETS

Cash and cash equivalents (Note 3)	\$ 1,469,896	\$ 1,567,038
Trade and other receivables (Note 4)	298,533	425,671
Income taxes receivable	40,451	46,716
Inventories (Note 5)	191,384	192,358
Other current assets	5,382	16,313
Total current assets	2,005,646	2,248,096
Restricted cash	43,505	44,848
Long-term inventory	222,495	220,690
Other non-current assets (Note 6)	50,165	83,700
Mineral properties, plant and equipment (Note 7)	3,649,028	3,388,466
Investment in associate	129,455	101,424
Deferred tax assets	78,188	84,713
Goodwill	110,886	114,491
	4,283,722	4,038,332
Total assets	\$ 6,289,368	\$ 6,286,428

LIABILITIES

Trade and other payables (Note 8)	\$ 330,301	\$ 334,660
Income taxes payable	54,995	140,761
Current portion of long-term debt and finance leases (Note 9)	3,139	3,431
Current portion of deferred revenue (Note 10)	60,079	42,258
Current portion of reclamation and other closure provisions	10,188	18,641
Total current liabilities	458,702	539,751
Long-term debt and finance leases (Note 9)	429,396	446,515
Deferred revenue (Note 10)	535,899	471,501
Reclamation and other closure provisions	263,910	244,958
Other long-term liabilities	11,301	11,482
Provision for pension obligations	11,802	13,479
Deferred tax liabilities	391,367	407,527
	1,643,675	1,595,462
Total liabilities	2,102,377	2,135,213

SHAREHOLDERS' EQUITY

Share capital	4,177,824	4,152,469
Contributed surplus	46,243	48,926
Accumulated other comprehensive loss	(248,843)	(196,657)
Deficit	(287,635)	(336,353)
Equity attributable to Lundin Mining Corporation shareholders	3,687,589	3,668,385
Non-controlling interests	499,402	482,830
	4,186,991	4,151,215
	\$ 6,289,368	\$ 6,286,428

Commitments and contingencies (Note 20)

Subsequent Event (Note 25)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited - in thousands of US dollars, except for shares and per share amounts)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Revenue (Note 12)	\$ 379,709	\$ 601,738	\$ 1,317,848	\$ 1,544,217
Cost of goods sold				
Production costs (Note 13)	(240,040)	(241,381)	(723,494)	(664,961)
Depreciation, depletion and amortization	(80,066)	(99,805)	(229,795)	(311,405)
Gross profit	59,603	260,552	364,559	567,851
General and administrative expenses	(15,237)	(9,666)	(39,253)	(27,900)
General exploration and business development	(24,312)	(23,462)	(65,162)	(59,215)
Income from equity investment in associate	9,920	5,237	22,212	7,716
Finance income (Note 15)	8,126	9,044	18,509	19,118
Finance costs (Note 15)	(18,065)	(19,238)	(48,479)	(58,581)
Other income (expenses) (Note 16)	760	1,173	13,299	(15,146)
Earnings before income taxes	20,795	223,640	265,685	433,843
Current tax expense (Note 17)	(7,585)	(71,173)	(80,809)	(169,409)
Deferred tax (expense) recovery (Note 17)	(4,131)	4,087	(1,220)	28,536
Net earnings from continuing operations	9,079	156,554	183,656	292,970
Earnings from discontinued operations (Note 18)	-	-	-	55,066
Net earnings	\$ 9,079	\$ 156,554	\$ 183,656	\$ 348,036
Net earnings from continuing operations attributable to:				
Lundin Mining Corporation shareholders	\$ 7,029	\$ 131,786	\$ 167,084	\$ 238,372
Non-controlling interests	2,050	24,768	16,572	54,598
Net earnings from continuing operations	\$ 9,079	\$ 156,554	\$ 183,656	\$ 292,970
Net earnings attributable to:				
Lundin Mining Corporation shareholders	\$ 7,029	\$ 131,786	\$ 167,084	\$ 293,438
Non-controlling interests	2,050	24,768	16,572	54,598
Net earnings	\$ 9,079	\$ 156,554	\$ 183,656	\$ 348,036
Basic and diluted earnings per share attributable to Lundin Mining Corporation shareholders:				
Earnings from continuing operations	\$ 0.01	\$ 0.18	\$ 0.23	\$ 0.33
Earnings from discontinued operations	\$ -	\$ -	\$ -	\$ 0.07
Net earnings	\$ 0.01	\$ 0.18	\$ 0.23	\$ 0.40
Weighted average number of shares outstanding (Note 11)				
Basic	732,297,368	727,237,280	731,136,149	726,722,669
Diluted	733,911,931	730,390,380	733,233,117	729,380,431

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited - in thousands of US dollars)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net earnings	\$ 9,079	\$ 156,554	\$ 183,656	\$ 348,036
Other comprehensive (loss) income, net of taxes				
Item that may be reclassified subsequently to net earnings:				
Unrealized gain on marketable securities	-	1,455	-	1,455
Effects of foreign exchange	(4,361)	30,757	(42,307)	96,922
Item that was reclassified to net earnings:				
Reclassification adjustment (Note 16)	-	-	-	6,010
Other comprehensive (loss) income	(4,361)	32,212	(42,307)	104,387
Total comprehensive income	\$ 4,718	\$ 188,766	\$ 141,349	\$ 452,423
Comprehensive income attributable to:				
Lundin Mining Corporation shareholders	\$ 2,668	\$ 163,998	\$ 124,777	\$ 397,825
Non-controlling interests	2,050	24,768	16,572	54,598
Total comprehensive income	\$ 4,718	\$ 188,766	\$ 141,349	\$ 452,423

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited - in thousands of US dollars, except for shares)

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Non- controlling interests	Total
Balance, December 31, 2017	728,418,632	\$ 4,152,469	\$ 48,926	\$ (196,657)	\$ (336,353)	\$ 482,830	\$ 4,151,215
IFRS adjustments (Note 24)	-	-	-	(9,879)	(66,982)	-	(76,861)
Balance, January 1, 2018	728,418,632	4,152,469	48,926	(206,536)	(403,335)	482,830	4,074,354
Exercise of share-based awards	5,074,547	26,237	(11,488)	-	-	-	14,749
Share-based compensation	-	-	8,805	-	-	-	8,805
Dividends declared (Note 11)	-	-	-	-	(51,384)	-	(51,384)
Deferred tax adjustment	-	(882)	-	-	-	-	(882)
Net earnings	-	-	-	-	167,084	16,572	183,656
Other comprehensive loss	-	-	-	(42,307)	-	-	(42,307)
Total comprehensive (loss) income	-	-	-	(42,307)	167,084	16,572	141,349
Balance, September 30, 2018	733,493,179	\$ 4,177,824	\$ 46,243	\$ (248,843)	\$ (287,635)	\$ 499,402	\$ 4,186,991
Balance, December 31, 2016	725,134,187	\$ 4,135,367	\$ 44,779	\$ (320,138)	\$ (695,718)	\$ 463,337	\$ 3,627,627
Distributions	-	-	-	-	-	(46,000)	(46,000)
Exercise of share-based awards	2,439,795	13,320	(3,999)	-	-	-	9,321
Share-based compensation	-	-	7,253	-	-	-	7,253
Dividends declared	-	-	-	-	(50,026)	-	(50,026)
Deferred tax adjustment	-	(851)	-	-	-	-	(851)
Net earnings	-	-	-	-	293,438	54,598	348,036
Other comprehensive income	-	-	-	104,387	-	-	104,387
Total comprehensive income	-	-	-	104,387	293,438	54,598	452,423
Balance, September 30, 2017	727,573,982	\$ 4,147,836	\$ 48,033	\$ (215,751)	\$ (452,306)	\$ 471,935	\$ 3,999,747

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited - in thousands of US dollars)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Cash provided by (used in)				
Operating activities				
Net earnings	\$ 9,079	\$ 156,554	\$ 183,656	\$ 348,036
Items not involving cash and other adjustments				
Depreciation, depletion and amortization	80,066	99,805	229,795	311,405
Share-based compensation	3,147	2,128	8,805	7,253
Foreign exchange loss (gain)	2,273	(7,743)	(7,295)	3,935
Finance costs	9,939	10,194	29,970	46,329
Recognition of deferred revenue (Note 10)	2,489	(13,314)	(23,797)	(39,234)
Deferred tax expense (recovery)	4,131	(4,087)	1,220	(28,536)
Earnings from equity investment in associate	(9,920)	(5,237)	(22,212)	(7,716)
Earnings from discontinued operations	-	-	-	(55,066)
Revaluation of derivative asset	5,137	(2,656)	9,090	(2,656)
Revaluation of marketable securities	(3,347)	-	(13,136)	-
Other	435	(885)	(735)	1,465
Reclamation payments	(2,203)	(427)	(6,549)	(1,593)
Other payments	(277)	(299)	(803)	(895)
Changes in long-term inventory	(17,279)	6,360	(16,300)	(7,694)
Changes in non-cash working capital items (Note 23)	57,255	9,127	60,422	98,389
	140,925	249,520	432,131	673,422
Investing activities				
Investment in mineral properties, plant and equipment	(173,730)	(117,346)	(517,654)	(280,939)
Interest received	8,501	3,881	18,389	7,834
Proceeds (purchase) from sale of marketable securities	-	(19,022)	35,446	(28,654)
Distributions (contributions) to associate	66	(4,398)	(5,819)	(8,878)
Cash flow from discontinued operations (Note 18)	-	-	-	1,179,746
Other	509	351	3,862	2,669
	(164,654)	(136,534)	(465,776)	871,778
Financing activities				
Interest paid	(127)	-	(7,715)	(33,060)
Dividends paid to shareholders	(16,922)	(17,776)	(50,555)	(50,703)
Proceeds from common shares issued	5,144	3,184	15,820	9,321
Distributions to non-controlling interests	-	-	-	(46,000)
Secured notes purchase and redemption (Note 9)	(10,000)	-	(15,808)	-
Other	1,233	2,160	(1,782)	(1,151)
	(20,672)	(12,432)	(60,040)	(121,593)
Effect of foreign exchange on cash balances	1,784	1,624	(3,457)	13,978
(Decrease) increase in cash and cash equivalents during the period	(42,617)	102,178	(97,142)	1,437,585
Cash and cash equivalents, beginning of period	1,512,513	2,050,718	1,567,038	715,311
Cash and cash equivalents, end of period	\$ 1,469,896	\$ 2,152,896	\$ 1,469,896	\$ 2,152,896

Supplemental cash flow information (Note 23)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

1. NATURE OF OPERATIONS

Lundin Mining Corporation (the "Company") is a diversified Canadian base metals mining company primarily producing copper, nickel and zinc. The Company's wholly-owned operating assets include the Eagle mine located in the United States of America ("USA"), the Neves-Corvo mine located in Portugal and the Zinkgruvan mine located in Sweden. The Company also owns 80% of the Candelaria and Ojos del Salado mining complex ("Candelaria") located in Chile, and holds an indirect 24% equity interest in the Freeport Cobalt Oy business, which includes a cobalt refinery located in Kokkola, Finland.

The Company's common shares are listed on the Toronto Stock Exchange in Canada and the Nasdaq Stockholm Exchange in Sweden. The Company is incorporated under the Canada Business Corporations Act. The Company is domiciled in Canada and its registered address is 150 King Street West, Toronto, Ontario, Canada.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of presentation and measurement

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting including IAS 34 *Interim financial reporting*. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which have been measured at fair value.

The Company's presentation currency is United States ("US") dollars. Reference herein of \$ or USD is to US dollars, C\$ is to Canadian dollars, SEK is to Swedish krona, € refers to the Euro and CLP refers to the Chilean peso.

Balance sheet items are classified as current if receipt or payment is due within twelve months. Otherwise, they are presented as non-current.

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on October 24, 2018.

(ii) Critical accounting estimates and judgments in applying the entity's accounting policies

Areas of judgment that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2017 except for the following critical accounting judgements which were made by the Company on adopting *IFRS 15* on January 1, 2018.

IFRS 15, Revenue from Contracts with Customers – Management exercised judgment in applying *IFRS 15* accounting standards to certain contracts with customers.

To determine the transaction price for streaming agreements, the Company made estimates with respect to interest rates implicit in the agreements, future production of the life of mine and Mineral Resources and Reserves ("R&R") quantities to adjust the consideration for the effects of the time value of money. These estimates are subject to variability and may have an impact on the timing and amount of revenue recognized.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

The Company exercised judgment in the identification of performance obligations under its contracts and the allocation of the transaction price thereto. Specifically, the Company considered the following in determining the contract's relevant performance obligations and the respective allocation of the transaction price to each of the performance obligations (i) the customer's rights to the interest in R&R, (ii) the customer's ability to benefit from this interest through the extraction services provided by the Company and (iii) the Company's role as an agent to provide refined metal through a third party refinery.

(iii) Significant accounting policies

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2017 except for those noted below.

(a) IFRS 15, Revenue from Contracts with Customers

The Company adopted *IFRS 15* effective January 1, 2018. The Company has applied *IFRS 15* on a retrospective basis such that the cumulative effect of initially applying this standard is recognized at the date of initial application (Note 24). Comparative information has not been restated and is accounted for under *IAS 18 Revenue*.

Revenue from contracts with customers is recognized when a customer obtains control of the promised asset and the Company satisfies its performance obligation. Revenue is allocated to each performance obligation. The Company considers the terms of the contract in determining the transaction price. The transaction price is based upon the amount the entity expects to be entitled to in exchange for the transferring of promised goods. The Company earns revenue from contracts with customers related to its concentrate sales and its gold and silver streaming arrangements.

The Company satisfies its performance obligations for its concentrate sales based upon specified contract terms which are generally upon shipment or upon delivery. Revenue from concentrate sales is recorded based upon forward market prices of the expected final sales price date. The Company typically receives payment within one to four weeks of shipment arrival.

The Company has concluded that there were no significant changes in the accounting for concentrate sales as a result of the transition to *IFRS 15*.

Deferred revenue arises from up-front payments received by the Company in consideration for future commitments as specified in its various streaming arrangements. The accounting for streaming arrangements is dependent on the facts and terms of each of the arrangements. Revenue from streaming arrangements are recognized when the customer obtains control of the gold and/or silver metal and the Company has satisfied its performance obligations.

The Company identified significant financing components related to its streaming arrangements resulting from difference in the timing of the up-front consideration received and the promised goods delivered. Interest expense on deferred revenue is recognized in finance costs. The interest rate is determined based on the rate implicit in each streaming agreement at the date of inception. On transition to *IFRS 15*, the impact of the recognition of the financing component is described in Note 24.

The initial consideration received from the streaming arrangements is considered variable, subject to changes in the total gold and silver ounces to be delivered. Changes to variable consideration are reflected in revenue in the consolidated statement of earnings.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

(b) IFRS 9, Financial Instruments

The Company adopted *IFRS 9* effective January 1, 2018. The Company has applied *IFRS 9* on a retrospective basis and was not required to restate prior periods. The Company recognized the difference between the previous carrying amount and the carrying amount at the date of initial application of *IFRS 9* in the opening retained earnings (deficit) (Note 24).

Financial instruments are recognized on the consolidated balance sheet on the trade date, the date on which the Company becomes a party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the following categories:

Financial Assets at Amortized Cost – Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Company's loans and receivables, which are not provisionally priced, consist of fixed or determined cash flows related solely to principal and interest amounts. The Company's intent is to hold these receivables until cash flows are collected. Loans and receivables are recognized initially at fair value, net of any transaction costs incurred and subsequently measured at amortized cost using the effective interest method. The Company recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost.

Financial Assets at Fair Value through Profit or Loss ("FVTPL") – Financial assets measured at FVTPL are assets which do not qualify as financial assets at amortized cost or at fair value through other comprehensive income.

Provisionally priced trade receivables, are considered embedded derivatives as some or all of the cash flows are dependent on commodity prices. Trade receivables with embedded derivatives are initially measured at their transaction price. Subsequent changes to provisionally priced trade receivables are recorded in the consolidated statement of earnings as revenue from other sources.

Foreign currency options, marketable securities and contingent assets are classified as FVTPL. These financial assets are initially recognized at their fair value with changes to fair values recognized in the consolidated statement of earnings.

Financial Liabilities at Amortized Cost – Financial liabilities are measured at amortized cost using the effective interest method, unless they are required to be measured at FVTPL, or the Company has opted to measure them at FVTPL. Bank debt and long-term debt are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Financial Liabilities at FVTPL – Financial liabilities at FVTPL are liabilities which include embedded derivatives and cannot be classified as amortized cost. Cash flows from the Company's derivative liability incorporate metal prices and volatility. Financial liabilities at FVTPL are initially recognized at fair value with changes to fair values recognized in the consolidated statement of earnings.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership. Gains and losses on derecognition are generally recognized in the consolidated statement of earnings.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of earnings.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

(iv) New accounting pronouncements

In 2016, the IASB issued *IFRS 16 Leases*, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with early adoption permitted. The Company is in the process of implementing this new standard and plans to adopt the standard on January 1, 2019. Preliminary review of leases commenced in 2017 with further analysis and quantification of impacts performed throughout 2018. Implementation of *IFRS 16* is expected to increase plant and equipment, related debt amounts and corresponding depreciation and finance cost expenses. Additionally, the Company expects production costs to decrease.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	September 30, 2018	December 31, 2017
Cash	\$ 1,140,730	\$ 975,870
Short-term deposits	329,166	591,168
	\$ 1,469,896	\$ 1,567,038

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	September 30, 2018	December 31, 2017
Trade receivables	\$ 201,351	\$ 308,130
Prepaid expenses	55,161	61,526
Value added tax	25,036	28,659
Other receivables	16,985	27,356
	\$ 298,533	\$ 425,671

5. INVENTORIES

Inventories are comprised of the following:

	September 30, 2018	December 31, 2017
Ore stockpiles	\$ 56,528	\$ 67,356
Concentrate stockpiles	34,546	37,538
Materials and supplies	100,310	87,464
	\$ 191,384	\$ 192,358

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

6. OTHER NON-CURRENT ASSETS

Other non-current assets comprise the following:

	September 30, 2018	December 31, 2017
Derivative asset	\$ 24,261	\$ 33,351
Marketable securities	20,068	43,142
Other	5,836	7,207
	\$ 50,165	\$ 83,700

During the first quarter of 2018, the Company received cash proceeds of \$35.5 million from the sale of marketable securities.

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

Mineral properties, plant and equipment are comprised of the following:

Cost	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2016	\$ 3,089,372	\$ 2,036,681	\$ 154,057	\$ 5,280,110
Additions	104,346	16,834	189,638	310,818
Disposals and transfers	(68,907)	(14,619)	(30,118)	(113,644)
Effects of foreign exchange	160,511	74,643	5,959	241,113
As at September 30, 2017	3,285,322	2,113,539	319,536	5,718,397
Additions	57,770	(14,471)	136,356	179,655
Disposals and transfers	9,019	27,960	(53,848)	(16,869)
Effects of foreign exchange	6,950	6,563	773	14,286
As at December 31, 2017	3,359,061	2,133,591	402,817	5,895,469
Additions	229,191	13,922	281,973	525,086
Disposals and transfers	13,038	230,375	(333,227)	(89,814)
Effects of foreign exchange	(71,039)	(30,542)	(5,257)	(106,838)
As at September 30, 2018	\$ 3,530,251	\$ 2,347,346	\$ 346,306	\$ 6,223,903

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

Accumulated depreciation, depletion and amortization	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2016	\$ 1,408,507	\$ 692,003	\$ -	\$ 2,100,510
Depreciation	161,837	145,179	-	307,016
Disposals and transfers	(71,505)	(36,908)	-	(108,413)
Effects of foreign exchange	96,367	40,473	-	136,840
As at September 30, 2017	1,595,206	840,747	-	2,435,953
Depreciation	37,172	39,669	-	76,841
Disposals and transfers	-	(14,580)	-	(14,580)
Effects of foreign exchange	4,735	4,054	-	8,789
As at December 31, 2017	1,637,113	869,890	-	2,507,003
Depreciation	99,419	118,248	-	217,667
Disposals and transfers	-	(88,220)	-	(88,220)
Effects of foreign exchange	(44,510)	(17,065)	-	(61,575)
As at September 30, 2018	\$ 1,692,022	\$ 882,853	\$ -	\$ 2,574,875

Net book value	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2017	\$ 1,721,948	\$ 1,263,701	\$ 402,817	\$ 3,388,466
As at September 30, 2018	\$ 1,838,229	\$ 1,464,493	\$ 346,306	\$ 3,649,028

During the three and nine months ended September 30, 2018, the Company capitalized \$62.6 million (2017 - \$36.0 million) and \$152.2 million (2017 - \$83.3 million), respectively, of deferred stripping costs to mineral properties. Included in the mineral properties balance as at September 30, 2018 is \$494.7 million (December 31, 2017 - \$342.5 million) which is currently non-depreciable.

During the three and nine months ended September 30, 2018, the Company capitalized \$2.1 million (2017 - \$3.0 million) and \$12.4 million (2017 - \$8.3 million) respectively, of borrowing costs, at a weighted average interest rate of 6.5%.

During 2017, the Company disposed of the Galmoy assets and liabilities. The net carrying amount of the plant and equipment was \$3.8 million.

8. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	September 30, 2018	December 31, 2017
Trade payables	\$ 152,408	\$ 160,067
Unbilled goods and services	83,491	80,582
Employee benefits payable	62,319	60,643
Royalty payable	16,651	8,258
Interest payable	14,411	5,906
Prepayment from customer	1,021	19,204
	\$ 330,301	\$ 334,660

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

9. LONG-TERM DEBT AND FINANCE LEASES

Long-term debt and finance leases are comprised of the following:

	September 30, 2018	December 31, 2017
Senior secured notes (a) (Note 25)	\$ 423,567	\$ 438,373
Line of credit (b)	6,611	8,305
Finance lease obligations	2,357	3,268
	432,535	449,946
Less: current portion	3,139	3,431
	\$ 429,396	\$ 446,515

- a) During the second quarter of 2018, the Company completed an offer to purchase any and all of its \$450 million 7.875% senior secured Notes (the "Notes"). This offer was made pursuant to the Notes Indenture. The principal balance of the Notes outstanding as at September 30, 2018 is \$439.2 million (December 31, 2017 - \$445 million).
- b) Sociedade Mineira de Neves-Corvo, S.A. ("Somincor"), a subsidiary of the Company which owns the Neves-Corvo mine, has a line of credit for equipment financing. The \$28.9 million (€25 million) line of credit bears interest at EURIBOR plus 0.84%. The program matures in December 2019.

10. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

As at December 31, 2016	\$ 559,943
Recognition of revenue	(39,234)
Effects of foreign exchange	3,595
As at September 30, 2017	524,304
Recognition of revenue	(10,341)
Effects of foreign exchange	(204)
As at December 31, 2017	513,759
<i>IFRS 15</i> transition adjustment (Note 24)	85,978
As at January 1, 2018	599,737
Recognition of revenue	(39,104)
Variable consideration adjustment	15,307
Finance costs	24,233
Effects of foreign exchange	(4,195)
As at September 30, 2018	595,978
Less: current portion	60,079
Long-term portion	\$ 535,899

Consideration from the Company's stream agreements is considered variable. Gold and silver revenue can be subject to cumulative adjustments when the numbers of ounces to be delivered under the contract changes. During the three months ended September 30, 2018, the Company recognized an adjustment to gold and silver revenue and finance costs due to an increase in the Company's R&R estimates.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

11. SHARE CAPITAL

a) Basic and diluted weighted average number of shares

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Basic weighted average number of shares outstanding	732,297,368	727,237,280	731,136,149	726,722,669
Effect of dilutive securities	1,614,563	3,153,100	2,096,968	2,657,762
Diluted weighted average number of shares outstanding	733,911,931	730,390,380	733,233,117	729,380,431
Antidilutive restricted share units ("SU")	103,000	29,000	800,400	1,178,490

The effect of dilutive securities relates to in-the-money outstanding stock options and SUs. Antidilutive SUs could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share.

b) Stock options and SUs granted

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Stock options	170,000	76,800	3,140,800	4,406,090
SUs	59,000	29,000	870,800	1,209,190

c) Dividends

During the three and nine months ended September 30, 2018, the Company declared dividends in the amount of \$16.8 million (2017 - \$17.5 million) and \$51.4 million (2017 - \$50.0 million), respectively, or C\$0.03 per share (2017 - C\$0.03) in each quarter.

12. REVENUE

	Three months ended		Nine months ended	
	September 30, 2018		September 30, 2018	
Revenue from contracts with customers	\$	423,458	\$	1,395,018
Revenue from other sources				
Provisional pricing adjustments on concentrate sales		(43,749)		(77,170)
	\$	379,709	\$	1,317,848

Revenue from contracts with customers for the three and nine months ended September 30, 2018 includes a reversal of \$15.3 million due to a variable consideration adjustment (Note 10).

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

The Company's analysis of segment sales by product is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Copper	\$ 264,366	\$ 415,492	\$ 848,915	\$ 1,043,512
Zinc	55,297	88,561	215,917	222,522
Nickel	28,503	38,184	122,287	99,809
Gold	9,402	29,676	53,545	85,044
Lead	12,861	13,537	39,260	45,948
Silver	4,808	9,895	20,707	26,574
Other	4,472	6,393	17,217	20,808
	\$ 379,709	\$ 601,738	\$ 1,317,848	\$ 1,544,217

The Company's geographical analysis of segment sales based on the destination of product is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Europe	\$ 204,373	\$ 237,215	\$ 700,126	\$ 642,856
Asia	114,521	279,975	406,460	656,521
North America	41,948	50,673	152,022	152,090
South America	18,867	33,875	59,240	92,750
	\$ 379,709	\$ 601,738	\$ 1,317,848	\$ 1,544,217

13. PRODUCTION COSTS

The Company's production costs are comprised of the following:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Direct mine and mill costs	\$ 216,564	\$ 220,558	\$ 656,910	\$ 600,660
Transportation	17,312	17,341	48,865	52,752
Royalties	6,164	3,482	17,719	11,549
	\$ 240,040	\$ 241,381	723,494	664,961

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

14. EMPLOYEE BENEFITS

The Company's employee benefits are comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Production costs				
Wages and benefits	\$ 63,561	\$ 69,244	\$ 204,683	\$ 176,878
Pension benefits	192	301	733	897
Share-based compensation	738	570	2,531	2,036
	64,491	70,115	207,947	179,811
General and administrative expenses				
Wages and benefits	9,226	4,561	20,591	12,773
Pension benefits	169	148	714	623
Share-based compensation	2,302	1,635	6,054	4,911
	11,697	6,344	27,359	18,307
General exploration and business development				
Wages and benefits	2,169	2,386	6,113	6,647
Pension benefits	14	13	41	35
Share-based compensation	107	41	220	306
	2,290	2,440	6,374	6,988
Total employee benefits	\$ 78,478	\$ 78,899	\$ 241,680	\$ 205,106

15. FINANCE INCOME AND COSTS

The Company's finance income and costs are comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Interest income	\$ 8,126	\$ 5,465	\$ 18,509	\$ 16,284
(Loss) gain on currency options	(72)	2,365	(1,763)	2,386
Accretion expense on reclamation provisions	(1,572)	(1,550)	(4,538)	(4,340)
Interest expense and bank fees	(16,670)	(17,688)	(41,995)	(54,241)
Other	249	1,214	(183)	448
Total finance costs	\$ (9,939)	\$ (10,194)	\$ (29,970)	\$ (39,463)
Finance income	\$ 8,126	\$ 9,044	\$ 18,509	\$ 19,118
Finance costs	(18,065)	(19,238)	(48,479)	(58,581)
Total finance costs, net	\$ (9,939)	\$ (10,194)	\$ (29,970)	\$ (39,463)

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

16. OTHER INCOME AND EXPENSES

The Company's other income and expenses are comprised of the following:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Revaluation of marketable securities	3,347	-	13,136	-
Foreign exchange gain (loss)	2,735	(4,325)	8,712	(17,154)
(Loss) gain on sale of assets	(508)	3,494	64	(400)
Revaluation of derivative asset	(5,137)	2,656	(9,090)	2,656
Other	323	(652)	477	(248)
Total other income (expenses)	\$ 760	\$ 1,173	\$ 13,299	\$ (15,146)

During 2017, the Company reclassified \$6.0 million previously recorded in accumulated other comprehensive loss to foreign exchange loss on the disposal of the Galmoy assets.

17. INCOME TAXES

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

18. EARNINGS FROM DISCONTINUED OPERATIONS

On April 19, 2017, the Company completed the sale of its indirect interest in TF Holdings Limited ("TF Holdings") to an affiliate of BHR Partners ("BHR") for \$1.136 billion in cash and contingent consideration. The Company's effective 24% interest in the Tenke Fungurume mine was held through its 30% indirect interest in TF Holdings.

Earnings from discontinued operations related to Tenke Fungurume is comprised of the following:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Impairment reversals	\$ -	\$ -	\$ -	\$ 21,922
Share of equity income	-	-	-	30,347
Gain on disposal	-	-	-	2,797
Earnings from discontinued operations	\$ -	\$ -	\$ -	\$ 55,066

Cash flows from the sale of discontinued operations and distributions from discontinued operations for the three and nine months ended September 30, 2018 were nil (2017 - nil and \$1,179.7 million, respectively).

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

19. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company's financial assets and financial liabilities have been classified into categories that determine their basis of measurement. The following table shows the carrying values, fair values and fair value hierarchy of the Company's financial instruments as at September 30, 2018 and December 31, 2017:

	Level	September 30, 2018		December 31, 2017	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Fair value through profit or loss					
Restricted cash	1	\$ 43,505	\$ 43,505	\$ 44,848	\$ 44,848
Trade receivables (provisional)	2	238,250	238,250	285,385	285,385
Marketable securities	1	20,068	20,068	3,425	3,425
Derivative asset	2	24,261	24,261	33,351	33,351
Currency options	2	601	601	5,318	5,318
		\$ 326,685	\$ 326,685	\$ 372,327	\$ 372,327
Available for sale					
Marketable securities	1	\$ -	\$ -	\$ 39,717	\$ 39,717
Financial liabilities					
Amortized cost					
Long-term debt and finance leases	1,2	\$ 432,535	\$ 462,047	\$ 449,946	\$ 489,605
Fair value through profit or loss					
Derivative liability	2	\$ 8,900	\$ 8,900	\$ 8,900	\$ 8,900

Fair values of financial instruments are determined by valuation methods depending on hierarchy levels as defined below:

Level 1 – Quoted market price in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted market prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. observed prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities are not based on observable market data.

The Company calculates fair values based on the following methods of valuation and assumptions:

Trade receivables – The fair value of the embedded derivatives on provisional sales are valued using quoted market prices based on the forward London Metals Exchange price. The Company recognized negative pricing adjustments of \$43.7 million in revenue during the three months ended September 30, 2018 (2017 - \$38.5 million positive pricing adjustment) and negative pricing adjustments of \$77.2 million in revenue during the nine months ended September 30, 2018 (2017 - \$63.9 million positive pricing adjustment).

Marketable securities/restricted cash – The fair value of investments in shares is determined based on the quoted market price.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

Currency options – The fair value of the currency options are determined using a valuation model that incorporates such factors as the quoted market price, strike price, the volatility of CLP:USD foreign exchange rates and the expiry date.

Long-term debt – The fair value of long-term debt is determined using quoted market prices.

Finance leases – The fair value of the finance leases approximates carrying value as the interest rates are comparable to current market rates.

Derivative asset & liability – The fair value of these derivatives is determined using a valuation model that incorporates such factors as metals prices, metal price volatility and expiry date.

The carrying values of certain financial instruments maturing in the short-term approximate their fair values. These financial instruments include cash and cash equivalents, trade and other receivables, which are classified as loans and receivables, and trade and other payables which are classified as amortized cost.

20. COMMITMENTS AND CONTINGENCIES

a) The Company has the following capital commitments as at September 30, 2018:

2018	\$	165,567
2019		94,815
2020		27,155
2021		12,630
2022		1,099
Total	\$	301,266

b) The Company may be involved in legal proceedings arising in the ordinary course of business, including the actions described below. The potential amount of the liability with respect to such legal proceedings is not expected to materially affect the Company's financial position. The Company believes the claims to be without merit and accordingly has not accrued any amounts related to the below litigations. The Company intends to vigorously defend these claims.

i) In late May 2018, the Company became aware that the Portuguese Authority for Working Conditions ("ACT") had issued a number of criminal and administrative complaints against the Company's wholly-owned subsidiary Somincor and certain of Somincor's current and former management and directors in respect of certain labour actions involving mill personnel at the Neves-Corvo mine in December 2017 and March 2018. On June 5, 2018, Somincor filed an administrative appeal of the complaints with ACT on behalf of all respondents; a decision is pending and subject to further rights of judicial appeal. If the complaints are ultimately sustained, the estimated sanction would be fines up to a maximum aggregate amount, for all complaints, of approximately \$12 million (€10 million) and the result of any criminal proceedings.

ii) In early 2018, the Company was notified of claims alleging contamination to marine habitat as a result of vessel loading activities at the Punta Padrones port owned by Candelaria. The claims seek damages totaling approximately \$70 million. These proceedings are at a very early stage and it is not possible at this time for management to predict the outcome.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

c) During the third quarter of 2018, the Chilean Internal Revenue Service (“IRS”) issued a tax assessment of \$8.2 million (\$4.2 million in tax refunds and \$4.0 million in interest and penalties) as a result of the denial of a tax deduction related to interest expenses arising from an intercompany debt for the taxation years 2014 and 2015. Management considers the claims to be inconsistent with Chilean tax law and without merit and accordingly has filed an appeal with the Department of Administrative Tax Procedures of the IRS. No tax expense was accrued for this assessment as Management believes that it is probable that its original filing position will be sustained.

21. SEGMENTED INFORMATION

The Company is engaged in mining, exploration and development of mineral properties, primarily in Chile, USA, Portugal and Sweden. Operating segments are reported in a manner consistent with the internal reporting provided to executive management who act as the chief operating decision-maker. Executive management are responsible for allocating resources and assessing performance of the operating segments. Mining operations at Candelaria and Ojos are included in the Candelaria reporting segment.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

For the three months ended September 30, 2018

	Candelaria		Eagle		Neves-Corvo		Zinkgruvan		Other		Total	
	Chile		USA		Portugal		Sweden					
Revenue	\$	176,511	\$	59,084	\$	104,730	\$	39,384	\$	-	\$	379,709
Cost of goods sold												
Production costs		(119,243)		(30,476)		(70,039)		(19,501)		(781)		(240,040)
Depreciation, depletion and amortization		(43,700)		(15,267)		(15,352)		(5,369)		(378)		(80,066)
Gross profit		13,568		13,341		19,339		14,514		(1,159)		59,603
General and administrative expenses		-		-		-		-		(15,237)		(15,237)
General exploration and business development		(10,459)		(6,208)		(1,700)		(1,750)		(4,195)		(24,312)
Income from equity investment in associate		-		-		-		-		9,920		9,920
Finance (costs) income		(7,519)		732		1,318		(1,025)		(3,445)		(9,939)
Other income (expenses)		1,933		62		1,046		(150)		(2,131)		760
Income tax recovery (expense)		1,136		-		(2,090)		(1,870)		(8,892)		(11,716)
Net (loss) earnings	\$	(1,341)	\$	7,927	\$	17,913	\$	9,719	\$	(25,139)	\$	9,079
Capital expenditures	\$	125,440	\$	9,323	\$	31,446	\$	7,394	\$	127	\$	173,730

For the nine months ended September 30, 2018

	Candelaria		Eagle		Neves-Corvo		Zinkgruvan		Other		Total	
	Chile		USA		Portugal		Sweden					
Revenue	\$	638,338	\$	214,949	\$	313,204	\$	151,357	\$	-	\$	1,317,848
Cost of goods sold												
Production costs		(373,363)		(91,231)		(192,710)		(63,569)		(2,621)		(723,494)
Depreciation, depletion and amortization		(122,646)		(49,372)		(38,591)		(18,071)		(1,115)		(229,795)
Gross profit		142,329		74,346		81,903		69,717		(3,736)		364,559
General and administrative expenses		-		-		-		-		(39,253)		(39,253)
General exploration and business development		(32,091)		(16,360)		(3,576)		(5,038)		(8,097)		(65,162)
Income from equity investment in associate		-		-		-		-		22,212		22,212
Finance (costs) income		(19,684)		611		(574)		(2,936)		(7,387)		(29,970)
Other income (expenses)		4,576		118		3,744		5,952		(1,091)		13,299
Income tax expense		(11,725)		(7,780)		(22,731)		(15,272)		(24,521)		(82,029)
Net earnings (loss)	\$	83,405	\$	50,935	\$	58,766	\$	52,423	\$	(61,873)	\$	183,656
Capital expenditures	\$	344,799	\$	31,599	\$	107,702	\$	28,022	\$	5,532	\$	517,654

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

For the three months ended September 30, 2017

	Candelaria	Eagle	Neves-Corvo	Zinkgruvan	Tenke Fungurume	Other	Total
	Chile	USA	Portugal	Sweden	DRC		
Revenue	\$ 374,207	\$ 74,263	\$ 89,561	\$ 63,707	\$ -	\$ -	\$ 601,738
Cost of goods sold							
Production costs	(135,019)	(29,764)	(53,692)	(22,079)	-	(827)	(241,381)
Depreciation, depletion and amortization	(50,215)	(25,418)	(17,146)	(6,625)	-	(401)	(99,805)
Gross profit	188,973	19,081	18,723	35,003	-	(1,228)	260,552
General and administrative expenses	-	-	-	-	-	(9,666)	(9,666)
General exploration and business development	(13,077)	(4,895)	(1,885)	(1,851)	-	(1,754)	(23,462)
Income from equity investment in associate	-	-	-	-	-	5,237	5,237
Finance (costs) income	(553)	(262)	49	(164)	-	(9,264)	(10,194)
Other (expenses) income	(3,135)	109	(2,678)	(3,363)	-	10,240	1,173
Income tax (expense) recovery	(49,280)	-	(3,802)	(6,376)	-	(7,628)	(67,086)
Net earnings (loss) from continuing operations	122,928	14,033	10,407	23,249	-	(14,063)	156,554
Net earnings (loss)	\$ 122,928	\$ 14,033	\$ 10,407	\$ 23,249	\$ -	\$ (14,063)	\$ 156,554
Capital expenditures	\$ 80,430	\$ 12,507	\$ 15,999	\$ 8,118	\$ -	\$ 292	\$ 117,346

For the nine months ended September 30, 2017

	Candelaria	Eagle	Neves- Corvo	Zinkgruvan	Tenke Fungurume	Other	Total
	Chile	USA	Portugal	Sweden	DRC		
Revenue	\$ 920,288	\$ 210,976	\$ 245,648	\$ 167,305	\$ -	\$ -	\$ 1,544,217
Cost of goods sold							
Production costs	(359,412)	(94,871)	(148,329)	(60,720)	-	(1,629)	(664,961)
Depreciation, depletion and amortization	(150,467)	(89,858)	(52,424)	(17,243)	-	(1,413)	(311,405)
Gross profit	410,409	26,247	44,895	89,342	-	(3,042)	567,851
General and administrative expenses	-	-	-	-	-	(27,900)	(27,900)
General exploration and business development	(28,930)	(15,009)	(4,580)	(4,208)	-	(6,488)	(59,215)
Income from equity investment in associate	-	-	-	-	-	7,716	7,716
Finance (costs) income	(1,416)	(972)	6,580	(441)	-	(43,214)	(39,463)
Other (expenses) income	(3,963)	193	(13,413)	(7,432)	-	9,469	(15,146)
Income tax (expense) recovery	(99,543)	-	(3,141)	(16,671)	-	(21,518)	(140,873)
Net earnings (loss) from continuing operations	276,557	10,459	30,341	60,590	-	(84,977)	292,970
Income from discontinued operations	-	-	-	-	55,066	-	55,066
Net earnings (loss)	\$ 276,557	\$ 10,459	\$ 30,341	\$ 60,590	\$ 55,066	\$ (84,977)	\$ 348,036
Capital expenditures	\$ 184,884	\$ 27,733	\$ 37,150	\$ 30,740	\$ -	\$ 432	\$ 280,939

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

22. RELATED PARTY TRANSACTIONS

- a) **Transactions with associates** - The Company enters into transactions related to its investments in associates. These transactions are entered into in the normal course of business and on an arm's length basis (Note 18).
- b) **Key management personnel** - The Company has identified its directors and senior officers as its key management personnel. The employee benefits for key management personnel are as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Wages and salaries	\$ 1,392	\$ 1,666	\$ 5,449	\$ 5,024
Pension benefits	33	38	121	132
Share-based compensation	640	944	2,356	2,981
Post employment benefits	5,623	-	5,623	-
	\$ 7,688	\$ 2,648	\$ 13,549	\$ 8,137

- c) **Other related parties** - For the three and nine months ended September 30, 2018, the Company paid \$0.5 million (2017 - \$0.3 million) and \$1.7 million (2017 - \$1.0 million), respectively, to a charitable foundation directed by members of the Company's key management personnel to carry out social programs on behalf of the Company.

23. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Changes in non-cash working capital items consist of:				
Trade receivable, inventories and other current assets	\$ 87,786	\$ (84,042)	\$ 169,714	\$ (21,715)
Trade payable and other current liabilities	(30,531)	93,169	(109,292)	120,104
	\$ 57,255	\$ 9,127	\$ 60,422	\$ 98,389
Operating activities included the following cash payments:				
Income taxes paid	\$ 50,602	\$ 37,534	\$ 160,597	\$ 76,602

During the three and nine months ended September 30, 2018, total interest paid, including capitalized interest, was \$2.3 million (2017 - nil) and \$20.2 million (2017 - \$38.3 million). Total interest received for the three and nine months ended September 30, 2018 was \$7.9 million (2017 - \$3.9 million) and \$17.8 million (2017 - \$14.7 million), respectively.

24. IFRS 9 AND IFRS 15 TRANSITION ADJUSTMENTS

The Company has applied *IFRS 9* and *IFRS 15* retrospectively, with the cumulative effects of the standards recognized as an adjustment to the opening balance of deficit as of January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

On the adoption of *IFRS 15*, the Company recorded a change to opening January 1, 2018 deficit and deferred revenue balances. Adjustments are due to a change in the transaction price for the Company's streaming agreements as a result of the existence of significant financing components.

For the nine months ended September 30, 2018, the Company recognized finance costs at a weighted average rate of 5.2% on the deferred revenue balances. The Company also made an adjustment to deferred revenue recognition for the inclusion of a significant financing component in the transaction price.

The adoption of *IFRS 15* did not have an impact on the timing of recognition of concentrate revenue.

IFRS 9 – Financial Instruments

On the adoption of *IFRS 9*, The Company recorded a change to its opening January 1, 2018 deficit and accumulated other comprehensive loss of \$10.1 million to reflect the impact of reclassifying marketable securities designated as Available for Sale (“AFS”) under *IAS 39* to Assets Measured at FVTPL under *IFRS 9*. Cumulative gains and losses previously recognized in other comprehensive income (“OCI”) on marketable securities which existed on January 1, 2018 have been reclassified to deficit.

The adoption of *IFRS 9* did not impact the carrying value of any financial asset or financial liability on the transition date. The table below outlines the change in classification of the Company's financial assets under *IAS 39* to *IFRS 9*:

	<i>IFRS 9</i>	<i>IAS 39</i>	
	New Classification	Original classification	Measurement model
Cash and cash equivalents	FVTPL	FVTPL	FVTPL
Restricted funds	FVTPL	FVTPL	FVTPL
Loans and receivables (except for the embedded derivatives)	Amortized cost	Loans and receivables	Amortized cost
Trade receivables (embedded derivatives)	FVTPL	FVTPL	FVTPL
Marketable securities	FVTPL	FVTPL	FVTPL
Marketable securities - AFS	FVTPL	AFS	Fair value through OCI
Derivative asset	FVTPL	FVTPL	FVTPL
Trade payables and accrued liabilities	Amortized cost	Loans and receivables	Amortized cost
Long-term debt and finance leases	Amortized cost	Loans and receivables	Amortized cost
Derivative liability	FVTPL	FVTPL	FVTPL
Other long-term liabilities	Amortized cost	Loans and receivables	Amortized cost

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

The following table shows the cumulative effect of the adoption of *IFRS 9* and *IFRS 15* on the consolidated balance sheet as of January 1, 2018:

Condensed Consolidated Balance Sheet	Balance at December 31, 2017	Adjustments due to <i>IFRS 9</i>	Adjustments due to <i>IFRS 15</i>	Balance at January 1, 2018
LIABILITIES				
Current portion of deferred revenue	\$ 42,258	-	22,184	\$ 64,442
Deferred revenue	\$ 471,501	-	63,794	\$ 535,295
Deferred tax liabilities	\$ 407,527	-	(9,117)	\$ 398,410
EQUITY				
Accumulated other comprehensive loss	\$ (196,657)	(10,055)	176	\$ (206,536)
Deficit	\$ (336,353)	10,055	(77,037)	\$ (403,335)

The following table shows the effect of the adoption of *IFRS 9* and *IFRS 15* on the condensed interim consolidated balance sheet as of September 30, 2018:

Condensed Interim Consolidated Balance Sheet	September 30, 2018			
	Reported	Impact of adoption of <i>IFRS 9</i>	Impact of adoption of <i>IFRS 15</i>	Balance without adoption of <i>IFRS 9</i> and <i>15</i>
ASSETS				
Mineral properties, plant and equipment	\$ 3,649,028	-	(3,095)	\$ 3,652,123
LIABILITIES				
Current portion of deferred revenue	\$ 60,079	-	24,060	\$ 36,019
Deferred revenue	\$ 535,899	-	83,489	\$ 452,410
Deferred tax liabilities	\$ 391,367	-	(8,775)	\$ 400,142
EQUITY				
Accumulated other comprehensive loss	\$ (248,843)	(6,772)	1,772	\$ (243,843)
Deficit	\$ (287,635)	6,772	(103,641)	\$ (190,766)

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

The following table shows the effect of the adoption *IFRS 9* and *IFRS 15* on the condensed interim consolidated statement of earnings for the three and nine months ended September 30, 2018:

Interim Consolidated Statement of Earnings	Three months ended September 30, 2018			
	Reported	Impact of adoption of <i>IFRS 9</i>	Impact of adoption of <i>IFRS 15</i>	Balance without adoption of <i>IFRS 9</i> and <i>IFRS 15</i>
Revenue	\$ 379,709	-	(8,881)	\$ 388,590
Production costs	(240,040)	-	-	(240,040)
Depreciation, depletion and amortization	(80,066)	-	-	(80,066)
Gross profit	59,603	-	(8,881)	68,484
General and administrative expenses	(15,237)	-	-	(15,237)
General exploration and business development	(24,312)	-	-	(24,312)
Income from equity investment in associate	9,920	-	-	9,920
Finance income	8,126	-	-	8,126
Finance costs	(18,065)	-	(9,419)	(8,646)
Other income	760	3,699	-	(2,939)
Earnings before income taxes	20,795	3,699	(18,300)	35,396
Current tax expense	(7,585)	-	-	(7,585)
Deferred tax recovery	(4,131)	-	13	(4,144)
Net earnings	\$ 9,079	3,699	(18,287)	\$ 23,667

Interim Consolidated Statement of Earnings	Nine months ended September 30, 2018			
	Reported	Impact of adoption of <i>IFRS 9</i>	Impact of adoption of <i>IFRS 15</i>	Balance without adoption of <i>IFRS 9</i> and <i>IFRS 15</i>
Revenue	\$ 1,317,848	-	517	\$ 1,317,331
Cost of goods sold				
Production costs	(723,494)	-	-	(723,494)
Depreciation, depletion and amortization	(229,795)	-	-	(229,795)
Gross profit	364,559	-	517	364,042
General and administrative expenses	(39,253)	-	-	(39,253)
General exploration and business development	(65,162)	-	-	(65,162)
Income from equity investment in associate	22,212	-	-	22,212
Finance income	18,509	-	-	18,509
Finance costs	(48,479)	-	(27,326)	(21,153)
Other income	13,299	(3,283)	-	16,582
Earnings before income taxes	265,685	(3,283)	(26,809)	295,777
Current tax expense	(80,809)	-	-	(80,809)
Deferred tax recovery	(1,220)	-	205	(1,425)
Net earnings	\$ 183,656	(3,283)	(26,604)	\$ 213,543

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

The following table shows the effect of the adoption *IFRS 9* and *IFRS 15* on the condensed interim consolidated statement of comprehensive income for the three and nine months ended September 30, 2018:

Interim Consolidated Statement of Comprehensive Income	Three months ended September 30, 2018			
	Reported	Impact of adoption of <i>IFRS 9</i>	Impact of adoption of <i>IFRS 15</i>	Balance without adoption of <i>IFRS 9</i> and <i>IFRS 15</i>
Net earnings	\$ 9,079	3,699	(18,287)	\$ 23,667
Other comprehensive income, net of taxes				
Item that may be reclassified subsequently to net				
Unrealized gain on marketable securities	-	(3,448)	-	3,448
Effects of foreign exchange	(4,361)	(251)	1,561	(5,671)
Other comprehensive loss	(4,361)	(3,699)	1,561	(2,223)
Total comprehensive income	\$ 4,718	-	(16,726)	\$ 21,444
Comprehensive income attributable to:				
Lundin Mining Corporate shareholders	\$ 2,668	-	(16,726)	19,394
Non-controlling interests	2,050	-	-	2,050
Total comprehensive income	\$ 4,718	-	(16,726)	\$ 21,444
Interim Consolidated Statement of Comprehensive Income	Nine months ended September 30, 2018			
	Reported	Impact of adoption of <i>IFRS 9</i>	Impact of adoption of <i>IFRS 15</i>	Balance without adoption of <i>IFRS 9</i> and <i>IFRS 15</i>
Net earnings	\$ 183,656	(3,283)	(26,604)	\$ 213,543
Other comprehensive income, net of taxes				
Item that may be reclassified subsequently to net				
Unrealized gain on marketable securities	-	(7,906)	-	7,906
Effects of foreign exchange	(42,307)	203	1,772	(44,282)
Item reclassified to net earnings:				
Realized gain on marketable securities	-	10,986	-	(10,986)
Other comprehensive loss	(42,307)	3,283	1,772	(47,362)
Total comprehensive income	\$ 141,349	-	(24,832)	\$ 166,181
Comprehensive income attributable to:				
Lundin Mining Corporate shareholders	\$ 124,777	-	(24,832)	\$ 149,609
Non-controlling interests	16,572	-	-	16,572
Total comprehensive income	\$ 141,349	-	(24,832)	\$ 166,181

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2018

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

25. SUBSEQUENT EVENT

The Company issued a notice to redeem all of its 7.875% Senior Secured Notes due 2022 (the “Notes”) on November 21, 2018 in accordance with the Notes Indenture. There is \$439.2 million principal amount of the Notes currently outstanding. Additionally, on October 19, 2018, the Company executed an amending agreement to its revolving credit facility (the “Facility”) that increases the Facility to \$550 million with a \$50 million accordion option, reduces the costs of borrowing and extends the term to October 2022, from June 2020.