

Condensed Interim Consolidated Financial Statements of

Lundin Mining Corporation

September 30, 2019
(Unaudited)

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

September 30, December 31,
2019 2018¹

(Unaudited - in thousands of US dollars)

ASSETS

Cash and cash equivalents (Note 4)	\$ 184,553	\$ 815,429
Trade and other receivables (Note 5)	318,061	384,332
Income taxes receivable	47,056	75,602
Inventories (Note 6)	212,432	160,993
Other current assets (Note 7)	41,098	7,242
Total current assets	803,200	1,443,598
Restricted cash	46,054	44,424
Long-term inventory (Note 6)	527,742	241,545
Other non-current assets (Note 8)	9,084	34,644
Mineral properties, plant and equipment (Note 9)	5,001,918	3,829,345
Investment in associate (Note 10)	109,698	136,943
Deferred tax assets	105,492	94,472
Goodwill (Note 12)	239,073	109,794
	6,039,061	4,491,167
Total assets	\$ 6,842,261	\$ 5,934,765

LIABILITIES

Trade and other payables (Note 13)	\$ 367,964	\$ 380,016
Income taxes payable	69,325	42,971
Current portion of debt and lease liabilities (Note 14)	57,010	3,830
Current portion of deferred revenue (Note 15)	83,402	61,478
Current portion of reclamation and other closure provisions (Note 16)	3,368	6,604
Total current liabilities	581,069	494,899
Debt and lease liabilities (Note 14)	310,525	7,162
Deferred revenue (Note 15)	670,040	527,376
Reclamation and other closure provisions (Note 16)	383,062	292,086
Other long-term liabilities (Note 17)	80,131	3,406
Provision for pension obligations	9,619	11,068
Deferred tax liabilities	632,179	405,202
	2,085,556	1,246,300
Total liabilities	2,666,625	1,741,199

SHAREHOLDERS' EQUITY

Share capital (Note 18)	4,187,890	4,177,660
Contributed surplus	47,829	49,424
Accumulated other comprehensive loss	(320,194)	(260,179)
Deficit	(256,442)	(275,759)
Equity attributable to Lundin Mining Corporation shareholders	3,659,083	3,691,146
Non-controlling interests	516,553	502,420
	4,175,636	4,193,566
	\$ 6,842,261	\$ 5,934,765

Commitments and contingencies (Note 26)

¹In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)), the comparatives for the 2018 reporting period have not been restated.

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 September 30,		Nine months ended September 30,	
	2019	2018 ¹	2019	2018 ¹
Revenue (Note 19)	\$ 538,715	\$ 379,709	\$ 1,324,350	\$ 1,317,848
Cost of goods sold				
Production costs (Note 20)	(293,899)	(240,040)	(754,807)	(723,494)
Depreciation, depletion and amortization	(116,203)	(80,066)	(274,600)	(229,795)
Gross profit	128,613	59,603	294,943	364,559
General and administrative expenses	(11,376)	(15,237)	(35,163)	(39,253)
General exploration and business development	(16,925)	(24,312)	(59,620)	(65,162)
Finance income (Note 22)	954	8,126	9,769	18,509
Finance costs (Note 22)	(19,829)	(18,065)	(37,050)	(48,479)
(Loss) income from equity investment in associate (Note 10)	(868)	9,920	(11,515)	22,212
Other (expense) income (Note 23)	(2,762)	760	(5,557)	13,299
Earnings before income taxes	77,807	20,795	155,807	265,685
Current tax expense (Note 24)	(29,046)	(7,585)	(60,438)	(80,809)
Deferred tax expense (Note 24)	(16,711)	(4,131)	(10,996)	(1,220)
Net earnings	\$ 32,050	\$ 9,079	\$ 84,373	\$ 183,656
Net earnings attributable to:				
Lundin Mining Corporation shareholders	\$ 26,367	\$ 7,029	\$ 70,240	\$ 167,084
Non-controlling interests	5,683	2,050	14,133	16,572
Net earnings	\$ 32,050	\$ 9,079	\$ 84,373	\$ 183,656
Basic and diluted earnings per share attributable to Lundin Mining Corporation shareholders	\$ 0.04	\$ 0.01	\$ 0.10	\$ 0.23
Weighted average number of shares outstanding (Note 18)				
Basic	735,149,783	732,297,368	735,447,121	731,136,149
Diluted	735,986,173	733,911,931	736,168,758	733,233,117

¹In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)), the comparatives for the 2018 reporting period have not been restated.

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LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(Unaudited - in thousands of US dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018 ¹	2019	2018 ¹
Net earnings	\$ 32,050	\$ 9,079	\$ 84,373	\$ 183,656
Other comprehensive loss, net of taxes				
Item that may be reclassified subsequently to net earnings:				
Effects of foreign exchange	(49,260)	(4,361)	(60,015)	(42,307)
Other comprehensive loss	(49,260)	(4,361)	(60,015)	(42,307)
Total comprehensive (loss) income	\$ (17,210)	\$ 4,718	\$ 24,358	\$ 141,349
Comprehensive (loss) income attributable to:				
Lundin Mining Corporation shareholders	\$ (22,893)	\$ 2,668	\$ 10,225	\$ 124,777
Non-controlling interests	5,683	2,050	14,133	16,572
Total comprehensive (loss) income	\$ (17,210)	\$ 4,718	\$ 24,358	\$ 141,349

¹In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)), the comparatives for the 2018 reporting period have not been restated.

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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, 2018 ¹	733,534,879	\$ 4,177,660	\$ 49,424	\$ (260,179)	\$ (275,759)	\$ 502,420	\$ 4,193,566
Exercise of share-based awards	3,591,185	21,376	(12,607)	-	-	-	8,769
Share-based compensation	-	-	11,012	-	-	-	11,012
Dividends declared (Note 18)	-	-	-	-	(49,757)	-	(49,757)
Share purchase (Note 18)	(2,585,756)	(11,146)	-	-	(1,166)	-	(12,312)
Net earnings	-	-	-	-	70,240	14,133	84,373
Other comprehensive loss	-	-	-	(60,015)	-	-	(60,015)
Total comprehensive (loss) income	-	-	-	(60,015)	70,240	14,133	24,358
Balance, September 30, 2019	734,540,308	\$ 4,187,890	\$ 47,829	\$ (320,194)	\$ (256,442)	\$ 516,553	\$ 4,175,636
Balance, December 31, 2017	728,418,632	\$ 4,152,469	\$ 48,926	\$ (196,657)	\$ (336,353)	\$ 482,830	\$ 4,151,215
<i>IFRS 9 & IFRS 15</i> adjustments	-	-	-	(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	-	-	-	-	(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 ¹	733,493,179	\$ 4,177,824	\$ 46,243	\$ (248,843)	\$ (287,635)	\$ 499,402	\$ 4,186,991

¹In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)), the comparatives for the 2018 reporting period have not been restated.

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)

Cash provided by (used in)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018 ¹	2019	2018 ¹
Operating activities				
Net earnings	\$ 32,050	\$ 9,079	\$ 84,373	\$ 183,656
Items not involving cash and other adjustments				
Depreciation, depletion and amortization	116,203	80,066	274,600	229,795
Share-based compensation	3,564	3,147	11,012	8,805
Foreign exchange (gain) loss	(12,378)	2,273	(13,241)	(7,295)
Finance costs	18,875	9,939	27,281	29,970
Recognition of deferred revenue	(9,873)	2,489	(35,208)	(23,797)
Deferred tax expense	16,711	4,131	10,996	1,220
Loss (income) from equity investment in associate (Note 10)	868	(9,920)	11,515	(22,212)
Revaluation of derivative asset and liabilities	15,741	5,137	15,379	9,090
Revaluation of marketable securities	777	(3,347)	196	(13,136)
Other	(3,836)	435	660	(735)
Reclamation payments	(1,808)	(2,203)	(8,175)	(6,549)
Other payments	(1,939)	(277)	(4,991)	(803)
Changes in long-term inventory	(19,944)	(17,279)	(30,326)	(16,300)
Changes in non-cash working capital items (Note 29)	(43,418)	57,255	34,131	60,422
	111,593	140,925	378,202	432,131
Investing activities				
Chapada Acquisition, net of cash acquired (Note 3)	(756,954)	-	(756,954)	-
Investment in mineral properties, plant and equipment	(164,950)	(173,730)	(525,664)	(517,654)
Interest received	1,287	8,501	9,208	18,389
(Purchase of) proceeds from marketable securities	-	-	(2,976)	35,446
Distributions from (contributions to) associate	-	66	15,730	(5,819)
Other	411	509	1,114	3,862
	(920,206)	(164,654)	(1,259,542)	(465,776)
Financing activities				
Interest paid	(5,032)	(127)	(7,453)	(7,715)
Dividends paid to shareholders	(16,620)	(16,922)	(49,681)	(50,555)
Proceeds from common shares issued	489	5,144	8,769	15,820
Principal payments of lease liabilities	(3,023)	-	(8,373)	-
Term loan repayment and notes redemption (Note 14)	(50,000)	(10,000)	(50,000)	(15,808)
Proceeds from credit facility (Note 14)	285,000	-	285,000	-
Proceeds from term loan and commercial paper (Note 14)	60,899	-	95,899	-
Share purchase (Note 18)	(5,818)	-	(12,312)	-
Other	-	1,233	-	(1,782)
	265,895	(20,672)	261,849	(60,040)
Effect of foreign exchange on cash balances	(7,797)	1,784	(11,385)	(3,457)
Decrease in cash and cash equivalents during the period	(550,515)	(42,617)	(630,876)	(97,142)
Cash and cash equivalents, beginning of period	735,068	1,512,513	815,429	1,567,038
Cash and cash equivalents, end of period	\$ 184,553	\$ 1,469,896	\$ 184,553	\$ 1,469,896

¹In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)), the comparatives for the 2018 reporting period have not been restated.

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, 2019

(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 Chapada mine located in Brazil, 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 ("Freeport Cobalt") (Note 10), which includes a cobalt refinery located in Kokkola, Finland.

The Company's common shares are listed on the Toronto Stock Exchange ("TSX") 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, 2018.

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, CLP refers to the Chilean peso and BRL refers to the Brazilian real.

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 23, 2019.

(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, 2018, except for those noted below.

The Company's acquisition of Mineração Maracá Indústria e Comércio S/A (Note 3), which owns the Chapada copper-gold mine ("Chapada"), requires each identified asset and liability to be measured at its acquisition date fair value. The excess, if any, of the fair value of consideration over the fair value of the identifiable net assets acquired and liabilities assumed is recognized in goodwill. The determination of fair values requires management to make assumptions and estimates about future events and judgements such as production profile, future metal prices and discount rates. Changes in these assumptions or estimates could affect the fair values assigned to assets acquired, liabilities assumed, and goodwill in the purchase price allocation.

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Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2019

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

(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, 2018 except for those noted below.

IFRS 16, Leases

The Company adopted *IFRS 16* effective January 1, 2019, using the modified retrospective approach. The comparatives for the 2018 reporting period have not been restated and are accounted for under *IAS 17, Leases*, and *IFRIC 4, Determining Whether an Arrangement Contains a Lease*, as permitted under the specific transitional provisions in the standard. The transitional adjustments arising from the adoption are recognized in the opening balance sheet on January 1, 2019 (Note 30).

At inception of a contract, the Company assesses whether the contract is, or contains a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. For these leases, the Company recognizes the lease payments as an expense in net earnings on a straight-line basis over the term of the lease.

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date.

The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, each operation's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;

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Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2019

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

- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for plant and equipment, from the commencement date to the earlier of the end of its useful life or the end of the lease term.

Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

On the consolidated balance sheet, right-of-use assets and lease liabilities are reported in mineral properties, plant and equipment and debt and lease liabilities, respectively.

3. BUSINESS COMBINATION

On July 5, 2019, the Company acquired 100% of Mineração Maracá Indústria e Comércio S/A ("Chapada Acquisition"), which owns the Chapada copper-gold mine located in Brazil from Yamana Gold Inc. ("Yamana"). The total cash consideration paid was \$783.1 million, consisting of an \$800 million base purchase price less \$16.9 million of working capital adjustments. In addition, Yamana retains a 2.0% net smelter return royalty on future gold production from the Suruca gold deposit ("NSR"), and will receive contingent consideration of \$100 million on potential construction of a pyrite roaster ("pyrite roaster") and up to \$25 million per year over the next five years if certain gold price thresholds are met (Note 26).

The purchase price is as follows:

Cash consideration	\$	783,057
Contingent consideration		69,261
Cash acquired		(26,103)
	\$	826,215

The fair value of the contingent consideration was calculated using a valuation method that incorporates such factors as metal prices, metal price volatility and expiry date. This liability has been recorded in other payables and long-term liabilities. The NSR and pyrite roaster were valued at nil.

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Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2019

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

Preliminary fair values of assets acquired and liabilities assumed

Trade and other receivables	\$	15,335
Inventories		37,905
Long-term inventory		236,605
Mineral properties, plant and equipment		920,328
Goodwill		134,133
Other assets		4,098
Total assets		1,348,404
Trade and other payables		53,920
Deferred revenue		175,360
Reclamation and other closure provisions		71,154
Deferred tax liabilities		209,449
Other liabilities		12,306
Total liabilities		522,189
Total assets acquired and liabilities assumed, net	\$	826,215

For the purpose of these financial statements, the purchase consideration has been allocated on a preliminary basis to the fair value of assets acquired and liabilities assumed based on management's best estimates and taking into consideration all available information at the time of the acquisition as well as information at the time these condensed interim consolidated financial statements were prepared. There may be adjustments to the estimated fair values of mineral properties, goodwill, and deferred tax liabilities as the valuation work is finalized, which is expected to be completed by the end of 2019.

Management primarily used a discounted cash flow model (net present value of expected future cash flows) to determine the fair value of the mineral interests, long-term inventory and deferred revenue incorporating expected future cash flows based on estimates of projected revenues, production costs, capital expenditures and production profile of the life of mine plan as at the acquisition date. Short-term inventory was valued based on assumed market price less cost to complete and a reasonable profit margin. Management used the depreciated replacement cost approach in determining the fair value of plant and equipment.

The excess of the purchase price over net identifiable assets acquired represents goodwill. The goodwill primarily reflects deferred tax liabilities due to the difference between the assigned fair values and the tax bases of assets acquired and liabilities assumed. Goodwill is not expected to be deductible for income tax purposes.

Acquisition related fees of \$2.5 million are recorded in the consolidated statement of earnings as a business development cost.

Revenue and net earnings contributed by Chapada since acquisition and included in the consolidated statement of earnings were \$114.9 million and \$4.7 million, respectively.

If Chapada had been consolidated from January 1, 2019, the consolidated statement of earnings for the nine months ended September 30, 2019 would show pro forma revenue of \$1,551 million and net earnings of \$125 million.

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Notes to condensed interim consolidated financial statements

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

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	September 30, 2019	December 31, 2018
Cash	\$ 157,644	\$ 679,619
Short-term deposits	26,909	135,810
	\$ 184,553	\$ 815,429

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	September 30, 2019	December 31, 2018
Trade receivables	\$ 237,394	\$ 251,010
Value added tax	38,047	34,467
Prepaid expenses	21,414	79,299
Other receivables	21,206	19,556
	\$ 318,061	\$ 384,332

Included in prepaid expenses is \$3.2 million (2018 - \$58.7 million) related to advance payment of mine equipment purchases.

6. INVENTORIES

Inventories are comprised of the following:

	September 30, 2019	December 31, 2018
Ore stockpiles	\$ 35,348	\$ 33,207
Concentrate stockpiles	54,110	23,776
Materials and supplies	122,974	104,010
	\$ 212,432	\$ 160,993

Long-term inventory is comprised of ore stockpiles. As at September 30, 2019, the Company had \$250.5 million and \$277.2 million of long-term ore stockpiles at Chapada and Candelaria, respectively.

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Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2019

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

7. OTHER CURRENT ASSETS

Other current assets are comprised of the following:

	September 30, 2019	December 31, 2018
Derivative asset	\$ 25,700	\$ -
Other	15,398	7,242
	\$ 41,098	\$ 7,242

The Company has recorded a derivative asset for the contingent consideration agreed upon under the terms of the TF Holdings Limited disposal in 2017, previously recorded in other non-current assets (Note 8).

8. OTHER NON-CURRENT ASSETS

Other non-current assets comprise the following:

	September 30, 2019	December 31, 2018
Marketable securities	\$ 5,494	\$ 2,756
Derivative asset	-	25,098
Other	3,590	6,790
	\$ 9,084	\$ 34,644

During the first quarter of 2019, the Company reclassified its derivative asset to other current assets (Note 7).

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Notes to condensed interim consolidated financial statements

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

9. 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, 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
Additions	112,196	(10,776)	181,574	282,994
Disposals and transfers	30,954	95,901	(176,244)	(49,389)
Effects of foreign exchange	(16,969)	(6,868)	(1,367)	(25,204)
As at December 31, 2018	3,656,432	2,425,603	350,269	6,432,304
IFRS 16 transition (Note 30)	-	32,837	-	32,837
As at January 1, 2019	3,656,432	2,458,440	350,269	6,465,141
Chapada Acquisition (Note 3)	655,377	248,199	16,752	920,328
Additions	195,118	9,152	386,010	590,280
Disposals and transfers	21,056	234,287	(257,984)	(2,641)
Effects of foreign exchange	(96,935)	(37,574)	(10,746)	(145,255)
As at September 30, 2019	\$ 4,431,048	\$ 2,912,504	\$ 484,301	\$ 7,827,853
Accumulated depreciation, depletion and amortization	Mineral properties	Plant and equipment	Assets under construction	Total
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
Depreciation	40,095	42,690	-	82,785
Disposals and transfers	(1,992)	(38,928)	-	(40,920)
Effects of foreign exchange	(10,364)	(3,417)	-	(13,781)
As at December 31, 2018	1,719,761	883,198	-	2,602,959
Depreciation	165,354	134,622	-	299,976
Disposals and transfers	-	(706)	-	(706)
Effects of foreign exchange	(57,378)	(18,916)	-	(76,294)
As at September 30, 2019	\$ 1,827,737	\$ 998,198	\$ -	\$ 2,825,935

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Net book value	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2018	\$ 1,936,671	\$ 1,542,405	\$ 350,269	\$ 3,829,345
As at January 1, 2019	\$ 1,936,671	\$ 1,575,242	\$ 350,269	\$ 3,862,182
As at September 30, 2019	\$ 2,603,311	\$ 1,914,306	\$ 484,301	\$ 5,001,918

During the quarter ended September 30, 2019, the Company completed the Chapada Acquisition acquiring \$920.3 million (Note 3) of mineral properties, plant and equipment.

The Company leases various assets including buildings, rail cars, vehicles, machinery and equipment. The following table summarizes the changes in right-of-use assets within plant and equipment:

Plant and equipment	Net book value
Leased assets as at December 31, 2018 reclassified as right-of-use assets as at January 1, 2019	\$ 10,425
<i>IFRS 16</i> transition (Note 30)	32,837
As at January 1, 2019	43,262
Additions	4,411
Depreciation	(8,612)
Effects of foreign exchange	(627)
As at September 30, 2019	\$ 38,434

The Company acts as lessee in certain leases that contain variable lease payment terms that are primarily based on usage of the right-of-use assets.

During the three and nine months ended September 30, 2019, the Company capitalized \$3.2 million (2018 - \$2.1 million) and \$8.3 million (2018 - \$12.4 million), respectively, of finance costs to assets under construction, at a weighted average interest rate of 5.0% (2018 - 6.5%).

During the three and nine months ended September 30, 2019, the Company capitalized \$24.6 million (2018 - \$62.6 million) and \$108.5 million (2018 - \$152.2 million), respectively, of deferred stripping costs to mineral properties. The depreciation expense related to deferred stripping for the three and nine months ended September 30, 2019 was \$52.3 million (2018 - \$5.9 million) and \$73.6 million (2018 - \$16.4 million), respectively. Included in the mineral properties balance is \$185.6 million (December 31, 2018 - \$555.3 million) related to deferred stripping at Candelaria and \$78.3 million (December 31, 2018 - \$56.5 million) related to underground development of the Zinc Expansion Project at the Neves-Corvo mine, which are currently non-depreciable.

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10. INVESTMENT IN ASSOCIATE

The following table summarizes the changes in the investment in associate:

As at December 31, 2017	\$	101,424
Contributions, net		5,819
Share of equity income		22,212
As at September 30, 2018		129,455
Distributions		(233)
Share of equity income		7,721
As at December 31, 2018		136,943
Distributions		(15,730)
Share of equity loss		(11,515)
As at September 30, 2019	\$	109,698

The Company has a 24% ownership interest in Freeport Cobalt, a cobalt refinery, and its related sales and marketing business. Freeport-McMoRan Inc. holds a 56% ownership interest and La Générale des Carrières et des Mines, a Democratic Republic of the Congo government-owned corporation, owns the remaining 20% interest in Freeport Cobalt.

On May 23, 2019, Freeport Cobalt entered into a definitive agreement to sell its cobalt refinery and related cobalt cathode precursor business to Umicore for cash consideration of approximately \$150 million, plus working capital at the time of close (“the Transaction”). The Company is entitled to receive 30% of the proceeds of the Transaction. The Company will continue to retain a 24% ownership in Freeport Cobalt’s fine powders, chemicals, catalyst, ceramics and pigments businesses.

The Transaction is subject to a separation of the Freeport Cobalt business, the receipt of required regulatory approvals, and other customary closing conditions. The transaction is expected to close before the end of 2019.

11. ASSET IMPAIRMENT

At each reporting period, the Company assesses whether there is an indication that an asset or group of assets may be impaired. When impairment indicators exist, the Company estimates the recoverable amount of the asset and compares it against the asset’s carrying amount.

Investment in Freeport Cobalt

During the second quarter of 2019, the Company identified an impairment indicator; specifically, the definitive agreement entered into by Freeport Cobalt to sell its cobalt refinery and related cobalt cathode precursor business (Note 10). The recoverable amount of the investment in Freeport Cobalt was determined based on its value in use.

The Company has calculated its value in use as the present value of the expected cash distributions from its investment, which includes the cash flows from the operations of Freeport Cobalt and the proceeds from the Transaction. The valuation is considered to be level 3 in the fair value hierarchy (Note 25).

The Company determined that the recoverable amount of its investment in Freeport Cobalt was higher than its carrying value, and therefore no impairment was recognized.

Sensitivity analysis was performed on the value in use calculation. A 1% change in the after-tax discount rate did not have a material impact on the result of the impairment assessment.

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12. GOODWILL

The Company recognized goodwill resulting from the acquisition of Neves-Corvo, Ojos del Salado (“Ojos”) and Chapada.

Goodwill is allocated to the following CGUs:

	Neves-Corvo	Ojos ¹	Chapada	Total
Balance at December 31, 2017	\$ 103,778	\$ 10,713	\$ -	\$ 114,491
Effects of foreign exchange	(3,605)	-	-	(3,605)
Balance at September 30, 2018	100,173	10,713	-	110,886
Effects of foreign exchange	(1,092)	-	-	(1,092)
Balance at December 31, 2018	99,081	10,713	-	109,794
Chapada Acquisition (Note 3)	-	-	134,133	134,133
Effects of foreign exchange	(4,854)	-	-	(4,854)
Balance at September 30, 2019	\$ 94,227	\$ 10,713	\$ 134,133	\$ 239,073

¹ Ojos is included in the Candelaria reporting segment.

13. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	September 30, 2019	December 31, 2018
Trade payables	\$ 182,750	\$ 228,608
Unbilled goods and services	75,116	81,813
Employee benefits payable	55,749	59,238
Chapada derivative liability (Note 26)	19,403	-
Royalty payable	11,854	162
Other	23,092	10,195
	\$ 367,964	\$ 380,016

As at September 30, 2019, the total Chapada derivative liability is \$85.2 million (2018 - nil). The current portion is \$19.4 million and the long-term portion is \$65.8 million (Note 17).

14. DEBT AND LEASE LIABILITIES

Debt and lease liabilities are comprised of the following:

	September 30, 2019	December 31, 2018
Credit facility (a)	\$ 282,961	\$ -
Term loan (b)	35,000	-
Commercial paper (c)	10,889	-
Lease liabilities (d)	38,685	-
Finance leases (Note 30)	-	10,992
Debt and lease liabilities	367,535	10,992
Less: current portion	57,010	3,830
Long-term portion	\$ 310,525	\$ 7,162

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The changes in long-term debt and leases are comprised of the following:

	Debt	Leases	Total
As at December 31, 2017	\$ 438,373	\$ 11,573	\$ 449,946
Additions	-	451	451
Financing fee amortization	1,002	-	1,002
Effects of foreign exchange	-	(439)	(439)
<i>Cashflow</i>			
Payments	(15,808)	(2,617)	(18,425)
As at September 30, 2018	423,567	8,968	432,535
Additions	-	3,190	3,190
Financing fee amortization/write-off	5,625	-	5,625
Effects of foreign exchange	-	(167)	(167)
<i>Cashflow</i>			
Payments	(429,192)	(999)	(430,191)
As at December 31, 2018	-	10,992	10,992
IFRS 16 transition adjustment	-	31,652	31,652
As at January 1, 2019	-	42,644	42,644
Additions	379,620	5,115	384,735
Interest	-	974	974
Financing fee amortization	42	-	42
Effects of foreign exchange	(812)	(701)	(1,513)
<i>Cashflow</i>			
Payments	(50,000)	(9,347)	(59,347)
As at September 30, 2019	328,850	38,685	367,535
Less: current portion	45,889	11,121	57,010
Long-term portion	\$ 282,961	\$ 27,564	\$ 310,525

- a) During the third quarter of 2019, the Company executed a third amended and restated credit agreement that increased its secured revolving credit facility to \$800.0 million (previously \$550.0 million) with a \$200.0 million accordion option, reduced the cost of borrowing, and extended the term to August 2023 (previously October 2022). The credit facility bears interest on drawn funds at rates of LIBOR +1.75% to LIBOR +2.75%, depending on the Company's net leverage ratio. The revolving credit facility is subject to customary covenants. Certain assets and shares of the Company's material subsidiaries are pledged as security for the credit facility. As at September 30, 2019, the Company had drawn \$285.0 million on the credit facility and had letters of credit totaling \$22.9 million (SEK 162.0 million and €5.9 million) (December 31, 2018 - \$24.8 million). Deferred financing fees of \$2.1 million have been netted against borrowings.
- b) During the third quarter of 2019, Candelaria repaid its unsecured fixed term loan in the amount of \$35.0 million, which it had acquired in the first quarter of 2019. In addition, in the third quarter, Candelaria obtained an additional unsecured fixed term loan in the amount of \$50.0 million with a new institution, of which \$15.0 million was subsequently repaid. The remaining term loan accrues interest at a rate of 2.2% per annum, with interest payable upon maturity on August 29, 2020.
- c) Sociedade Mineira de Neves-Corvo, S.A. ("Somincor"), a subsidiary of the Company which owns the Neves-Corvo mine, has a commercial paper program which matures in October 2021. The \$32.7 million (€30 million) program bears interest at EURIBOR + 0.84%. As at September 30, 2019, \$10.9 million had been drawn (December 31, 2018 - nil) under this program.

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- d) Lease liabilities relate to leases on buildings, rail cars, vehicles, machinery and equipment which have remaining lease terms of one to fifteen years and interest rates of 0.8% - 7.1% over the terms of the leases.

The schedule of undiscounted lease payment obligations is as follows:

Less than one year	\$	13,178
One to five years		24,691
More than five years		4,470
Total undiscounted lease liabilities as at September 30, 2019	\$	42,339
<hr/>		
Discounted lease liabilities as at September 30, 2019	\$	38,685
Less: current portion		11,121
Long-term portion	\$	27,564

15. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

As at December 31, 2017	\$	513,759
<i>IFRS 15</i> transition adjustment		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
Recognition of revenue		(14,022)
Finance costs		7,681
Effects of foreign exchange		(783)
As at December 31, 2018		588,854
Chapada Acquisition (Note 3)		175,360
Recognition of revenue		(42,269)
Variable consideration adjustment		9,862
Finance costs		25,319
Effects of foreign exchange		(3,684)
As at September 30, 2019		753,442
Less: current portion		83,402
Long-term portion	\$	670,040

Consideration from the Company's stream agreements are considered variable. Gold, silver and copper revenue can be subject to cumulative adjustments when the volume to be delivered under the contracts changes. The Company recognized an adjustment to gold and silver revenue and finance costs due to an increase in the Company's Mineral Resources and Mineral Reserves estimates for both 2018 and 2019.

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Chapada Acquisition

As part of the acquisition of Chapada (Note 3), the Company assumed the following streaming agreements from Yamana:

Sandstorm Gold Ltd. ("Sandstorm") is entitled to purchase 4.2% of the payable copper produced from Chapada up to a maximum of 3.9 million pounds ("Mlbs") annually at 30% of the market price. The percentage of payable copper is subject to two reduction thresholds. Once an aggregate of 39 Mlbs has been delivered, the percentage of payable copper reduces to 3.0%. Upon delivery of 50 Mlbs of copper, the percentage of payable copper reduces to 1.5% for the remaining life of mine. Approximately 14 Mlbs have been delivered under this agreement as of September 30, 2019.

Altius Minerals Corporation ("Altius") is entitled to purchase 3.7% of the payable copper produced from Chapada at 30% of the market price. The percentage of payable copper is subject to two reduction thresholds. In the event of a specified expansion at Chapada, the percentage of payable copper reduces to 2.65%. Also, upon delivery of 75 Mlbs of copper in aggregate, the percentage of payable copper reduces to 1.5% for the remaining life of mine. Approximately 14 Mlbs have been delivered under this agreement as of September 30, 2019.

16. RECLAMATION AND OTHER CLOSURE PROVISIONS

Reclamation and other closure provisions relating to the Company's mining operations are as follows:

	Reclamation provisions	Other closure provisions	Total
Balance, December 31, 2017	\$ 218,188	\$ 45,411	\$ 263,599
Accretion	4,538	-	4,538
Accruals for services	-	(671)	(671)
Changes in estimates	16,375	-	16,375
Payments	(6,549)	-	(6,549)
Effects of foreign exchange	(3,677)	483	(3,194)
Balance, September 30, 2018	228,875	45,223	274,098
Accretion	1,240	-	1,240
Accruals for services	-	5,530	5,530
Changes in estimates	22,631	-	22,631
Changes in discount rate	6,866	-	6,866
Payments	(5,285)	-	(5,285)
Effects of foreign exchange	(843)	(5,547)	(6,390)
Balance, December 31, 2018	253,484	45,206	298,690
Chapada Acquisition (Note 3)	71,154	-	71,154
Accretion	6,805	-	6,805
Accruals for services	-	(1,592)	(1,592)
Changes in estimates	(3,200)	-	(3,200)
Changes in discount rate	34,465	-	34,465
Payments	(8,175)	-	(8,175)
Effects of foreign exchange	(10,559)	(1,158)	(11,717)
Balance, September 30, 2019	343,974	42,456	386,430
Less: current portion	3,368	-	3,368
Long-term portion	\$ 340,606	\$ 42,456	\$ 383,062

The Company expects these liabilities to be settled between 2019 and 2051. The provisions are discounted using current market pre-tax discount rates which range from 0.0% to 7.2%.

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17. OTHER LONG-TERM LIABILITIES

Other long-term liabilities are comprised of the following:

	September 30, 2019	December 31, 2018
Chapada derivative liability (Note 26)	\$ 65,839	\$ -
Other	14,292	3,406
	\$ 80,131	\$ 3,406

As at September 30, 2019, the total Chapada derivative liability is \$85.2 million (2018 - nil). The current portion is \$19.4 million (Note 13) and the long-term portion is \$65.8 million.

18. SHARE CAPITAL

a) Basic and diluted weighted average number of shares outstanding

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Basic weighted average number of shares outstanding	735,149,783	732,297,368	735,447,121	731,136,149
Effect of dilutive securities	836,390	1,614,563	721,637	2,096,968
Diluted weighted average number of shares outstanding	735,986,173	733,911,931	736,168,758	733,233,117
Antidilutive securities	3,501,500	103,000	4,469,000	800,400

The effect of dilutive securities relates to in-the-money outstanding stock options and share units ("SUs").

b) Stock options and SUs granted

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Stock options	276,000	170,000	4,210,000	3,140,800
SUs	48,500	59,000	1,078,000	870,800

c) Dividends

During the three and nine months ended September 30, 2019, the Company declared dividends in the amount of \$16.8 million (2018 - \$16.8 million) and \$49.8 million (2018 - \$51.4 million), respectively, or C\$0.03 per share (2018 - C\$0.03), in each quarter.

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d) Normal course issuer bid

During 2018, the Company obtained approval of the TSX under its normal course issuer bid to purchase up to 63,718,842 common shares over a period of twelve months commencing on December 7, 2018. Under this bid, during the three and nine months ended September 30, 2019, 1,302,082 and 2,585,756 shares were purchased at an average price of C\$5.93 and C\$6.37 per share for total consideration of \$5.8 million (C\$7.7 million) and \$12.3 million (C\$16.5 million), respectively. The total amount paid to purchase the shares is allocated to share capital and deficit in the consolidated statement of changes in equity. The amount allocated to share capital is based on the average cost per common share and amounts paid above the average cost are allocated to deficit. All of the common shares purchased have been cancelled.

19. REVENUE

The Company's analysis of revenue from contracts with customers, segmented by product, is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Copper	\$ 381,304	\$ 289,322	\$ 884,639	\$ 898,197
Zinc	48,950	63,700	196,586	233,167
Gold	67,879	5,241	114,289	55,435
Nickel	27,021	37,373	75,932	129,890
Lead	8,828	14,106	32,325	40,320
Silver	9,754	8,585	24,305	19,472
Other	3,228	5,131	10,967	18,537
	546,964	423,458	1,339,043	1,395,018
Provisional pricing adjustments on concentrate sales	(8,249)	(43,749)	(14,693)	(77,170)
Revenue	\$ 538,715	\$ 379,709	\$ 1,324,350	\$ 1,317,848

The Company's geographical analysis of revenue from contracts with customers, segmented based on the destination of product, is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Europe	\$ 313,808	\$ 232,213	\$ 702,849	\$ 746,781
Asia	176,013	128,160	510,150	437,396
North America	12,271	43,143	64,127	149,474
South America	44,872	19,942	61,917	61,367
	546,964	423,458	1,339,043	1,395,018
Provisional pricing adjustments on concentrate sales	(8,249)	(43,749)	(14,693)	(77,170)
Revenue	\$ 538,715	\$ 379,709	\$ 1,324,350	\$ 1,317,848

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20. PRODUCTION COSTS

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Direct mine and mill costs	\$ 260,265	\$ 216,564	\$ 681,547	\$ 656,910
Transportation	27,603	17,312	61,474	48,865
Royalties	6,031	6,164	11,786	17,719
Total production costs	\$ 293,899	\$ 240,040	\$ 754,807	\$ 723,494

21. EMPLOYEE BENEFITS

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Production costs				
Wages and benefits	\$ 64,426	\$ 63,561	\$ 180,510	\$ 204,683
Retirement benefits	311	192	755	733
Share-based compensation	878	738	2,742	2,531
	65,615	64,491	184,007	207,947
General and administrative expenses				
Wages and benefits	4,132	9,226	14,974	20,591
Retirement benefits	180	169	582	714
Share-based compensation	2,637	2,302	8,111	6,054
	6,949	11,697	23,667	27,359
General exploration and business development				
Wages and benefits	1,376	2,169	5,063	6,113
Retirement benefits	12	14	41	41
Share-based compensation	48	107	158	220
	1,436	2,290	5,262	6,374
Total employee benefits	\$ 74,000	\$ 78,478	\$ 212,936	\$ 241,680

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22. FINANCE INCOME AND COSTS

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Interest income	\$ 554	\$ 8,126	\$ 8,324	\$ 18,509
Deferred revenue finance costs	(10,622)	(8,844)	(20,473)	(24,233)
Interest expense and bank fees	(6,068)	(7,826)	(8,798)	(17,762)
Accretion expense on reclamation provisions	(2,797)	(1,572)	(6,805)	(4,538)
Lease liability interest	(342)	-	(974)	-
Other	400	177	1,445	(1,946)
Total finance costs, net	\$ (18,875)	\$ (9,939)	\$ (27,281)	\$ (29,970)

Finance income	\$ 954	\$ 8,126	\$ 9,769	\$ 18,509
Finance costs	(19,829)	(18,065)	(37,050)	(48,479)
Total finance costs, net	\$ (18,875)	\$ (9,939)	\$ (27,281)	\$ (29,970)

23. OTHER INCOME AND EXPENSE

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Foreign exchange gain	\$ 11,456	2,735	\$ 11,439	8,712
Revaluation of derivative asset	240	(5,137)	602	(9,090)
Revaluation of derivative liability (Notes 13 and 17)	(15,981)	-	(15,981)	-
(Loss) gain on sale of assets	(248)	(508)	(540)	64
Revaluation of marketable securities	(777)	3,347	(196)	13,136
Other	2,548	323	(881)	477
Total other (expense) income	\$ (2,762)	\$ 760	\$ (5,557)	\$ 13,299

24. 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.

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25. 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, 2019 and December 31, 2018:

	Level	September 30, 2019		December 31, 2018	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Fair value through profit or loss					
Restricted cash	1	\$ 46,054	\$ 46,054	\$ 44,424	\$ 44,424
Trade receivables (provisional)	2	208,525	208,525	244,577	244,577
Marketable securities	1	5,494	5,494	2,756	2,756
Derivative asset	2	25,700	25,700	25,098	25,098
		\$ 285,773	\$ 285,773	\$ 316,855	\$ 316,855
Financial liabilities					
Amortized cost					
Credit facility	2	\$ 282,961	\$ 282,961	\$ -	\$ -
Term loan and commercial paper	2	45,889	45,889	-	-
Finance leases	2	-	-	10,992	10,992
		\$ 328,850	\$ 328,850	\$ 10,992	\$ 10,992
Fair value through profit or loss					
Chapada derivative liability	2	\$ 85,242	85,242	\$ -	-
Candelaria derivative liability	2	30	30	30	30
		\$ 85,272	\$ 85,272	\$ 30	\$ 30

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:

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

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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 \$8.2 million in revenue during the three months ended September 30, 2019 (2018 - \$43.7 million negative pricing adjustments) and negative pricing adjustments of \$14.7 million in revenue during the nine months ended September 30, 2019 (2018 - \$77.2 million negative pricing adjustments).

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

Credit facility, term loan, commercial paper and finance leases – The fair values approximate carrying values as the interest rates are comparable to current market rates. The Company's lease liabilities under *IFRS 16* are not considered financial instruments.

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 other than those provisionally priced, and trade and other payables which are classified as amortized cost.

26. COMMITMENTS AND CONTINGENCIES

a) The Company has capital commitments of \$116.2 million on various initiatives, of which \$88.6 million is expected to be paid during 2019.

b) The Company may be involved in legal proceedings arising in the ordinary course of business. The potential amount of the liability with respect to such legal proceedings is not expected to materially affect the Company's financial position.

c) Significant changes to commitments and contingencies, since that reported at December 31, 2018, are described below:

i) Related to the Chapada Acquisition (Note 3), contingent consideration of up to \$125 million may be payable over five years from the acquisition date if certain gold price thresholds are met, as outlined below:

- a \$10 million payment if the gold price averages at least \$1,350/oz in any sequential annual period over five years,
- a \$10 million payment if the gold price averages at least \$1,400/oz in any sequential annual period over five years,
- a \$5 million payment if the gold price averages at least \$1,450/oz in any sequential annual period over five years.

In addition, contingent consideration of \$100 million may be payable on the construction and commencement of commercial production of a pyrite processing facility at Chapada and the Company must pay Yamana a 2.0% net smelter return royalty on future gold production from the Suruca gold deposit if the Company chooses to develop the Suruca project. The Company continues to evaluate these expansion scenarios.

ii) As part of the Chapada Acquisition (Note 3), the Company has been provided with tax indemnity for any tax liabilities that may arise for periods prior to the date of the acquisition. For existing tax claims currently in the administrative or judicial process, the Company has agreed to be liable for up to the first \$24 million (BRL\$102 million). While it is uncertain, no tax expense has been accrued for these claims as the Company believes payment is not likely due to the nature of the tax claims.

iii) Chapada has obligations under federal royalty law to pay 2% of gross sales. In addition, the operation pays a 1% royalty on gross sales corresponding to mineral extraction from certain landowners' properties. For the third quarter of 2019, \$3.0 million was recorded in production costs under these agreements.

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iv) 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 totalling approximately \$39.3 million. The Company's response sought dismissal of the claims based primarily on the lack of evidence supporting the environmental damage caused by the port facility, the imprecise nature of the monetary claims being made and the absence of actual damages. On February 25, 2019, the presiding judge issued a ruling dismissing all claims. On March 9, 2019, the Company became aware that the plaintiff Caldera fishermen had filed an appeal with the Valparaiso Court of Appeals. The Company believes the claim to be without merit and accordingly has not accrued any amounts related to the litigation. The Company intends to vigorously defend this claim.

v) During 2018, the Chilean Internal Revenue Service ("IRS") issued a tax assessment of \$8.2 million (recovery of \$4.2 million in tax refunds and \$4.0 million in interest and penalties) denying a tax deduction related to interest expenses arising from an intercompany debt for the taxation years 2014 and 2015. The Company believes the claims are inconsistent with Chilean tax law and without merit and accordingly filed a claim against the tax assessments with the Chilean tax court on April 30, 2019. While it is uncertain, no tax expense was accrued for this assessment as the Company believes its original filing position is in compliance with tax regulations and intends to vigorously defend this position.

In April 2019, the Company received an assessment for 2016 related to the above tax matter seeking additional withholding taxes, excluding interest and penalties, of \$9 million on interest payments made in 2016. While not yet assessed, a similar position taken on interest payments made for 2017 and 2018 would equate to approximately \$57 million in additional withholding taxes, excluding possible penalties and interest. The Company has filed an appeal with the Administrative Tax Procedure of the IRS and will be challenging this assessment as the Company believes its original filing position is in compliance with tax regulations.

27. SEGMENTED INFORMATION

The Company is engaged in mining, exploration and development of mineral properties, primarily in Chile, Brazil, 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.

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For the three months ended September 30, 2019

	Candelaria		Chapada		Eagle		Neves-Corvo		Zinkgruvan		Other		Total	
	Chile		Brazil		USA		Portugal		Sweden					
Revenue	\$	249,930	\$	114,867	\$	53,717	\$	86,009	\$	34,192	\$	-	\$	538,715
Cost of goods sold														
Production costs		(138,057)		(49,704)		(24,106)		(61,555)		(19,602)		(875)		(293,899)
Depreciation, depletion and amortization		(69,261)		(17,299)		(10,261)		(12,908)		(6,033)		(441)		(116,203)
Gross profit		42,612		47,864		19,350		11,546		8,557		(1,316)		128,613
General and administrative expenses		-		-		-		-		-		(11,376)		(11,376)
General exploration and business development		(5,063)		(891)		(2,334)		(1,873)		(3,961)		(2,803)		(16,925)
Finance costs		(8,408)		(4,761)		(455)		(9)		(3,121)		(2,121)		(18,875)
Loss from equity investment in associate		-		-		-		-		-		(868)		(868)
Other income (expense)		4,044		(10,486)		37		5,644		2,335		(4,336)		(2,762)
Income tax expense		(7,727)		(26,981)		(772)		(193)		(3,548)		(6,536)		(45,757)
Net earnings (loss)	\$	25,458	\$	4,745	\$	15,826	\$	15,115	\$	262	\$	(29,356)	\$	32,050
Capital expenditures	\$	80,773	\$	12,342	\$	10,549	\$	54,518	\$	6,696	\$	72	\$	164,950

For the nine months ended September 30, 2019

	Candelaria		Chapada		Eagle		Neves-Corvo		Zinkgruvan		Other		Total	
	Chile		Brazil		USA		Portugal		Sweden					
Revenue	\$	661,268	\$	114,867	\$	159,337	\$	248,675	\$	140,203	\$	-	\$	1,324,350
Cost of goods sold														
Production costs		(383,585)		(49,704)		(81,752)		(176,245)		(60,727)		(2,794)		(754,807)
Depreciation, depletion and amortization		(155,022)		(17,299)		(40,577)		(38,306)		(22,063)		(1,333)		(274,600)
Gross profit		122,661		47,864		37,008		34,124		57,413		(4,127)		294,943
General and administrative expenses		-		-		-		-		-		(35,163)		(35,163)
General exploration and business development		(20,231)		(891)		(10,454)		(5,909)		(13,623)		(8,512)		(59,620)
Finance (costs) income		(24,462)		(4,761)		(841)		(693)		(4,755)		8,231		(27,281)
Loss from equity investment in associate		-		-		-		-		-		(11,515)		(11,515)
Other income (expense)		3,971		(10,486)		81		1,694		4,363		(5,180)		(5,557)
Income tax (expense) recovery		(11,106)		(26,981)		1,137		322		(12,802)		(22,004)		(71,434)
Net earnings (loss)	\$	70,833	\$	4,745	\$	26,931	\$	29,538	\$	30,596	\$	(78,270)	\$	84,373
Capital expenditures	\$	313,665	\$	12,342	\$	30,695	\$	142,759	\$	26,053	\$	150	\$	525,664
Total non-current assets¹	\$	2,853,933	\$	1,402,902	\$	387,846	\$	996,619	\$	223,732	\$	13,399	\$	5,878,431

1. Non-current assets include long-term inventory, mineral properties, plant and equipment, investment in associates and goodwill.

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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 (loss)	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)
Finance (costs) income	(7,519)	732	1,318	(1,025)	(3,445)	(9,939)
Income from equity investment in associate	-	-	-	-	9,920	9,920
Other income (expense)	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 (loss)	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)
Finance (costs) income	(19,684)	611	(574)	(2,936)	(7,387)	(29,970)
Income from equity investment in associate	-	-	-	-	22,212	22,212
Other income (expense)	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
Total non-current assets¹	\$ 2,471,240	\$ 372,127	\$ 893,454	\$ 234,233	\$ (106,572)	\$ 3,864,482

1. Non-current assets include long-term inventory, mineral properties, plant and equipment, investment in associates and goodwill.

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28. RELATED PARTY TRANSACTIONS

- a) **Transactions with associates** - The Company enters into transactions related to its investment in associate. These transactions are entered into in the normal course of business and on an arm's length basis (Note 10).
- b) **Key management personnel** - The Company has identified its directors and senior officers as its key management personnel. Employee benefits for key management personnel are as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Wages and salaries	\$ 1,523	\$ 1,392	\$ 4,800	\$ 5,449
Retirement benefits	41	33	120	121
Share-based compensation	867	640	2,585	2,356
Post-employment benefits	-	5,623	-	5,623
	\$ 2,431	\$ 7,688	\$ 7,505	\$ 13,549

29. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Changes in non-cash working capital items consist of:				
Trade and income tax receivables, inventories, and other				
current assets	\$ (27,868)	\$ 87,786	\$ 46,585	\$ 169,714
Trade and income taxes payable, and other current				
liabilities	(15,550)	(30,531)	(12,454)	(109,292)
	\$ (43,418)	\$ 57,255	\$ 34,131	\$ 60,422
Operating activities included the following cash payments:				
Income taxes paid	\$ 27,524	\$ 50,602	\$ 20,310	\$ 160,597

30. IFRS 16 TRANSITION ADJUSTMENTS

The Company has applied *IFRS 16* using the modified retrospective approach which requires the cumulative effect of initial application to be recognized in retained earnings at January 1, 2019. On adoption of *IFRS 16*, the Company recognized lease liabilities for leases previously classified as an operating lease under *IAS 17*. These liabilities were measured at the present value of the remaining lease payments, discounted using each operation's applicable incremental borrowing rate as of January 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 3.03%. For leases previously classified as finance leases under *IAS 17*, the carrying amount of the lease asset and lease liability immediately before transition was recognized as the carrying amount of the right-of-use asset and the lease liability at the date of initial application.

The Company has applied the following practical expedients, as permitted by *IFRS 16*:

- reliance on previous assessments on whether leases are onerous;

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- accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The following table summarizes the difference between operating lease commitments disclosed immediately preceding the date of initial application, and lease liabilities recognized in the balance sheet at the date of initial application:

Operating lease commitments as at December 31, 2018	\$	51,922
Discounted using the incremental borrowing rate at January 1, 2019		47,589
Less: contracts reassessed as service agreements		(19,362)
Add: finance lease liabilities recognized as at December 31, 2018		10,992
other adjustments		3,425
<hr/>		
Lease liabilities recognized as at January 1, 2019		42,644
Less: current portion		9,719
Long-term portion	\$	32,925

Other adjustments include leases reassessed as short-term leases, low value leases and adjustments as a result of different treatment of extension and termination options.

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognized on the balance sheet as at December 31, 2018 (Note 9). There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.