

Condensed Interim Consolidated Financial Statements of

# **Lundin Mining Corporation**

June 30, 2019  
(Unaudited)

**LUNDIN MINING CORPORATION**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS  
(Unaudited - in thousands of US dollars)June 30, December 31,  
2019 2018<sup>1</sup>**ASSETS**

Cash and cash equivalents (Note 3)	\$	735,068	\$	815,429
Trade and other receivables (Note 4)		321,129		384,332
Income taxes receivable		32,781		75,602
Inventories (Note 5)		173,052		160,993
Other current assets (Note 6)		37,276		7,242
<b>Total current assets</b>		<b>1,299,306</b>		<b>1,443,598</b>
Restricted cash		45,246		44,424
Long-term inventory (Note 5)		253,402		241,545
Other non-current assets (Note 7)		12,128		34,644
Mineral properties, plant and equipment (Note 8)		4,081,311		3,829,345
Investment in associate (Note 9)		110,566		136,943
Deferred tax assets		101,491		94,472
Goodwill		109,189		109,794
		<b>4,713,333</b>		<b>4,491,167</b>
<b>Total assets</b>	<b>\$</b>	<b>6,012,639</b>	<b>\$</b>	<b>5,934,765</b>

**LIABILITIES**

Trade and other payables (Note 11)	\$	373,951	\$	380,016
Income taxes payable		38,034		42,971
Current portion of debt and lease liabilities (Note 12)		45,666		3,830
Current portion of deferred revenue (Note 13)		61,239		61,478
Current portion of reclamation and other closure provisions (Note 14)		3,871		6,604
<b>Total current liabilities</b>		<b>522,761</b>		<b>494,899</b>
Debt and lease liabilities (Note 12)		28,300		7,162
Deferred revenue (Note 13)		516,664		527,376
Reclamation and other closure provisions (Note 14)		314,898		292,086
Other long-term liabilities		2,886		3,406
Provision for pension obligations		10,266		11,068
Deferred tax liabilities		405,481		405,202
		<b>1,278,495</b>		<b>1,246,300</b>
<b>Total liabilities</b>		<b>1,801,256</b>		<b>1,741,199</b>

**SHAREHOLDERS' EQUITY**

Share capital (Note 15)		4,188,873		4,177,660
Contributed surplus		48,448		49,424
Accumulated other comprehensive loss		(270,934)		(260,179)
Deficit		(265,874)		(275,759)
<b>Equity attributable to Lundin Mining Corporation shareholders</b>		<b>3,700,513</b>		<b>3,691,146</b>
Non-controlling interests		510,870		502,420
		<b>4,211,383</b>		<b>4,193,566</b>
	<b>\$</b>	<b>6,012,639</b>	<b>\$</b>	<b>5,934,765</b>

Commitments and contingencies (Note 22)

Subsequent event (Note 27)

<sup>1</sup>In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)(a)), 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		Six months ended	
	June 30,		June 30,	
	2019	2018 <sup>1</sup>	2019	2018 <sup>1</sup>
Revenue (Note 16)	\$ 369,251	\$ 467,657	\$ 785,635	\$ 938,139
Cost of goods sold				
Production costs (Note 17)	(255,838)	(243,718)	(460,908)	(483,454)
Depreciation, depletion and amortization	(88,293)	(68,859)	(158,397)	(149,729)
Gross profit	25,120	155,080	166,330	304,956
General and administrative expenses	(10,169)	(11,591)	(23,787)	(24,016)
General exploration and business development	(23,995)	(21,003)	(42,695)	(40,850)
Finance income (Note 19)	3,749	5,698	8,815	10,383
Finance costs (Note 19)	(8,419)	(15,597)	(17,221)	(30,414)
Income (loss) from equity investment in associate (Note 9)	1,288	7,488	(10,647)	12,292
Other (expense) income	(1,368)	12,210	(2,795)	12,539
(Loss) earnings before income taxes	(13,794)	132,285	78,000	244,890
Current tax expense (Note 20)	(5,684)	(44,240)	(31,392)	(73,224)
Deferred tax recovery (expense) (Note 20)	10,852	(528)	5,715	2,911
Net (loss) earnings	\$ (8,626)	\$ 87,517	\$ 52,323	\$ 174,577
<b>Net (loss) earnings attributable to:</b>				
Lundin Mining Corporation shareholders	\$ (7,793)	\$ 78,806	\$ 43,873	\$ 160,055
Non-controlling interests	(833)	8,711	8,450	14,522
Net (loss) earnings	\$ (8,626)	\$ 87,517	\$ 52,323	\$ 174,577
Basic and diluted (loss) earnings per share attributable to				
Lundin Mining Corporation shareholders	\$ (0.01)	\$ 0.11	\$ 0.06	\$ 0.22
Weighted average number of shares outstanding (Note 15)				
Basic	735,934,553	731,481,815	735,598,232	730,545,931
Diluted	735,934,553	733,604,974	736,337,361	732,910,237

<sup>1</sup>In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)(a)), 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 COMPREHENSIVE INCOME

(Unaudited - in thousands of US dollars)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018 <sup>1</sup>	2019	2018 <sup>1</sup>
Net (loss) earnings	\$ (8,626)	\$ 87,517	\$ 52,323	\$ 174,577
<b>Other comprehensive income (loss), net of taxes</b>				
Item that may be reclassified subsequently to net earnings:				
Effects of foreign exchange	9,396	(56,714)	(10,755)	(37,946)
<b>Other comprehensive income (loss)</b>	<b>9,396</b>	<b>(56,714)</b>	<b>(10,755)</b>	<b>(37,946)</b>
<b>Total comprehensive income</b>	<b>\$ 770</b>	<b>\$ 30,803</b>	<b>\$ 41,568</b>	<b>\$ 136,631</b>
<b>Comprehensive income (loss) attributable to:</b>				
Lundin Mining Corporation shareholders	\$ 1,603	\$ 22,092	\$ 33,118	\$ 122,109
Non-controlling interests	(833)	8,711	8,450	14,522
<b>Total comprehensive income</b>	<b>\$ 770</b>	<b>\$ 30,803</b>	<b>\$ 41,568</b>	<b>\$ 136,631</b>

<sup>1</sup>In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)(a)), 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 <sup>1</sup>	733,534,879	\$ 4,177,660	\$ 49,424	\$ (260,179)	\$ (275,759)	\$ 502,420	\$ 4,193,566
Exercise of share-based awards	3,337,085	16,704	(8,424)	-	-	-	8,280
Share-based compensation	-	-	7,448	-	-	-	7,448
Dividends declared (Note 15)	-	-	-	-	(32,985)	-	(32,985)
Share purchase (Note 15)	(1,283,674)	(5,491)	-	-	(1,003)	-	(6,494)
Net earnings	-	-	-	-	43,873	8,450	52,323
Other comprehensive loss	-	-	-	(10,755)	-	-	(10,755)
Total comprehensive (loss) income	-	-	-	(10,755)	43,873	8,450	41,568
<b>Balance, June 30, 2019</b>	<b>735,588,290</b>	<b>\$ 4,188,873</b>	<b>\$ 48,448</b>	<b>\$ (270,934)</b>	<b>\$ (265,874)</b>	<b>\$ 510,870</b>	<b>\$ 4,211,383</b>
Balance, December 31, 2017	728,418,632	\$ 4,152,469	\$ 48,926	\$ (196,657)	\$ (336,353)	\$ 482,830	\$ 4,151,215
<i>IFRS 9 &amp; 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	3,562,447	17,680	(8,248)	-	-	-	9,432
Share-based compensation	-	-	5,658	-	-	-	5,658
Dividends declared	-	-	-	-	(34,588)	-	(34,588)
Deferred tax adjustment	-	(882)	-	-	-	-	(882)
Net earnings	-	-	-	-	160,055	14,522	174,577
Other comprehensive loss	-	-	-	(37,946)	-	-	(37,946)
Total comprehensive (loss) income	-	-	-	(37,946)	160,055	14,522	136,631
Balance, June 30 2018 <sup>1</sup>	731,981,079	\$ 4,169,267	\$ 46,335	\$ (244,482)	\$ (277,868)	\$ 497,352	\$ 4,190,604

<sup>1</sup>In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)(a)), 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)

	Three months ended		Six months ended	
	June 30,		June 30,	
Cash provided by (used in)	2019	2018 <sup>1</sup>	2019	2018 <sup>1</sup>
<b>Operating activities</b>				
Net (loss) earnings	\$ (8,626)	\$ 87,517	\$ 52,323	\$ 174,577
Items not involving cash and other adjustments				
Depreciation, depletion and amortization	88,293	68,859	158,397	149,729
Share-based compensation	2,752	3,073	7,448	5,658
Foreign exchange gain	(1,417)	(13,347)	(863)	(9,568)
Finance costs	4,670	9,899	8,406	20,031
Recognition of deferred revenue (Note 13)	(12,811)	(13,748)	(25,335)	(26,286)
Deferred tax (recovery) expense	(10,852)	528	(5,715)	(2,911)
(Income) loss from equity investment in associate (Note 9)	(1,288)	(7,488)	10,647	(12,292)
Other	3,088	(3,514)	3,553	(7,006)
Reclamation payments	(2,202)	(2,687)	(6,367)	(4,346)
Other payments	(662)	223	(3,052)	(526)
Changes in long-term inventory	(11,006)	(11,702)	(10,382)	979
Changes in non-cash working capital items (Note 25)	154,530	735	77,549	3,167
	<b>204,469</b>	<b>118,348</b>	<b>266,609</b>	<b>291,206</b>
<b>Investing activities</b>				
Investment in mineral properties, plant and equipment	(178,717)	(193,212)	(360,714)	(343,924)
Interest received	3,797	5,041	7,921	9,888
(Purchase of) proceeds from marketable securities	(2,976)	-	(2,976)	35,446
Distributions from (contributions to) associate	15,505	(6,000)	15,730	(5,885)
Other	332	4,440	703	3,353
	<b>(162,059)</b>	<b>(189,731)</b>	<b>(339,336)</b>	<b>(301,122)</b>
<b>Financing activities</b>				
Interest paid	(1,034)	(7,588)	(2,421)	(7,588)
Dividends paid to shareholders	(33,061)	(33,633)	(33,061)	(33,633)
Proceeds from common shares issued	1,921	3,120	8,280	10,676
Principal payments of lease liabilities	(2,712)	-	(5,350)	-
Secured notes redemption	-	(5,808)	-	(5,808)
Proceeds from term loan (Note 12)	-	-	35,000	-
Share purchase (Note 15)	(6,494)	-	(6,494)	-
Other	-	(883)	-	(3,015)
	<b>(41,380)</b>	<b>(44,792)</b>	<b>(4,046)</b>	<b>(39,368)</b>
Effect of foreign exchange on cash balances	(704)	(10,420)	(3,588)	(5,241)
Increase (decrease) in cash and cash equivalents during the period	326	(126,595)	(80,361)	(54,525)
Cash and cash equivalents, beginning of period	734,742	1,639,108	815,429	1,567,038
Cash and cash equivalents, end of period	\$ 735,068	\$ 1,512,513	\$ 735,068	\$ 1,512,513
Supplemental cash flow information (Note 25)				

<sup>1</sup>In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)(a)), 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 six months ended June 30, 2019

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

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## 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 ("Freeport Cobalt") (Note 9), 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 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 July 24, 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.

### (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.

## LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2019

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

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### *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 26).

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;
- 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.

## LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2019

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

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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. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	<b>June 30, 2019</b>	December 31, 2018
Cash	\$ 725,997	\$ 679,619
Short-term deposits	9,071	135,810
	<b>\$ 735,068</b>	<b>\$ 815,429</b>

### 4. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	<b>June 30, 2019</b>	December 31, 2018
Trade receivables	\$ 205,840	\$ 251,010
Prepaid expenses	70,149	79,299
Value added tax	28,904	34,467
Other receivables	16,236	19,556
	<b>\$ 321,129</b>	<b>\$ 384,332</b>

Included in prepaid expenses is \$43.0 million (2018 - \$58.7 million) related to advance payment of mine equipment purchases.

## LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2019

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

### 5. INVENTORIES

Inventories are comprised of the following:

	June 30, 2019	December 31, 2018
Ore stockpiles	\$ 26,647	\$ 33,207
Concentrate stockpiles	40,697	23,776
Materials and supplies	105,708	104,010
	\$ 173,052	\$ 160,993

Long-term inventory is comprised of ore stockpiles.

### 6. OTHER CURRENT ASSETS

Other current assets are comprised of the following:

	June 30, 2019	December 31, 2018
Derivative asset	\$ 25,461	\$ -
Other	11,815	7,242
	\$ 37,276	\$ 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 7).

### 7. OTHER NON-CURRENT ASSETS

Other non-current assets comprise the following:

	June 30, 2019	December 31, 2018
Marketable securities	\$ 6,442	\$ 2,756
Deferred financing costs	2,541	2,913
Derivative asset	-	25,098
Other	3,145	3,877
	\$ 12,128	\$ 34,644

During the first quarter of 2019, the Company reclassified its derivative asset to other current assets (Note 6).

## LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2019

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

### 8. 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	140,805	69	174,475	315,349
Disposals and transfers	5,368	264,539	(271,630)	(1,723)
Effects of foreign exchange	(68,797)	(28,192)	(4,730)	(101,719)
As at June 30, 2018	3,436,437	2,370,007	300,932	6,107,376
Additions	200,582	3,077	289,072	492,731
Disposals and transfers	38,624	61,737	(237,841)	(137,480)
Effects of foreign exchange	(19,211)	(9,218)	(1,894)	(30,323)
As at December 31, 2018	3,656,432	2,425,603	350,269	6,432,304
IFRS 16 transition (Note 26)	-	32,837	-	32,837
As at January 1, 2019	3,656,432	2,458,440	350,269	6,465,141
Additions	148,649	938	245,524	395,111
Disposals and transfers	118	151,914	(153,414)	(1,382)
Effects of foreign exchange	(20,884)	(7,349)	(1,519)	(29,752)
<b>As at June 30, 2019</b>	<b>\$ 3,784,315</b>	<b>\$ 2,603,943</b>	<b>\$ 440,860</b>	<b>\$ 6,829,118</b>

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	68,091	73,426	-	141,517
Disposals and transfers	-	(349)	-	(349)
Effects of foreign exchange	(43,737)	(15,506)	-	(59,243)
As at June 30, 2018	1,661,467	927,461	-	2,588,928
Depreciation	71,423	87,512	-	158,935
Disposals and transfers	(1,992)	(126,799)	-	(128,791)
Effects of foreign exchange	(11,137)	(4,976)	-	(16,113)
As at December 31, 2018	1,719,761	883,198	-	2,602,959
Depreciation	78,211	84,720	-	162,931
Disposals and transfers	-	(513)	-	(513)
Effects of foreign exchange	(13,622)	(3,948)	-	(17,570)
<b>As at June 30, 2019</b>	<b>\$ 1,784,350</b>	<b>\$ 963,457</b>	<b>\$ -</b>	<b>\$ 2,747,807</b>

## LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2019

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

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
<b>As at June 30, 2019</b>	<b>\$ 1,999,965</b>	<b>\$ 1,640,486</b>	<b>\$ 440,860</b>	<b>\$ 4,081,311</b>

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 26)	32,837
As at January 1, 2019	43,262
Additions	879
Depreciation	(5,173)
Effects of foreign exchange	84
<b>As at June 30, 2019</b>	<b>\$ 39,052</b>

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 six months ended June 30, 2019, the Company capitalized \$2.8 million (2018 - \$5.8 million) and \$5.1 million (2018 - \$10.3 million), respectively, of finance costs to assets under construction, at a weighted average interest rate of 5.12% (2018 - 6.5%).

During the three and six months ended June 30, 2019, the Company capitalized \$33.3 million (2018 - \$48.8 million) and \$83.9 million (2018 - \$89.6 million), respectively, of deferred stripping costs to mineral properties. The depreciation expense related to deferred stripping for the three and six months ended June 30, 2019 was \$18.1 million (2018 - \$3.8 million) and \$21.3 million (2018 - \$10.6 million), respectively. Included in the mineral properties balance is \$164.1 million (December 31, 2018 - \$555.3 million) related to deferred stripping at Candelaria and \$71.4 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.

## 9. INVESTMENT IN ASSOCIATE

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

As at December 31, 2017	\$ 101,424
Contributions, net	5,885
Share of equity income	12,292
As at June 30, 2018	119,601
Distributions	(299)
Share of equity income	17,641
As at December 31, 2018	136,943
Distributions	(15,730)
Share of equity loss	(10,647)
<b>As at June 30, 2019</b>	<b>\$ 110,566</b>

## LUNDIN MINING CORPORATION

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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.

### 10. 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 9). During the quarter ended June 30, 2019, 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 21).

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 of 9% did not have a material impact on the result of the impairment assessment.

### 11. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	June 30, 2019	December 31, 2018
Trade payables	\$ 205,481	\$ 228,608
Unbilled goods and services	72,802	81,813
Employee benefits payable	47,759	59,238
Prepayment from customer	30,983	162
Royalty payable	11,248	10,195
Other	5,678	-
	<b>\$ 373,951</b>	<b>\$ 380,016</b>

## LUNDIN MINING CORPORATION

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### 12. DEBT AND LEASE LIABILITIES

Debt and lease liabilities are comprised of the following:

	June 30, 2019	December 31, 2018
Term loan (a)	\$ 35,000	\$ -
Lease liabilities (b)	38,966	-
Finance leases (Note 26)	-	10,992
As at June 30, 2019	73,966	10,992
Less: current portion	45,666	3,830
<b>Long-term portion</b>	<b>\$ 28,300</b>	<b>\$ 7,162</b>

- a) During the first quarter of 2019, Candelaria obtained an unsecured fixed term loan ("term loan") in the amount of \$35 million. The term loan accrues interest at a rate of 3.1% per annum, with interest payable upon maturity, on January 6, 2020.
- b) 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% - 4.6% over the terms of the leases.

The schedule of undiscounted lease payment obligations is as follows:

Less than one year	\$ 11,861
One to five years	25,865
More than five years	4,973
<b>Total undiscounted lease liabilities as at June 30, 2019</b>	<b>42,699</b>
Discounted lease liabilities as at June 30, 2019	38,966
Less: current portion	10,666
<b>Long-term portion</b>	<b>\$ 28,300</b>

## LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2019

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

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### 13. 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		(26,286)
Finance costs		15,389
Effects of foreign exchange		(4,375)
As at June 30, 2018		584,465
Recognition of revenue		(26,840)
Variable consideration adjustment		15,307
Finance costs		16,525
Effects of foreign exchange		(603)
As at December 31, 2018		588,854
Recognition of revenue		(25,335)
Finance costs		14,995
Effects of foreign exchange		(611)
As at June 30, 2019		577,903
Less: current portion		61,239
<b>Long-term portion</b>	<b>\$</b>	<b>516,664</b>

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 contract changes. During 2018, 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.

## LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2019

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### 14. 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	2,966	-	2,966
Accruals for services	-	(598)	(598)
Changes in estimates	11,148	-	11,148
Payments	(4,346)	-	(4,346)
Effects of foreign exchange	(3,469)	653	(2,816)
Balance, June 30, 2018	224,487	45,466	269,953
Accretion	2,812	-	2,812
Accruals for services	-	5,457	5,457
Changes in estimates	27,858	-	27,858
Changes in discount rate	6,866	-	6,866
Payments	(7,488)	-	(7,488)
Effects of foreign exchange	(1,051)	(5,717)	(6,768)
Balance, December 31, 2018	253,484	45,206	298,690
Accretion	4,008	-	4,008
Accruals for services	-	(1,220)	(1,220)
Changes in estimates	4,069	-	4,069
Changes in discount rate	20,687	-	20,687
Payments	(6,367)	-	(6,367)
Effects of foreign exchange	(1,147)	49	(1,098)
Balance, June 30, 2019	274,734	44,035	318,769
Less: current portion	3,871	-	3,871
<b>Long-term portion</b>	<b>\$ 270,863</b>	<b>\$ 44,035</b>	<b>\$ 314,898</b>

The Company expects the liability to be settled between 2019 and 2051. The provisions are discounted using current market pre-tax discount rates which range from 0.2% to 4.4%.

## LUNDIN MINING CORPORATION

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For the three and six months ended June 30, 2019

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### 15. SHARE CAPITAL

a) Basic and diluted weighted average number of shares outstanding

	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Basic weighted average number of shares outstanding	<b>735,934,553</b>	731,481,815	<b>735,598,232</b>	730,545,931
Effect of dilutive securities (i)	-	2,123,159	<b>739,129</b>	2,364,306
Diluted weighted average number of shares outstanding	<b>735,934,553</b>	733,604,974	<b>736,337,361</b>	732,910,237
Antidilutive securities	<b>3,513,000</b>	24,000	<b>4,518,500</b>	769,900

(i) As a result of the Company's net loss position for the current quarter, 750,580 shares that would have been dilutive had the Company been in a net earnings position were excluded from diluted weighted average number of shares outstanding.

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		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Stock options	-	162,000	<b>3,934,000</b>	2,970,800
SUs	-	24,000	<b>1,029,500</b>	811,800

c) Dividends

During the three and six months ended June 30, 2019, the Company declared dividends in the amount of \$16.4 million (2018 - \$17.1 million) or C\$0.03 per share (2018 - C\$0.03) and \$33.0 million (2018 - \$34.6 million), or C\$0.06 per share (2018 - C\$0.06), respectively.

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 six months ended June 30, 2019, 1,283,674 shares were purchased at an average price of C\$6.82 per share for total consideration of \$6.5 million (C\$8.8 million). 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.

## LUNDIN MINING CORPORATION

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For the three and six months ended June 30, 2019

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

### 16. REVENUE

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Copper	\$ 257,881	\$ 309,883	\$ 503,335	\$ 608,875
Zinc	69,800	79,311	147,636	169,467
Nickel	32,702	34,530	48,911	92,517
Gold	23,805	27,763	46,410	50,194
Lead	13,503	11,323	23,497	26,214
Silver	7,488	3,303	14,551	10,887
Other	4,782	4,773	7,739	13,406
	409,961	470,886	792,079	971,560
Provisional pricing adjustments on concentrate sales	(40,710)	(3,229)	(6,444)	(33,421)
<b>Revenue</b>	<b>\$ 369,251</b>	<b>\$ 467,657</b>	<b>\$ 785,635</b>	<b>\$ 938,139</b>

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Europe	\$ 227,628	\$ 262,700	\$ 389,041	\$ 514,568
Asia	150,795	144,613	334,137	309,236
North America	26,508	41,082	51,856	106,331
South America	5,030	22,491	17,045	41,425
	409,961	470,886	792,079	971,560
Provisional pricing adjustments on concentrate sales	(40,710)	(3,229)	(6,444)	(33,421)
<b>Revenue</b>	<b>\$ 369,251</b>	<b>\$ 467,657</b>	<b>\$ 785,635</b>	<b>\$ 938,139</b>

### 17. PRODUCTION COSTS

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Direct mine and mill costs	\$ 234,322	\$ 222,402	\$ 421,282	\$ 440,346
Transportation	18,519	15,749	33,871	31,553
Royalties	2,997	5,567	5,755	11,555
<b>Total production costs</b>	<b>\$ 255,838</b>	<b>\$ 243,718</b>	<b>\$ 460,908</b>	<b>\$ 483,454</b>

## LUNDIN MINING CORPORATION

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For the three and six months ended June 30, 2019

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

### 18. EMPLOYEE BENEFITS

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Production costs				
Wages and benefits	\$ 58,831	\$ 71,104	\$ 116,084	\$ 141,122
Pension benefits	213	225	444	541
Share-based compensation	739	609	1,864	1,793
	<b>59,783</b>	71,938	<b>118,392</b>	143,456
General and administrative expenses				
Wages and benefits	4,903	5,026	10,842	11,365
Pension benefits	195	367	402	545
Share-based compensation	1,965	2,421	5,474	3,752
	<b>7,063</b>	7,814	<b>16,718</b>	15,662
General exploration and business development				
Wages and benefits	1,591	1,760	3,687	3,944
Pension benefits	13	11	29	27
Share-based compensation	48	43	110	113
	<b>1,652</b>	1,814	<b>3,826</b>	4,084
<b>Total employee benefits</b>	<b>\$ 68,498</b>	<b>\$ 81,566</b>	<b>\$ 138,936</b>	<b>\$ 163,202</b>

## LUNDIN MINING CORPORATION

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### 19. FINANCE INCOME AND COSTS

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Interest income	\$ 3,704	\$ 5,533	\$ 7,770	\$ 10,383
Deferred revenue finance costs	(4,648)	(7,650)	(9,851)	(15,389)
Accretion expense on reclamation provisions	(2,038)	(1,558)	(4,008)	(2,966)
Interest expense and bank fees	(1,417)	(4,508)	(2,730)	(9,936)
Lease liability interest	(316)	-	(632)	-
Loss on currency options	-	(1,881)	-	(1,691)
Other	45	165	1,045	(432)
<b>Total finance costs, net</b>	<b>\$ (4,670)</b>	<b>\$ (9,899)</b>	<b>\$ (8,406)</b>	<b>\$ (20,031)</b>
<hr/>				
Finance income	\$ 3,749	\$ 5,698	\$ 8,815	\$ 10,383
Finance costs	(8,419)	(15,597)	(17,221)	(30,414)
<b>Total finance costs, net</b>	<b>\$ (4,670)</b>	<b>\$ (9,899)</b>	<b>\$ (8,406)</b>	<b>\$ (20,031)</b>

### 20. 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.

## LUNDIN MINING CORPORATION

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### 21. 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 June 30, 2019 and December 31, 2018:

	Level	June 30, 2019		December 31, 2018	
		Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>					
Fair value through profit or loss					
Restricted cash	1	\$ 45,246	\$ 45,246	\$ 44,424	\$ 44,424
Trade receivables (provisional)	2	92,077	92,077	244,577	244,577
Marketable securities	1	6,442	6,442	2,756	2,756
Derivative asset	2	25,461	25,461	25,098	25,098
		\$ 169,226	\$ 169,226	\$ 316,855	\$ 316,855
<b>Financial liabilities</b>					
Amortized cost					
Term loan	2	\$ 35,000	\$ 35,000	\$ -	\$ -
Finance leases	2	-	-	10,992	10,992
		\$ 35,000	\$ 35,000	\$ 10,992	\$ 10,992
Fair value through profit or loss					
Derivative liability	2	\$ 30	\$ 30	\$ 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.

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 \$40.7 million in revenue during the three months ended June 30, 2019 (2018 - \$3.2 million negative pricing adjustments) and negative pricing adjustments of \$6.4 million in revenue during the six months ended June 30, 2019 (2018 - \$33.4 million negative pricing adjustments).

Derivative asset & liability – 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.

## LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2019

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Term loan 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.

### 22. COMMITMENTS AND CONTINGENCIES

a) The Company has capital commitments of \$158.0 million on various initiatives, of which \$146.9 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) 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.

ii) 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.

iii) During the second quarter of 2019, the Company accrued \$5.2 million for contractor claims related to project schedule delays for the Zinc Expansion Project at the Neves-Corvo mine. In addition, the Company has received notification of a further \$5.8 million in potential claims from contractors. No amounts have been accrued for these unsettled claims as they cannot be measured with sufficient reliability. The Company believes the unsettled claims will not materially impact its financial position.

## **LUNDIN MINING CORPORATION**

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2019

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

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### **23. 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.

## LUNDIN MINING CORPORATION

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### For the three months ended June 30, 2019

	Candelaria		Eagle		Neves-Corvo		Zinkgruvan		Other		Total	
	Chile		USA		Portugal		Sweden					
Revenue	\$	178,677	\$	59,412	\$	77,519	\$	53,643	\$	-	\$	369,251
Cost of goods sold												
Production costs		(131,325)		(40,071)		(60,890)		(22,804)		(748)		(255,838)
Depreciation, depletion and amortization		(45,962)		(20,141)		(12,795)		(8,966)		(429)		(88,293)
Gross profit (loss)		1,390		(800)		3,834		21,873		(1,177)		25,120
General and administrative expenses		-		-		-		-		(10,169)		(10,169)
General exploration and business development		(9,317)		(3,015)		(2,208)		(5,487)		(3,968)		(23,995)
Finance (costs) income		(8,035)		(213)		(954)		(784)		5,316		(4,670)
Income from equity investment in associate		-		-		-		-		1,288		1,288
Other income (expense)		1,745		24		(5,835)		388		2,310		(1,368)
Income tax recovery (expense)		10,335		2,086		5,185		(3,124)		(9,314)		5,168
Net (loss) earnings	\$	(3,882)	\$	(1,918)	\$	22	\$	12,866	\$	(15,714)	\$	(8,626)
Capital expenditures	\$	123,946	\$	10,534	\$	34,994	\$	9,208	\$	35	\$	178,717

### For the six months ended June 30, 2019

	Candelaria		Eagle		Neves-Corvo		Zinkgruvan		Other		Total	
	Chile		USA		Portugal		Sweden					
Revenue	\$	411,338	\$	105,620	\$	162,666	\$	106,011	\$	-	\$	785,635
Cost of goods sold												
Production costs		(245,528)		(57,646)		(114,690)		(41,125)		(1,919)		(460,908)
Depreciation, depletion and amortization		(85,761)		(30,316)		(25,398)		(16,030)		(892)		(158,397)
Gross profit (loss)		80,049		17,658		22,578		48,856		(2,811)		166,330
General and administrative expenses		-		-		-		-		(23,787)		(23,787)
General exploration and business development		(15,168)		(8,120)		(4,036)		(9,662)		(5,709)		(42,695)
Finance (costs) income		(16,054)		(386)		(684)		(1,634)		10,352		(8,406)
Loss from equity investment in associate		-		-		-		-		(10,647)		(10,647)
Other (expense) income		(73)		44		(3,950)		2,028		(844)		(2,795)
Income tax (expense) recovery		(3,379)		1,909		515		(9,254)		(15,468)		(25,677)
Net earnings (loss)	\$	45,375	\$	11,105	\$	14,423	\$	30,334	\$	(48,914)	\$	52,323
Capital expenditures	\$	232,892	\$	20,146	\$	88,241	\$	19,357	\$	78	\$	360,714

## LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2019

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

### For the three months ended June 30, 2018

	Candelaria	Eagle	Neves-Corvo	Zinkgruvan	Other	Total
	Chile	USA	Portugal	Sweden		
Revenue	\$ 243,585	\$ 63,651	\$ 110,816	\$ 49,605	\$ -	\$ 467,657
Cost of goods sold						
Production costs	(129,980)	(26,302)	(64,625)	(22,187)	(624)	(243,718)
Depreciation, depletion and amortization	(40,346)	(13,129)	(8,585)	(6,411)	(388)	(68,859)
Gross profit (loss)	73,259	24,220	37,606	21,007	(1,012)	155,080
General and administrative expenses	-	-	-	-	(11,591)	(11,591)
General exploration and business development	(10,951)	(5,656)	(1,161)	(1,533)	(1,702)	(21,003)
Finance costs	(6,174)	(40)	(520)	(971)	(2,194)	(9,899)
Income from equity investment in associate	-	-	-	-	7,488	7,488
Other income (expense)	2,931	41	6,166	4,645	(1,573)	12,210
Income tax (expense) recovery	(12,999)	(2,533)	(16,142)	(6,397)	(6,697)	(44,768)
Net earnings (loss)	\$ 46,066	\$ 16,032	\$ 25,949	\$ 16,751	\$ (17,281)	\$ 87,517
Capital expenditures	\$ 128,491	\$ 12,630	\$ 40,360	\$ 9,451	\$ 2,280	\$ 193,212

### For the six months ended June 30, 2018

	Candelaria	Eagle	Neves- Corvo	Zinkgruvan	Other	Total
	Chile	USA	Portugal	Sweden		
Revenue	\$ 461,827	\$ 155,865	\$ 208,474	\$ 111,973	\$ -	\$ 938,139
Cost of goods sold						
Production costs	(254,120)	(60,755)	(122,671)	(44,068)	(1,840)	(483,454)
Depreciation, depletion and amortization	(78,946)	(34,105)	(23,239)	(12,702)	(737)	(149,729)
Gross profit (loss)	128,761	61,005	62,564	55,203	(2,577)	304,956
General and administrative expenses	-	-	-	-	(24,016)	(24,016)
General exploration and business development	(21,632)	(10,152)	(1,876)	(3,288)	(3,902)	(40,850)
Finance costs	(12,165)	(121)	(1,892)	(1,911)	(3,942)	(20,031)
Income from equity investment in associate	-	-	-	-	12,292	12,292
Other income (expense)	2,643	56	2,698	6,102	1,040	12,539
Income tax (expense) recovery	(12,861)	(7,780)	(20,641)	(13,402)	(15,629)	(70,313)
Net earnings (loss)	\$ 84,746	\$ 43,008	\$ 40,853	\$ 42,704	\$ (36,734)	\$ 174,577
Capital expenditures	\$ 219,359	\$ 22,276	\$ 76,256	\$ 20,628	\$ 5,405	\$ 343,924

## LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2019

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

### 24. 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 9).
- 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		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Wages and salaries	\$ 1,508	\$ 1,356	\$ 3,276	\$ 2,931
Pension benefits	41	31	79	88
Share-based compensation	849	1,330	1,719	1,716
Post-employment benefits	-	1,126	-	1,126
	\$ 2,398	\$ 3,843	\$ 5,074	\$ 5,861

### 25. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Changes in non-cash working capital items consist of:				
Trade and income tax receivables, inventories, and other current assets	\$ 92,588	\$ 75,617	\$ 74,453	\$ 81,928
Trade and income taxes payable, and other current liabilities	61,942	(74,882)	3,096	(78,761)
	\$ 154,530	\$ 735	\$ 77,549	\$ 3,167

Operating activities included the following cash payments:

Income taxes (refunded) paid	\$ (57,623)	\$ 91,520	\$ (7,214)	\$ 109,995
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### 26. 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.

## LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2019

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

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

- reliance on previous assessments on whether leases are onerous;
- 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
Lease liabilities recognized as at January 1, 2019		42,644
Less: current portion		9,719
<b>Long-term portion</b>	<b>\$</b>	<b>32,925</b>

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 8). There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

## 27. SUBSEQUENT EVENT

On July 5, 2019, the Company closed the acquisition of a 100% ownership stake in Mineração Maracá Indústria e Comércio S/A, which owns the Chapada copper-gold mine located in Brazil from Yamana Gold Inc. ("Yamana"). Total cash consideration paid at closing by the Company was \$800 million, funded by cash on hand and the Company's \$550 million revolving credit facility. Yamana retains a 2.0% net smelter return royalty on future gold production from the Suruca gold deposit, will receive contingent consideration of up to \$125 million over five years if certain gold price thresholds are met and contingent consideration of \$100 million on potential construction of a pyrite roaster.

As the transaction closed in July 2019, the initial allocation of the purchase price to the assets and liabilities acquired has not been prepared. The Company's preliminary purchase price allocation will be completed in the third quarter of 2019.