

lundin mining

Management's Discussion and Analysis For the three and nine months ended September 30, 2020

This management's discussion and analysis ("MD&A") has been prepared as of October 28, 2020 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2020. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Company's presentation currency is United States ("US") dollars. Reference herein of \$ or USD is to United States dollars, C\$ is to Canadian dollars, CLP is to Chilean pesos, BRL is to Brazilian reais, € refers to euros, and SEK is to Swedish kronor.

About Lundin Mining

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

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Cautionary Statement on Forward-Looking Information

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

Forward-looking information is necessarily based upon various estimates and assumptions including, without limitation, the expectations and beliefs of management, including that the Company can access financing, appropriate equipment and sufficient labour; assumed and future price of copper, nickel, zinc, gold and other metals; anticipated costs; ability to achieve goals; the prompt and effective integration of acquisitions; that the political environment in which the Company operates will continue to support the development and operation of mining projects; and assumptions related to the factors set forth below. While these factors and assumptions are considered reasonable by Lundin Mining as at the date of this document in light of management's experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information. Such factors include, but are not limited to: volatility and fluctuations in metal and commodity prices; global financial conditions and inflation; risks inherent in mining including but not limited to risks to the environment, industrial accidents, catastrophic equipment failures, unusual or unexpected geological formations or unstable ground conditions, and natural phenomena such as earthquakes, flooding or unusually severe weather; uninsurable risks; changes in the Company's share price, and volatility in the equity markets in general; the threat associated with outbreaks of viruses and infectious diseases, including the novel COVID-19 virus; risks related to negative publicity with respect to the Company or the mining industry in general; reliance on a single asset; potential for the allegation of fraud and corruption involving the Company, its customers, suppliers or employees, or the allegation of improper or discriminatory employment practices, or human rights violations; actual ore mined and/or metal recoveries varying from Mineral Resource and Mineral Reserve estimates, estimates of grade, tonnage, dilution, mine plans and metallurgical and other characteristics; risks associated with the estimation of Mineral Resources and Mineral Reserves and the geology, grade and continuity of mineral deposits including but not limited to models relating thereto; ore processing efficiency; risks inherent in and/or associated with operating in foreign countries and emerging markets; security at the Company's operations; changing taxation regimes; health and safety risks; exploration, development or mining results not being consistent with the Company's expectations; unavailable or inaccessible infrastructure and risks related to ageing infrastructure; counterparty and credit risks and customer concentration; risks related to the environmental regulation and environmental impact of the Company's operations and products and management thereof; exchange rate fluctuations; reliance on third parties and consultants in foreign jurisdictions; community and stakeholder opposition; civil disruption; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; uncertain political and economic environments; litigation; regulatory investigations, enforcement, sanctions and/or related or other litigation; risks associated with the structural stability of waste rock dumps or tailings storage facilities; changes in laws, regulations or policies including but not limited to those related to mining regimes, permitting and approvals, environmental and tailings management, labour, trade relations, and transportation; climate change; compliance with environmental, health and safety laws; enforcing legal rights in foreign jurisdictions; information technology and cybersecurity risks; estimates of future production and operations; estimates of operating, cash and all-in sustaining cost estimates; delays or the inability to obtain, retain or comply with permits; compliance with foreign laws; risks related to mine closure activities and closed and historical sites; challenges or defects in title; the price and availability of key operating supplies or services; historical environmental liabilities and ongoing reclamation obligations; indebtedness; funding requirements and availability of financing; liquidity risks and limited financial resources; risks relating to attracting and retaining of highly skilled employees; risks associated with acquisitions and related integration efforts, including the ability to achieve anticipated benefits, unanticipated difficulties or expenditures relating to integration and diversion of management time on integration; the estimation of asset carrying values; internal controls; competition; dilution; existence of significant shareholders; conflicts of interest; activist shareholders and proxy solicitation matters; risks relating to dividends; risks associated with business arrangements and partners over which the Company does not have full control; and other risks and uncertainties, including but not limited to those described in the "Risks and Uncertainties" section of the Annual Information Form and the "Managing Risks" section of the Company's MD&A for the year ended December 31, 2019, which are available on SEDAR at www.sedar.com under the Company's profile. All of the forward-looking statements made in this document are qualified by these cautionary statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, forecast or intended and readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking information. Accordingly, there can be no assurance that forward-looking information will prove to be accurate and forward-looking information is not a guarantee of future performance. Readers are advised not to place undue reliance on forward-looking information. The forward-looking information contained herein speaks only as of the date of this document. The Company disclaims any intention or obligation to update or revise forward-looking information or to explain any material difference between such and subsequent actual events, except as required by applicable law.

Highlights

Operational Performance

All operations continued to effectively manage costs, but metal production was impacted by lower grades and throughput. In addition, while there was no significant impact to production, the Company had two unplanned operational suspensions in the last week of the quarter.

The Company continues to manage and respond to the COVID-19 pandemic and has implemented preventative measures to ensure the safety of its workforce, local communities and other key stakeholders. To date, production disruptions as a result of COVID-19 have been minimal and there has been no significant disruption in the delivery or receipt of goods at our operations.

Candelaria (80% owned): Candelaria produced 35,836 tonnes of copper, and approximately 21 thousand ounces of gold in concentrate on a 100% basis in the quarter. Copper production for the quarter was lower than the prior year quarter primarily due to lower grades. Ore milled during the third quarter of 2020 significantly improved over that achieved in the first two quarters of the year as measures to address variability in ore hardness and mill circuit availabilities began to take hold. Mining is advancing through the areas of Phase 10 which were in proximity to where pit wall displacement issues occurred in Phase 9, without issue. Copper cash costs¹ of \$1.37/lb for the quarter were better than the prior year comparable quarter largely owing to the impact of favourable foreign exchange.

Chapada (100% owned): Chapada produced 12,990 tonnes of copper and approximately 24 thousand ounces of gold which were lower than the prior year quarter due primarily to lower throughput as a result of expected increase in ore hardness as well as the mill interruption at quarter-end. Processing activities were interrupted on September 27, 2020 when the protection system at the operation's main electrical substation failed after the restoration of an outage, damaging all four SAG and ball mill motors. Two spare motors have since been installed and the operation is currently operating at approximately 30% of its throughput capacity. A return to full production is expected late in the fourth quarter. Despite the late quarter interruption, copper cash costs of \$0.21/lb for the quarter were better than expected benefitting from favourable foreign exchange and higher gold by-product prices.

Eagle (100% owned): Eagle produced 4,854 tonnes of nickel and 5,055 tonnes of copper during the quarter. Nickel and copper production was higher than the prior year quarter due to higher grades from Eagle East. By-product credits, aided by rising copper prices, exceeded gross cash costs in the quarter resulting in nickel cash costs of \$(0.63)/lb. Gross costs were lower primarily due to treatment and refining charges.

Neves-Corvo (100% owned): Neves-Corvo produced 6,518 tonnes of copper and 15,459 tonnes of zinc for the quarter. Copper and zinc production were lower than the prior year quarter due to lower throughput. A voluntary 5-day suspension of mining and milling operations took place following a fatal accident on September 25, 2020. The Company held safety stand downs at all its operations globally and remains committed to safe production. Copper grades were also lower while zinc grades improved over the prior quarter. Copper cash costs of \$1.97/lb for the quarter were higher than the prior year quarter due to lower sales volumes which were partially offset by higher by-product credits from higher zinc prices.

Restart of the Zinc Expansion Project (ZEP) is on track for early 2021. During the third quarter, work continued to prepare the surface and underground construction sites for the restart. Preparation work that is planned for the fourth quarter of 2020 includes ventilation raise work, activities on the SAG mill, including commissioning with waste, and surface conveyor installations.

Zinkgruvan (100% owned): Zinc production of 17,328 tonnes was higher than the prior year quarter due to higher achieved throughput. Lead production of 5,571 tonnes was lower than the prior year quarter due to lower feed grades. Zinc cash costs of \$0.55/lb were higher than the prior year quarter as a result of higher per-unit operating costs as well as unfavourable foreign exchange.

¹ This is a non-GAAP measure – see page 27 of this MD&A for discussion of non-GAAP measures.

Total production

<i>(Contained metal in concentrate)</i>	2020				2019				
	YTD	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Copper (t) ^{ab}	188,896	61,444	65,285	62,167	235,498	67,131	74,560	47,685	46,122
Zinc (t)	101,316	32,787	31,582	36,947	151,515	38,925	35,028	37,116	40,446
Gold (koz) ^b	128	45	44	39	142	43	58	21	20
Nickel (t)	11,809	4,854	3,380	3,575	13,494	2,651	3,232	3,398	4,213

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

b - Chapada results included are for the Company's ownership period.

Financial Performance

- Gross profit for the quarter ended September 30, 2020 was \$199.3 million, an increase of \$70.7 million compared to the prior year quarter. The increase was primarily due to higher realized metal prices and price adjustments (\$81.0 million), partially offset by lower sales volumes (\$9.1 million).

On a year-to-date basis, gross profit was \$318.8 million, an increase of \$23.8 million over the prior year comparative period due to the acquisition of Chapada in July 2019 (\$81.2 million) and favourable foreign exchange (\$51.5 million), partially offset by lower metal prices and price adjustments (\$46.6 million) and higher depreciation (\$67.6 million).

- Net earnings for the quarter ended September 30, 2020 were \$133.6 million, an increase of \$101.5 million compared to the prior year quarter. The increase was attributable to higher gross profit, lower finance costs and lower income taxes.

On a year-to-date basis, net earnings were \$68.3 million, a decrease of \$16.1 million from the prior year comparative period as lower general exploration and business development expenses, higher foreign exchange gains of \$38.9 million and lower finance costs were more than offset by higher income taxes from the inclusion of Chapada mine.

- Adjusted earnings¹ for the quarter were \$106.4 million, an increase of \$80.8 million over the prior year quarter due mainly to higher gross profit. On a year-to-date basis, adjusted earnings were \$120.0 million, \$42.5 million higher than the prior year primarily due to higher gross profit, foreign exchange gains and lower finance and general exploration and business development costs.

Corporate Updates

- On September 8, 2020, the Company reported its Mineral Resource and Mineral Reserve estimates as at June 30, 2020. On a consolidated and attributable basis, estimated contained metal in the Proven and Probable Mineral Reserve categories totalled 5,518 kt of copper, 3,123 kt of zinc, 100 kt of nickel, 936 kt of lead and 6.9 million ounces of gold.
- On September 25, 2020, the Company reported that a fatal accident occurred at its Neves-Corvo mine in Portugal. The incident occurred during underground mining operations. No other personnel were injured in the incident and the scene has been secured. Operations were temporarily suspended.
- On September 27, 2020, the Company announced that processing activities have been interrupted at the Chapada mine in Brazil. The operation suffered a power outage in the morning of September 27, 2020 and when power was restored, the protection system at the operation's main electrical substation failed, resulting in significant damage to all four SAG and ball mill motors. In addition to assessing a staged resumption of

¹ This is a non-GAAP measure – see page 27 of this MD&A for discussion of non-GAAP measures.

processing, the Company will be bringing forward planned maintenance and refocusing mining on waste removal and development activities.

- On October 7, 2020, the Company reported that mediation with Candelaria's Mine Workers Union, which represents approximately 350 workers, ended without an agreement thereby putting the Union in a legal position to strike.

On October 18, 2020, the Company announced that despite mediation with the Candelaria AOS Union, the parties had failed to reach an agreement and Candelaria AOS Union could legally be on strike commencing October 20, 2020.

Both the Mine Workers Union and the AOS Union are currently on strike and, as a result, Candelaria operations are temporarily suspended. Critical works continue to be executed to protect required onsite personnel, the operation and the environment.

Financial Position and Financing

- Cash and cash equivalents of \$222.0 million as at September 30, 2020 decreased by \$62.0 million during the quarter. Cash flow from operations of \$272.2 million was used to invest in capital expenditures (\$89.8 million), pay shareholder dividends (\$22.3 million) and the derivative liability related to the Chapada acquisition (\$25.0 million), as well as make distributions to non-controlling interests (\$26.0 million). The Company also repaid approximately \$160.0 million in debt on a net basis, including \$145.0 million on its revolving credit facility.

On a year-to-date basis, cash and cash equivalents decreased by \$28.6 million as cash flow from operations of \$393.2 million was more than offset by capital expenditure of \$331.0 million and cash flow used in financing activities of \$80.7 million.

- Net debt¹ of \$124.0 million as at September 30, 2020 reflects an increase of \$63.8 million since December 31, 2019. Operating cash flow of \$393.2 million for the first nine months of 2020 was offset by capital investment (\$331.0 million), dividend payments to shareholders (\$64.9 million), distributions paid to non-controlling interests of \$26.0 million and the negative effect of foreign exchange on cash of \$23.0 million.
- As of October 28, 2020, the Company had a cash and net debt balance of approximately \$280.0 million and \$65.0 million, respectively.

¹These are a non-GAAP measure – see page 27 of this MD&A for discussion of non-GAAP measures.

Outlook

Candelaria's guidance was withdrawn on October 18, 2020 to reflect the temporary suspension of operations due to the current labour action. Guidance for Chapada assumes 60 days of production at approximately 30% capacity following the mill interruption at the end of September. Metal production guidance for Neves-Corvo has been updated and tightened to reflect the impact of lower grades and ore availability to date and expectations for the fourth quarter.

Cash costs at Chapada and Eagle have been better than expected due to continued favourable by-product metal prices and, at Chapada, favourable foreign exchange; accordingly, cash cost guidance for these two operations has been reduced.

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

2020 Production and Cash Cost

(contained metal in concentrate)		Previous Guidance ^a		Revised Guidance	
		Tonnes	C1 Cost	Tonnes	C1 Cost ^b
Copper (t)	Candelaria (100%)	145,000 - 155,000	\$1.35/lb	N/A	N/A
	Chapada	51,000 - 56,000	\$0.65/lb	45,000 - 50,000	\$0.55/lb ^d
	Eagle	17,000 - 19,000		17,000 - 19,000	
	Neves-Corvo	35,000 - 40,000	\$2.10/lb	32,000 - 34,000	\$2.10/lb ^c
	Zinkgruvan	3,000 - 4,000		3,000 - 4,000	
	Total	251,000 - 274,000			
Zinc (t)	Neves-Corvo	70,000 - 75,000		70,000 - 72,000	
	Zinkgruvan	72,000 - 77,000	\$0.60/lb	72,000 - 74,000	\$0.60/lb ^c
	Total	142,000 - 152,000			
Gold (oz)	Candelaria (100%)	80,000 - 90,000		N/A	
	Chapada	85,000 - 90,000		80,000 - 85,000	
	Total	165,000 - 180,000			
Nickel (t)	Eagle	15,000 - 18,000	\$0.85/lb	15,000 - 18,000	\$0.50/lb

a. Guidance as outlined in the Management's Discussion and Analysis for the three and six months ended June 30, 2020. Chapada's guidance was subsequently withdrawn on September 27, 2020. Candelaria's guidance was subsequently withdrawn on October 18, 2020.

b. Cash costs are based on various assumptions and estimates, including but not limited to; production volumes, as noted above, commodity prices (Cu: \$3.00/lb, Zn: \$1.10/lb, Ni: \$6.50/lb, Pb: \$0.85/lb, Au: \$1,900/oz.), foreign exchange rates (€/USD:1.20, USD/SEK:8.50, USD/BRL:5.00) and operating costs, for the remainder of 2020.

c. Silver production at Zinkgruvan and Neves-Corvo is subject to streaming agreements, and cash costs are calculated based on receipt of approximately \$4.40/oz and \$4.30/oz, respectively, on silver sales.

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

2020 Capital Expenditure Guidance

Candelaria's guidance for capital expenditures has been withdrawn reflecting the temporary suspension of operations due to the current labour action. Guidance for the other operations remains unchanged from previous guidance.

(\$ millions)	Guidance
Sustaining Capital	
Candelaria (100% basis)	N/A
Chapada	40
Eagle	15
Neves-Corvo	55
Zinkgruvan	45
Zinc Expansion Project (Neves-Corvo)	65

2020 Exploration Investment Guidance

Planned exploration expenditures of \$35.0 million in 2020 remain unchanged from guidance in the previous quarter. Planned expenditures for 2020 are focused on supporting in-mine and near-mine targets at our operations including \$15.0 million at Candelaria, \$6.0 million at Zinkgruvan, \$6.0 million at Chapada, and \$2.0 million at Neves-Corvo.

Selected Quarterly Financial Information¹

(\$ millions, except share and per share amounts)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Revenue	600.7	538.7	1,512.0	1,324.4
Cost of goods sold:				
Production costs	(279.4)	(293.9)	(831.1)	(754.8)
Depreciation, depletion and amortization	(122.0)	(116.2)	(362.1)	(274.6)
Gross profit	199.3	128.6	318.8	294.9
Net earnings attributable to:				
Lundin Mining shareholders	122.4	26.4	49.6	70.2
Non-controlling interests	11.2	5.7	18.7	14.1
Net earnings	133.6	32.1	68.3	84.4
Adjusted earnings ³	106.4	25.6	120.0	77.5
Adjusted EBITDA ³	300.3	224.3	622.1	476.9
Cash flow from operations	272.2	111.6	393.2	378.2
Adjusted operating cash flow ³	262.0	155.0	468.9	344.1
Capital expenditures ⁴	89.8	165.0	331.0	525.7
Per share amounts:				
Basic and diluted earnings per share				
attributable to shareholders	0.17	0.04	0.07	0.10
Adjusted earnings per share ³	0.14	0.03	0.16	0.11
Adjusted operating cash flow per share ³	0.36	0.21	0.64	0.47
Dividends declared (C\$/share)	0.04	0.03	0.12	0.09

	September 30,	December 31,
	2020	2019
Total assets	6,972.3	6,917.2
Total debt and lease liabilities	344.2	308.5
Net debt ³	124.0	60.2

Summary of Quarterly Results^{1,2,5}

(\$ millions, except per share data)	Q3-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19	Q4-18
Revenue	600.7	533.3	378.0	568.4	538.7	369.3	416.4	407.7
Cost of goods sold	(401.4)	(391.2)	(400.7)	(422.9)	(410.1)	(344.1)	(275.2)	(335.7)
Gross profit (loss)	199.3	142.1	(22.7)	145.5	128.6	25.1	141.2	72.0
Net earnings (loss)	133.6	48.3	(113.6)	104.8	32.1	(8.6)	60.9	31.8
- attributable to shareholders	122.4	38.7	(111.5)	97.0	26.4	(7.8)	51.7	28.8
EPS - Basic and diluted	0.17	0.05	(0.15)	0.13	0.04	(0.01)	0.07	0.04
Cash flow from operations	272.2	37.6	83.4	186.4	111.6	204.5	62.1	44.2
Adjusted operating cash flow per share	0.36	0.24	0.04	0.28	0.21	0.07	0.19	0.16
Capital expenditures ⁴	89.8	100.2	141.1	139.6	165.0	178.7	182.0	234.1

1. Except where otherwise noted, financial data has been prepared in accordance with IFRS as issued by the IASB. Upon the adoption of new standards, the Company has elected not to restate comparative periods presented.

2. Results reflect the inclusion of Chapada for the period of Lundin Mining's ownership.

3. These are non-GAAP measures please see 27 of this MD&A for discussion of non-GAAP measures.

4. Capital expenditures are reported on a cash basis, as presented in the consolidated statement of cash flows.

5. The sum of quarterly amounts may differ from year-to-date results due to rounding.

Revenue Overview

Sales Volumes by Payable Metal

(Contained metal in concentrate)	2020				2019				
	Total	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Copper (tonnes)									
Candelaria (100%)	106,609	34,713	34,130	37,766	139,051	34,564	42,276	31,138	31,073
Chapada ¹	36,153	11,220	13,446	11,487	29,884	16,127	13,757	-	-
Eagle	12,799	4,732	3,668	4,399	12,767	2,819	2,615	4,286	3,047
Neves-Corvo	26,091	6,892	11,471	7,728	41,252	11,311	12,343	9,888	7,710
Zinkgruvan	2,382	929	910	543	2,673	779	981	913	-
	184,034	58,486	63,625	61,923	225,627	65,600	71,972	46,225	41,830
Zinc (tonnes)									
Neves-Corvo	45,523	14,563	15,896	15,064	59,143	14,713	14,567	14,466	15,397
Zinkgruvan	39,751	15,002	10,465	14,284	67,463	19,314	12,657	19,466	16,026
	85,274	29,565	26,361	29,348	126,606	34,027	27,224	33,932	31,423
Gold (000 oz)									
Candelaria (100%)	62	21	19	22	83	20	25	19	19
Chapada ¹	58	18	23	17	55	28	27	-	-
	120	39	42	39	138	48	52	19	19
Nickel (tonnes)									
Eagle	8,767	3,539	2,419	2,809	10,682	3,167	1,889	3,935	1,691
Lead (tonnes)									
Neves-Corvo	3,401	794	1,309	1,298	4,591	1,210	792	1,313	1,276
Zinkgruvan	18,081	6,352	5,705	6,024	23,875	9,518	4,684	5,799	3,874
	21,482	7,146	7,014	7,322	28,466	10,728	5,476	7,112	5,150
Silver (000 oz)									
Candelaria (100%)	847	254	272	321	1,152	275	342	252	283
Chapada ¹	91	26	31	34	119	67	52	-	-
Eagle	58	16	22	20	72	12	22	25	13
Neves-Corvo	620	170	270	180	801	189	185	201	226
Zinkgruvan	1,217	441	427	349	1,594	571	335	460	228
	2,833	907	1,022	904	3,738	1,114	936	938	750

1. Chapada's sales volumes are presented for the period of Lundin Mining's ownership.

Revenue Analysis¹

by Mine (\$ thousands)	Three months ended September 30,					Nine months ended September 30,				
	2020		2019		Change	2020		2019		Change
	\$	%	\$	%	\$	\$	%	\$	%	\$
Candelaria (100%)	280,417	47	249,930	46	30,487	708,521	47	661,268	50	47,253
Chapada	113,586	19	114,867	21	(1,281)	311,832	21	114,867	9	196,965
Eagle	91,314	15	53,717	10	37,597	191,340	13	159,337	12	32,003
Neves-Corvo	69,287	12	86,009	16	(16,722)	196,252	13	248,675	19	(52,423)
Zinkgruvan	46,069	7	34,192	7	11,877	104,032	6	140,203	10	(36,171)
	600,673		538,715		61,958	1,511,977		1,324,350		187,627

by Metal (\$ thousands)	Three months ended September 30,					Nine months ended September 30,				
	2020		2019		Change	2020		2019		Change
	\$	%	\$	%	\$	\$	%	\$	%	\$
Copper	396,592	66	366,077	68	30,515	1,016,611	67	859,120	65	157,491
Zinc	51,890	9	44,119	8	7,771	119,114	8	186,472	14	(67,358)
Gold	68,038	11	68,161	13	(123)	194,267	13	114,622	9	79,645
Nickel	54,788	9	39,175	7	15,613	109,252	7	98,352	7	10,900
Lead	11,197	2	10,842	2	355	29,546	2	33,045	2	(3,499)
Silver	11,568	2	7,868	2	3,700	31,201	2	24,665	2	6,536
Other	6,600	1	2,473	-	4,127	11,986	1	8,074	1	3,912
	600,673		538,715		61,958	1,511,977		1,324,350		187,627

1. Chapada's revenues are for the period of Lundin Mining's ownership.

Revenue for the quarter ended September 30, 2020 increased in comparison to the third quarter of the prior year mainly due to higher realized metal prices.

On a year-to-date basis, revenue was also higher than the prior year comparable period due mainly to the addition of the Chapada mine acquired in July 2019 (\$198.2 million) and lower treatment and refining charges (\$30.3 million), partially offset by the effects of lower metal price and price adjustments (\$46.6 million).

Revenue from gold and silver for the three and nine months ended September 30, 2020 includes the partial recognition of an upfront purchase price on the sale of precious metals streams for Candelaria, Neves-Corvo and Zinkgruvan, as well as the cash proceeds which amount to \$412/oz for gold and between \$4.12/oz and \$4.40/oz for silver.

Revenue from copper for the three and nine months ended September 30, 2020 includes the recognition of deferred revenue from the copper streams acquired with the Chapada mine, as well as the cash proceeds of 30% of the market price of copper sold.

Revenue is recorded using the metal price received for sales that settle during the reporting period. For sales that have not been settled, an estimate is used based on the expected month of settlement and the forward price of the metal at the end of the reporting period. The difference between the estimate and the final price received is recognized by adjusting revenue in the period in which the sale is settled. Settlement dates can range from one to six months after shipment.

Provisionally valued revenue as of September 30, 2020

Metal	Payable metal	Valued at \$ per lb/oz
Copper	50,868 t	\$3.03 /lb
Zinc	12,890 t	\$1.08 /lb
Gold	32,140 oz	\$1,891 /oz
Nickel	1,535 t	\$6.57 /lb

Quarterly Reconciliation of Realized Prices

(\$ thousands)	Three months ended September 30, 2020				
	Copper	Zinc	Gold	Nickel	Total
Current period sales ¹	385,901	69,784	75,713	52,875	584,273
Prior period price adjustments	31,590	3,435	2,790	1,991	39,806
	417,491	73,219	78,503	54,866	624,079
Other metal sales					45,772
Copper stream cash effect					(2,851)
Gold stream cash effect					(19,634)
Less: Treatment & refining charges					(46,693)
Total Revenue					600,673
Payable Metal	58,486 t	29,565 t	39 koz	3,539 t	
Current period sales ^{1, 2}	\$2.99	\$1.07	\$1,910	\$6.78	
Prior period adjustments	0.25	0.05	70	0.25	
Realized prices	\$3.24 /lb	\$1.12 /lb	\$1,980 /oz	\$7.03 /lb	

	Three months ended September 30, 2019				
	Copper	Zinc	Gold	Nickel	Total
Current period sales ¹	412,419	65,332	63,447	32,356	573,554
Prior period price adjustments	(13,263)	(4,230)	1,001	12,340	(4,152)
	399,156	61,102	64,448	44,696	569,402
Other metal sales					44,247
Copper stream cash effect					(1,047)
Gold stream cash effect					(16,551)
Less: Treatment & refining charges					(57,336)
Total Revenue					538,715
Payable Metal	71,972 t	27,224 t	52 koz	1,889 t	
Current period sales ^{1,2}	\$2.60	\$1.09	\$1,220	\$7.77	
Prior period adjustments	(0.08)	(0.07)	19	2.96	
Realized prices	\$2.52 /lb	\$1.02 /lb	\$1,239 /oz	\$10.73 /lb	

1. Includes provisional price adjustments on current period sales.

2. The realized price for copper inclusive of the impact of streaming agreements for 2020 is \$2.97/lb (2019: \$2.59/lb). The realized price for gold inclusive of the impact of streaming agreements for 2020 is \$1,402koz (2019: \$902/koz).

Year-to-Date Reconciliation of Realized Prices

(\$ thousands)	Nine months ended September 30, 2020				
	Copper	Zinc	Gold	Nickel	Total
Current period sales ¹	1,124,143	184,499	218,996	120,506	1,648,144
Prior period price adjustments	(39,944)	(8,081)	1,120	(12,148)	(59,053)
	1,084,199	176,418	220,116	108,358	1,589,091
Other metal sales					123,670
Copper stream cash effect					(9,328)
Gold stream cash effect					(54,152)
Less: Treatment & refining charges					(137,304)
Total Revenue					1,511,977
Payable Metal	184,034 t	85,274 t	120 koz	8,767 t	
Current period sales ^{1, 2}	\$2.77	\$0.98	\$1,822	\$6.23	
Prior period adjustments	(0.10)	(0.04)	9	(0.62)	
Realized prices	\$2.67 /lb	\$0.94 /lb	\$1,832 /oz	\$5.61 /lb	

	Nine months ended September 30, 2019 ³				
	Copper	Zinc	Gold	Nickel	Total
Current period sales ¹	925,447	235,665	125,513	111,644	1,398,269
Prior period price adjustments	10,856	774	4,083	13,365	29,078
	936,303	236,439	129,596	125,009	1,427,347
Other metal sales					95,161
Cooper stream cash effect					(1,047)
Gold stream cash effect					(39,109)
Less: Treatment & refining charges					(158,002)
Total Revenue					1,324,350
Payable Metal	160,027 t	92,579 t	90 koz	7,515 t	
Current period sales ^{1, 2}	\$2.62	\$1.15	\$1,395	\$6.74	
Prior period adjustments	0.03	0.01	45	0.81	
Realized prices	\$2.65 /lb	\$1.16 /lb	\$1,440 /oz	\$7.55 /lb	

1. Includes provisional price adjustments on current period sales.

2. The realized price for copper inclusive of the impact of streaming agreements for 2020 is \$2.75/lb (2019: \$2.62). The realized price for gold inclusive of the impact of streaming agreements for 2020 is \$1,374/oz (2019: \$960/oz).

3. Results reflect the inclusion of Chapada for the period of Lundin Mining's ownership.

Financial Results

Production Costs

Production costs for the quarter ended September 30, 2020 were \$14.5 million lower than the prior year quarter as a result of the effects of favourable foreign exchange rates. On a year-to-date basis production costs were \$76.3 million higher than the prior year period due primarily to the inclusion of production costs from the Chapada mine acquired in July 2019.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expense increased for the quarter and nine months ended September 30, 2020 compared to the prior year periods. The increase was primarily attributable to increased amortization of deferred stripping at Candelaria of Phase 10, higher sales volumes at Eagle and, for the nine months, the inclusion of Chapada (\$22.4 million).

Depreciation by operation (\$ thousands)	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	Change	2020	2019	Change
Candelaria	71,309	69,261	2,048	210,443	155,022	55,421
Chapada	9,305	17,299	(7,994)	31,735	17,299	14,436
Eagle	17,707	10,261	7,446	53,613	40,577	13,036
Neves-Corvo	13,299	12,908	391	40,892	38,306	2,586
Zinkgruvan	9,864	6,033	3,831	24,107	22,063	2,044
Other	473	441	32	1,346	1,333	13
	121,957	116,203	5,754	362,136	274,600	87,536

1. Chapada's depreciation is presented for the period of Lundin Mining's ownership.

Loss from Equity Investment in Associate

In the fourth quarter of 2019, the Company's joint venture, Freeport Cobalt, sold its interest in the cobalt refinery and related cobalt precursor business. In the prior nine-month period ended September 30, 2019, a loss of \$11.5 million was recognized, due mainly to inventory revaluations as a result of lower cobalt prices.

General Exploration and Business Development

General exploration and business development expenses for the three and nine months ended September 30, 2020 decreased against the prior year comparable periods by \$5.3 million and \$25.4 million, respectively, due primarily to delayed surface exploration drilling and geophysical work at Neves-Corvo and Zinkgruvan. Drilling activity at Chapada increased significantly with the addition of more drill rigs in the third quarter with COVID-19 related health and safety measures in place; this program is currently on track to meet the target of 40,000 metres. Exploration drilling at Candelaria has primarily focused along known mineralized trends within the underground workings.

Finance Income and Costs

Net finance costs decreased by \$12.1 million comparing the current quarter to the prior year quarter due mainly to increased interest income and lower interest expense from long-term debt resulting from lower interest rates in the current quarter.

For the nine months ended September 30, 2020 net finance costs increased by \$10.9 million over the prior year comparable periods primarily due to higher interest expense from deferred revenue and lower interest income.

Other Income and Expenses

Net other income for the nine months ended September 30, 2020 was \$14.5 million, compared to net other expense of \$5.6 million in the prior year to date period. The higher other income in the current year period reflects higher foreign exchange gains of \$39.0 million partially offset by higher negative revaluation of the derivative asset and liability. Net other expense for the three months ended September 30, 2020 was comparable to the prior year quarter.

Foreign exchange gains and losses recorded in other income and expenses relate to working capital denominated in foreign currencies that were held by the Company. Period end exchange rates having a meaningful impact on foreign exchange recorded at September 30, 2020 were as follows:

	September 30, 2020	June 30, 2020	December 31, 2019
Chilean Peso	\$1.00:CLP784	\$1.00:CLP813	\$1.00:CLP749
Euro	\$1.17:€1.00	\$1.12:€1.00	\$1.12:€1.00
Brazilian Real	\$1.00:BRL5.64	\$1.00:BRL5.48	\$1.00:BRL4.03
Swedish Kroner	\$1.00:SEK8.99	\$1.00:SEK9.35	\$1.00:SEK9.32

Income Taxes

Income taxes by mine

Income tax expense (recovery) (\$ thousands)	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	Change	2020	2019	Change
Candelaria	19,011	7,727	11,284	39,219	11,106	28,113
Chapada ¹	24,094	26,981	(2,887)	129,813	26,981	102,832
Eagle	1,777	772	1,005	1,694	(1,137)	2,831
Neves-Corvo	(13,235)	193	(13,428)	(19,455)	(322)	(19,133)
Zinkgruvan	(89)	3,548	(3,637)	(312)	12,802	(13,114)
Other	1,769	6,536	(4,767)	11,612	22,004	(10,392)
	33,327	45,757	(12,430)	162,571	71,434	91,137

1. Chapada's Income tax is presented for the period of Lundin Mining's ownership.

Income taxes by classification

Income tax expense (\$ thousands)	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	Change	2020	2019	Change
Current income tax (recovery) expense	(11,464)	29,046	(40,510)	24,370	60,438	(36,068)
Deferred income tax	44,791	16,711	28,080	138,201	10,996	127,205
	33,327	45,757	(12,430)	162,571	71,434	91,137

Income tax expense for the three months ended September 30, 2020 was lower than the prior year quarter due to the tax refund of \$14.3 million received by Somincor from a favourable ruling on a tax dispute and lower taxable earnings at Zinkgruvan, partially offset by higher taxable earnings at Candelaria. During the quarter, the Company partially reversed the write-down of recoverable taxes in Chile recorded in first quarter of 2020 of \$13.6 million to \$8.2 million due to changes in distribution plans (Q3 2019 – nil).

Income tax expense for the nine months ended September 30, 2020 was higher than the prior year comparable period due primarily to the acquisition of Chapada mine in July 2019. Included in Chapada's taxes is a non-cash expense of \$80.1 million arising from the revaluation of non-monetary assets in BRL to USD. In addition, higher taxable earnings at Candelaria were partially offset by lower taxable earnings at Zinkgruvan and Somincor, as well as a \$4.5 million tax recovery from prior periods in Chile and the \$14.3 million tax refund in Somincor.

Mining Operations

Production Overview

(Contained metal in concentrate)	2020				2019				
	Total	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Copper (tonnes)									
Candelaria (100%)	107,193	35,836	35,060	36,297	146,330	39,221	40,698	33,633	32,778
Chapada ¹	38,670	12,990	13,799	11,881	30,529	12,884	17,645	-	-
Eagle	13,535	5,055	4,102	4,378	14,297	3,626	3,042	3,732	3,897
Neves-Corvo	26,152	6,518	10,559	9,075	41,436	10,898	12,055	9,615	8,868
Zinkgruvan	3,346	1,045	1,765	536	2,906	502	1,120	705	579
	188,896	61,444	65,285	62,167	235,498	67,131	74,560	47,685	46,122
Zinc (tonnes)									
Neves-Corvo	52,393	15,459	18,986	17,948	73,202	17,946	18,232	18,251	18,773
Zinkgruvan	48,923	17,328	12,596	18,999	78,313	20,979	16,796	18,865	21,673
	101,316	32,787	31,582	36,947	151,515	38,925	35,028	37,116	40,446
Gold (000 oz)									
Candelaria (100%)	63	21	21	21	88	23	24	21	20
Chapada ¹	65	24	23	18	54	20	34	-	-
	128	45	44	39	142	43	58	21	20
Nickel (tonnes)									
Eagle	11,809	4,854	3,380	3,575	13,494	2,651	3,232	3,398	4,213
Lead (tonnes)									
Neves-Corvo	3,787	760	1,559	1,468	5,474	1,365	1,106	1,350	1,653
Zinkgruvan	17,383	5,571	3,799	8,013	27,703	9,361	6,291	6,219	5,832
	21,170	6,331	5,358	9,481	33,177	10,726	7,397	7,569	7,485
Silver (000 oz)									
Candelaria (100%)	919	283	305	331	1,305	337	355	292	321
Chapada ¹	187	61	69	57	144	63	81	-	-
Eagle	103	33	35	35	143	31	40	45	27
Neves-Corvo	1,137	281	479	377	1,706	385	431	392	498
Zinkgruvan	1,550	499	389	662	2,464	724	630	631	479
	3,896	1,157	1,277	1,462	5,762	1,540	1,537	1,360	1,325

1. Chapada's production results are for the period of Lundin Mining's ownership.

Cash Cost Overview

(\$/lb)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Candelaria (cost/lb Cu)				
Gross cost	1.73	1.67	1.66	1.86
By-product ¹	(0.36)	(0.28)	(0.32)	(0.26)
Net Cash Cost	1.37	1.39	1.34	1.60
All-In Sustaining Cost²	2.05	2.49	2.14	3.10
Chapada (cost/lb Cu)³				
Gross cost	1.73	1.69	1.77	1.69
By-product	(1.52)	(1.34)	(1.33)	(1.34)
Net Cash Cost	0.21	0.35	0.44	0.35
All-In Sustaining Cost	0.73	0.62	0.85	0.62
Eagle (cost/lb Ni)				
Gross cost	4.05	6.74	4.76	6.22
By-product	(4.68)	(3.49)	(4.25)	(3.68)
Net Cash Cost	(0.63)	3.25	0.51	2.54
All-In Sustaining Cost	0.54	4.37	2.02	3.38
Neves-Corvo (cost/lb Cu)				
Gross cost	3.73	2.55	3.13	2.97
By-product	(1.76)	(0.95)	(1.18)	(1.45)
Net Cash Cost	1.97	1.60	1.95	1.52
All-In Sustaining Cost	2.93	2.35	2.77	2.27
Zinkgruvan (cost/lb Zn)				
Gross cost	1.10	0.97	1.04	0.80
By-product	(0.55)	(0.55)	(0.50)	(0.38)
Net Cash Cost	0.55	0.42	0.54	0.42
All-In Sustaining Cost	0.74	0.70	0.83	0.67

1. By-product is after related treatment and refining charges.

2. All-in Sustaining Cost ("AISC") is a non-GAAP measure – see page 27 of this MD&A for discussion of non-GAAP measures.

3. Chapada's cash cost and AISC is for the period of Lundin's ownership.

Capital Expenditures^{1,2}

Three months ended September 30,									
by Mine	2020				2019				
	(\$ thousands)	Sustaining	Expansionary	Capitalized		Sustaining	Expansionary	Capitalized	
Interest				Total	Interest			Total	
Candelaria	49,534	-	-	-	49,534	80,773	-	-	80,773
Chapada	7,959	-	-	-	7,959	12,342	-	-	12,342
Eagle	1,283	-	-	-	1,283	1,577	8,846	126	10,549
Neves-Corvo	12,217	11,210	838	24,265	17,238	36,735	545	54,518	
Zinkgruvan	6,677	-	-	6,677	6,696	-	-	6,696	
Other	55	-	-	55	72	-	-	72	
	77,725	11,210	838	89,773	118,698	45,581	671	164,950	

Nine months ended September 30,									
by Mine	2020				2019				
	(\$ thousands)	Sustaining	Expansionary	Capitalized		Sustaining	Expansionary	Capitalized	
Interest				Total	Interest			Total	
Candelaria	179,729	-	-	-	179,729	313,665	-	-	313,665
Chapada ³	19,987	-	-	-	19,987	12,342	-	-	12,342
Eagle	8,928	-	-	-	8,928	4,751	25,818	126	30,695
Neves-Corvo	39,748	56,867	1,289	97,904	41,635	100,579	545	142,759	
Zinkgruvan	24,182	-	-	24,182	26,053	-	-	26,053	
Other	270	-	-	270	150	-	-	150	
	272,844	56,867	1,289	331,000	398,596	126,397	671	525,664	

1. Capital expenditures are reported on a cash basis, as presented in the consolidated statement of cash flows.

2. Sustaining and expansionary capital expenditures are non-GAAP measures – see page 27 of this MD&A for discussion of non-GAAP measures.

3. Chapada's capital expenditures are presented for the period of Lundin Mining's ownership.

Candelaria (Chile)

Operating Statistics

(100% Basis)	2020				2019				
	Total	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	26,143	8,977	9,085	8,081	28,753	10,067	9,329	5,620	3,737
Ore milled (000s tonnes)	18,851	7,040	6,104	5,707	26,287	6,336	6,295	6,450	7,206
Grade									
Copper (%)	0.61	0.55	0.62	0.67	0.60	0.66	0.70	0.57	0.49
Gold (g/t)	0.14	0.13	0.14	0.15	0.14	0.15	0.16	0.14	0.11
Recovery									
Copper (%)	93.6	92.6	93.5	94.7	92.3	92.8	92.9	91.4	91.9
Gold (%)	74.0	75.1	74.0	73.0	72.1	74.4	71.8	70.6	70.5
Production (contained metal)									
Copper (tonnes)	107,193	35,836	35,060	36,297	146,330	39,221	40,698	33,633	32,778
Gold (000 oz)	63	21	21	21	88	23	24	21	20
Silver (000 oz)	919	283	305	331	1,305	337	355	292	321
Revenue (\$000s)	708,521	280,417	255,132	172,972	896,283	235,015	249,930	178,677	232,661
Gross profit (\$000s)	143,270	88,511	71,544	(16,785)	180,650	57,989	42,612	1,390	78,659
Cash cost (\$ per pound copper)	1.34	1.37	1.36	1.31	1.54	1.38	1.39	1.86	1.62
AISC (\$ per pound copper)	2.14	2.05	2.10	2.26	2.88	2.22	2.49	3.73	3.30

Gross Profit

Gross profit for the three months ended September 30, 2020 was higher than the prior year comparable period primarily due to higher realized metal prices as well as the positive effects of foreign exchange.

Gross profit for the nine months ended September 30, 2020 was higher than the prior year comparable period due to favourable foreign exchange, higher realized metal prices, partially offset by higher depreciation expense.

Production

Copper production for the three months ended September 30, 2020 was lower than the prior year quarter largely attributable to lower grades. On a year-to-date basis, copper production was comparable to the prior year period as improved grades and recoveries offset the effects of lower throughput in the first half of the year.

Gold production for the three months ended September 30, 2020 was lower than the prior year quarter due to lower grades. On a year-to-date basis, gold production was lower than the prior year comparable period due to lower throughput in the first half of the year, partially offset by improved recoveries.

Ore milled during the third quarter of 2020 significantly improved over that achieved in the first two quarters of the year as measures to address variability in ore hardness and mill circuit availabilities began to take hold. Third quarter mill throughput averaged over 76,500 tonnes per day and was impacted by planned maintenance in early August. Mill throughput averaged over 80,500 tonnes per day in September as mining progressed deeper in Phase 10 of the open pit and operational hours in the mill improved. Efforts to further improve mine-to-mill performance and increase mill circuit availabilities continue.

Mining is advancing without issue and is now through the areas of Phase 10 which were in proximity to where pit wall displacement issues occurred in Phase 9.

Full year production guidance for Candelaria has been withdrawn, reflecting temporary suspension of operations during the fourth quarter of 2020 due to the current labour action.

Cash Costs

Copper cash costs for the three and nine months ended September 30, 2020 were lower than cash costs in the prior year comparable periods. The decrease was largely due to the favourable impact of foreign exchange as well as higher by-product credits.

As a result of the ongoing labour action, Candelaria's cash cost guidance has been withdrawn.

All-in sustaining costs for the three and nine months ended September 30, 2020 were lower than those of the corresponding periods in 2019 due to lower cash costs and lower sustaining capital expenditure.

For the nine months ended September 30, 2020, approximately 41,000 oz of gold and 580,000 oz of silver were subject to terms of a streaming agreement in which \$412/oz and \$4.12/oz were received for gold and silver, respectively.

Projects

The Candelaria Mill Optimization Program ("CMOP") achieved substantial completion in the first half of 2020, with the exception of the replacement of the fourth and last ball mill motor. The installation of the final ball mill motor remains scheduled for January 2021.

Chapada (Brazil)

Operating Statistics¹

	2020				2019				
	Total	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	23,811	7,831	7,528	8,452	18,240	7,592	10,648	-	-
Ore milled (000s tonnes)	15,574	4,808	5,278	5,488	11,911	5,731	6,180	-	-
Grade									
Copper (%)	0.29	0.31	0.30	0.27	0.31	0.27	0.34	-	-
Gold (g/t)	0.23	0.25	0.23	0.20	0.24	0.20	0.28	-	-
Recovery									
Copper (%)	85.0	87.7	86.1	80.9	82.7	81.6	83.7	-	-
Gold (%)	58.2	62.7	60.0	51.0	59.4	57.0	61.0	-	-
Production (contained metal)									
Copper (tonnes)	38,670	12,990	13,799	11,881	30,529	12,884	17,645	-	-
Gold (000 oz)	65	24	23	18	54	20	34	-	-
Silver (000 oz)	187	61	69	57	144	63	81	-	-
Revenue (\$000s)	311,832	113,586	114,125	84,121	248,011	133,144	114,867	-	-
Gross profit (\$000s)	143,711	62,558	59,320	21,833	104,445	56,581	47,864	-	-
Cash cost (\$ per pound copper)	0.44	0.21	0.21	0.92	0.58	0.77	0.35	-	-
AISC (\$ per pound copper)	0.85	0.73	0.64	1.22	0.97	1.28	0.62	-	-

1. Operating results are for the period of Lundin Mining's ownership.

Gross Profit

Gross profit for the three months ended September 30, 2020 was greater than the prior year comparable period driven by higher realized metal prices as well as lower depreciation partially offset by lower sales volumes.

Gross profit for the nine months ended September 30, 2020 was higher due to the acquisition of the mine in July 2019. Additionally, higher than expected realized metal prices and favourable foreign exchange rates contributed to the gross profit increase.

Production

The production of both copper and gold for the third quarter of 2020 was lower than the prior year quarter due primarily to lower throughput as a result of expected increase in ore hardness.

The production of both copper and gold was in-line with expectations for the nine months ended September 30, 2020 as lower throughput was largely offset by higher recoveries.

Processing activities at Chapada were interrupted by an unplanned power outage on September 27th, 2020. When power was restored, the protection system of the main electrical substation failed, resulting in damage to the mill's four motors. Two spare motors have been installed on the SAG mill in early October allowing resumption of milling at approximately 30% while repairs of the other motors are actioned.

Crusher and conveyor maintenance is underway and will be completed while mine operations will focus on building run of mine ore stocks and waste removal. The Company anticipates a step-change increase to full production during the fourth quarter as the two outstanding motors become available and are installed.

Chapada full year production guidance has been reinstated, reflecting the staged resumption of processing. Copper production is expected to be 45,000 - 50,000 tonnes (previously 51,000 - 56,000 tonnes) and gold production is expected to be 80,000 - 85,000 ounces (previously 85,000 - 90,000 ounces).

Cash Costs

Copper cash costs for the three months ended September 30, 2020 were lower than the same period in the prior year. This difference was driven by strong gold prices resulting in higher by-product credits as well as the impact of favourable foreign exchange.

Copper cash costs for the nine months ended September 30, 2020 were better than expected, benefitting primarily from favourable foreign exchange rates, as well as strong by-product credits.

As a result, despite lower expected metal sales, full year cash cost guidance has improved to \$0.55/lb of copper from \$0.65/lb.

AISC for the three months ended September 30, 2020 was lower than the prior year comparable period as a result of lower cash costs. AISC for the nine months ended September 30, 2020 was better than expected due to lower cash costs and lower sustaining capital expenditures.

Projects

The Company is continuing to evaluate conceptual options for long-term mine and plant expansion. Study work progressed during the third quarter and is being completed in parallel with exploration efforts, largely focused on near-mine targets, with results to be incorporated in any future expansionary plans.

Exploration drilling is on track to complete the planned 40,000 metres for this year. During the third quarter, 12,648 metres of drilling were completed, for a total of 22,459 metres year-to-date.

Eagle (USA)

Operating Statistics

	2020				2019				
	Total	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	554	180	185	189	748	194	197	192	165
Ore milled (000s tonnes)	556	179	183	194	747	191	197	194	165
Grade									
Nickel (%)	2.5	3.2	2.2	2.2	2.2	1.7	2.0	2.1	3.0
Copper (%)	2.5	2.9	2.3	2.4	2.0	2.0	1.6	2.0	2.4
Recovery									
Nickel (%)	83.6	84.3	82.5	83.9	82.1	80.5	80.4	81.3	85.0
Copper (%)	96.7	97.2	96.6	96.3	96.0	95.3	95.5	95.7	97.6
Production (contained metal)									
Nickel (tonnes)	11,809	4,854	3,380	3,575	13,494	2,651	3,232	3,398	4,213
Copper (tonnes)	13,535	5,055	4,102	4,378	14,297	3,626	3,042	3,732	3,897
Revenue (\$000s)	191,340	91,314	52,689	47,337	212,929	53,592	53,717	59,412	46,208
Gross profit (loss) (\$000s)	31,608	36,634	3,762	(8,788)	35,987	(1,021)	19,350	(800)	18,458
Cash cost (\$ per pound nickel)	0.51	(0.63)	1.13	1.43	2.84	3.53	3.25	3.14	0.37
AISC (\$ per pound nickel)	2.02	0.54	2.48	3.50	3.74	4.53	4.37	3.65	1.65

Gross Profit

Gross profit for the three months ended September 30, 2020 was higher than the prior year quarter due primarily to higher sales volumes and lower treatment and refining charges, partially offset by lower nickel price and price adjustments.

On a year-to-date basis, gross profit was lower than the prior year comparative period due to lower realized metal prices and higher depreciation, partially offset by lower treatment and refining costs.

Production

Nickel and copper production for the three months and year-to-date ended September 30, 2020 was higher than the prior year comparable periods due to increased mining in high-grade Eagle East in the current year.

Full year production guidance for nickel and copper is well positioned to meet previous guidance.

Cash Costs

Nickel cash costs for the three and nine months ended September 30, 2020 were significantly lower than the cash costs reported in the prior year comparable periods. The decrease in cash costs is primarily due to lower treatment and refining charges as well as higher by-product credits. On a year-to-date basis, increased nickel sales volume also contributed to the lower cash cost.

As a result of continued favourable copper by-product prices, cash cost guidance has been reduced from \$0.85/lb to \$0.50/lb.

All-in sustaining costs for the three and nine months ended September 30, 2020 were also lower than those of the corresponding periods in 2019, as a result of lower cash costs.

Neves-Corvo (Portugal)

Operating Statistics

	2020				2019				
	Total	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, copper (000 tonnes)	1,921	566	715	640	2,702	686	699	628	689
Ore mined, zinc (000 tonnes)	800	242	272	286	1,153	290	284	283	296
Ore milled, copper (000 tonnes)	1,938	565	734	639	2,679	681	702	626	670
Ore milled, zinc (000 tonnes)	810	240	286	284	1,137	286	285	280	286
Grade									
Copper (%)	1.7	1.5	1.8	1.8	2.0	2.1	2.1	2.0	1.7
Zinc (%)	8.3	8.4	8.5	8.0	7.9	7.8	7.8	7.9	8.0
Recovery									
Copper (%)	79.2	78.4	81.3	77.4	78.3	77.9	80.6	75.8	79.3
Zinc (%)	76.8	75.9	76.7	77.7	78.8	78.0	80.2	78.6	78.3
Production (contained metal)									
Copper (tonnes)	26,152	6,518	10,559	9,075	41,436	10,898	12,055	9,615	8,868
Zinc (tonnes)	52,393	15,459	18,986	17,948	73,202	17,946	18,232	18,251	18,773
Lead (tonnes)	3,787	760	1,559	1,468	5,474	1,365	1,106	1,350	1,653
Silver (000 oz)	1,137	281	479	377	1,706	385	431	392	498
Revenue (\$000s)	196,252	69,287	81,188	45,777	337,167	88,492	86,009	77,519	85,147
Gross profit (loss) (\$000s)	(10,673)	2,954	6,299	(19,926)	42,896	8,772	11,546	3,834	18,744
Cash cost (€ per pound copper)	1.74	1.69	1.58	2.03	1.42	1.61	1.44	1.68	0.81
Cash cost (\$ per pound copper)	1.95	1.97	1.75	2.24	1.59	1.78	1.60	1.88	0.92
AISC (\$ per pound copper)	2.77	2.93	2.32	3.28	2.38	2.65	2.35	2.60	1.72

Gross Profit

Gross profit for the three months ended September 30, 2020 was lower than the comparable period in 2019 due to lower sales volumes and negative foreign exchange effects partially offset by higher metal price and price adjustments.

In the nine months ended September 30, 2020, a gross loss was recorded compared to a gross profit in the comparable period primarily driven by lower sales volumes and realized zinc prices.

Production

Copper production for the three and nine months ended September 30, 2020 was lower than the prior year comparable periods due to lower throughput and grades.

Zinc production for the three and nine months ended September 30, 2020 was lower than the prior year comparable periods due to lower throughput partially offset by higher grades.

Copper production guidance has been reduced to 32,000 - 34,000 tonnes (from 35,000 - 40,000 tonnes) while zinc production is expected to meet previous guidance.

A fatal accident occurred on September 25th, 2020 during underground mining operations. The mine was voluntarily suspended for five days. Relevant authorities were informed and the Company has undertaken both an internal and a third party investigation.

Cash Costs

Copper cash costs for the three months and year-to-date period ended September 30, 2020 were higher than those of the corresponding periods in 2019. The increase is a result of lower sales volumes, and the impact of unfavourable foreign exchange, partially offset by higher by-product credits.

Despite the reduced copper production guidance, full year copper cash cost guidance of \$2.10/lb remains unchanged.

All-in sustaining costs for the three and nine months ended September 30, 2020 were higher than the corresponding period in 2019 due to higher cash costs as well as higher sustaining capital expenditures.

Projects

Restart of ZEP is on track for early 2021. During the third quarter, work continued to prepare the surface and underground construction sites for the restart. Preparation work that is planned for the fourth quarter of 2020 includes ventilation raise work, activities on the SAG mill, including commissioning with waste, and surface conveyor installations.

Timing of restart will ultimately be dependent on public health restrictions and recommendations, as well as the Company's internal policies, in order to safeguard and protect the workforce from the spread of COVID-19. If current safety requirements for social distancing and other personnel limitations remain in place in 2021 it is anticipated that the project would mobilize a smaller number of contractors than originally planned with an extended schedule in order to take the project forward. The Company aims to reinstate 2021 and 2022 production guidance for Neves-Corvo, including contribution from the ZEP, in its annual guidance update in late November of this year.

The 2020 capital expenditure estimate of \$65 million and total project expenditure of €360.0 million (\$430.0 million) remains unchanged from previous guidance.

Zinkgruvan (Sweden)

Operating Statistics

	2020				2019				
	Total	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, zinc (000 tonnes)	885	282	279	324	1,138	336	230	303	269
Ore mined, copper (000 tonnes)	186	61	81	44	182	28	65	37	52
Ore milled, zinc (000 tonnes)	884	316	239	329	1,120	322	254	292	252
Ore milled, copper (000 tonnes)	181	62	98	21	178	26	63	48	41
Grade									
Zinc (%)	6.2	6.2	5.9	6.4	7.6	7.1	7.2	7.2	9.3
Lead (%)	2.5	2.3	2.0	2.9	3.1	3.5	3.1	2.7	2.9
Copper (%)	2.2	2.0	2.1	2.8	1.8	2.2	1.9	1.7	1.6
Recovery									
Zinc (%)	89.6	88.8	89.5	90.4	91.5	91.7	92.2	89.7	92.5
Lead (%)	79.9	77.0	78.1	83.0	80.9	83.0	80.8	80.0	78.6
Copper (%)	85.2	83.3	84.8	90.6	89.1	89.6	90.8	86.0	89.1
Production (contained metal)									
Zinc (tonnes)	48,923	17,328	12,596	18,999	78,313	20,979	16,796	18,865	21,673
Lead (tonnes)	17,383	5,571	3,799	8,013	27,703	9,361	6,291	6,219	5,832
Copper (tonnes)	3,346	1,045	1,765	536	2,906	502	1,120	705	579
Silver (000 oz)	1,550	499	389	662	2,464	724	630	631	479
Revenue (\$000s)	104,032	46,069	30,185	27,778	198,323	58,120	34,192	53,643	52,368
Gross profit (\$000s)	14,107	9,665	2,239	2,203	81,341	23,928	8,557	21,873	26,983
Cash cost (SEK per pound zinc)	5.08	4.90	5.50	4.96	3.69	2.95	4.02	3.88	4.08
Cash cost (\$ per pound zinc)	0.54	0.55	0.56	0.51	0.39	0.31	0.42	0.41	0.44
AISC (\$ per pound zinc)	0.83	0.74	1.03	0.79	0.65	0.62	0.70	0.63	0.69

Gross Profit

Gross profit for the three months ended September 30, 2020 was higher than the comparable period in 2019. The increase was largely attributable to higher sales volumes and higher realized metal prices partially offset by the negative impacts of foreign exchange.

Gross profit for the nine months ended September 30, 2020 was lower than the prior year comparable period, largely attributable to lower zinc sales volumes and realized zinc prices and higher treatment and refining charges.

Production

Zinc production for the three months ended September 30, 2020 was higher than the prior year comparable period due to higher throughput achieved in the quarter, partially offset by lower grades. On a year-to-date basis, zinc production was lower than the comparable period in 2019. As previously disclosed, ground conditions encountered in certain high-grade stopes in the first quarter of 2020 resulted in a change in mine sequencing, which has deferred production from these areas into the fourth quarter of 2020 and first quarter of 2021. Lead production for the three and nine months ended September 30, 2020 was lower than the prior year comparable periods as a result of lower head grades. Full year production guidance for zinc has been tightened to reflect results to date.

Cash Costs

Zinkgruvan's cash costs for the three months ended September 30, 2020 were higher than the prior year comparable period largely due to higher per unit operating costs as well as unfavourable foreign exchange rates. Cash costs for the nine months ended September 30, 2020 were higher than the prior year comparable period due to lower sales volumes, which were partially offset by higher by-product credits.

Full year zinc cash cost guidance of \$0.60/lb is unchanged.

All-in sustaining costs for the three and nine months ended September 30, 2020 were higher than those reported in the corresponding periods in 2019 due to higher cash costs.

Metal Prices, LME Inventories and Smelter Treatment and Refining Charges

The average metal prices for copper, zinc, gold and nickel for the third quarter 2020 were higher than the average prices for the second quarter by; 22% copper, 19% zinc, 12% gold and 16% nickel. The prices for copper, zinc, gold and nickel increased throughout the third quarter with increasing demand in China.

(Average LME Price)		Three months ended September 30,			Nine months ended September 30,		
		2020	2019	Change	2020	2019	Change
Copper	US\$/pound	2.96	2.63	12%	2.65	2.74	-3%
	US\$/tonne	6,519	5,802		5,849	6,040	
Zinc	US\$/pound	1.06	1.07	-1%	0.97	1.18	-18%
	US\$/tonne	2,335	2,348		2,145	2,600	
Gold	US\$/ounce	1,909	1,472	30%	1,735	1,364	27%
Nickel	US\$/pound	6.45	7.05	-9%	5.93	6.09	-3%
	US\$/tonne	14,210	15,540		13,068	13,424	

LME inventories for zinc and nickel increased during the third quarter of 2020 by 75% and 1%, respectively while the LME inventory for copper decreased by 24% during the same period.

During the third quarter of 2020 the treatment charges (“TC”) and refining charges (“RC”) in the spot market for copper concentrates between miners and commodity traders decreased slowly from an average spot TC during June of \$39 per dmt of concentrate and a spot RC of \$0.039 per lb of payable copper to a spot TC of \$37 per dmt of concentrate and a spot RC of \$0.037 per lb of payable copper during September 2020. Also, the spot terms at which Chinese copper smelters were prepared to buy decreased through the quarter from a TC of \$51 per dmt of concentrate and a RC of \$0.051 per payable lb of copper over June to a TC of \$49 per dmt of concentrate and a RC of \$0.049 per payable lb of copper at the end of September. The terms for annual contracts for copper concentrates for 2020 were reached in November 2019 at a TC of \$62 per dmt with a RC of \$0.062 per payable lb of copper.

The spot TC, delivered China, for zinc concentrates during the second quarter of 2020 decreased from \$170 per dmt, flat, at the end of June to \$115 per dmt, flat, by the end of the third quarter, on limited supply of zinc concentrates due to mine closures in Latin America caused by the pandemic. At the end of March, there had been a reported settlement in the negotiations between a mine and smelters for annual contracts for zinc concentrates at a level of \$299.75 per dmt, flat.

The Company’s nickel concentrate production from Eagle is sold under several long-term contracts at terms in-line with market conditions. Gold production from Chapada and Candelaria is sold at terms in-line with market conditions for copper concentrates.

Liquidity and Capital Resources

As at September 30, 2020, the Company had cash and cash equivalents of \$222.0 million. With the ongoing COVID-19 pandemic, there is still uncertainty in the marketplace, as well as potential risks to production, supply chain, delivery of concentrates, commodity prices and many other variables. However, the Company continues to expect to be able to fund all its contractual commitments and obligations through operating cash flow generated, cash on hand and available debt facilities.

Cash flow from operations for the quarter ended September 30, 2020 was \$272.2 million, an increase of \$160.6 million in comparison to the \$111.6 million reported in the prior year quarter. The increase was primarily attributable to the comparative change in non-cash working capital (\$53.6 million) and higher gross profit before depreciation. On a year-to-date basis cash flow from operations was \$15.0 million higher than the prior year due primarily to higher gross profit before depreciation partially offset by a comparative change in non-cash working capital (\$109.8 million).

Cash flow used in investing activities decreased when compared to the prior year quarter and the prior year-to-date period. The decrease was primarily due to the acquisition of Chapada in the third quarter of 2019. Additionally, there were lower capital investments reflecting the completion of some major projects at Candelaria, the temporary suspension of ZEP and capital expenditure deferrals initiated in the first quarter.

Cash flow used in financing activities increased by \$482.9 million compared to the prior year quarter due to a net repayment of financing, payment of contingent consideration and distributions to non-controlling interests. In the prior year quarter, proceeds from financing were received for the acquisition of the Chapada mine. On a year-to-date basis cash flow used in financing activities also increased compared to the prior year period by \$342.6 million. This is due to the higher financing proceeds in the prior year to facilitate the acquisition of the Chapada mine.

Capital Resources

As at September 30, 2020, the Company had \$344.2 million of debt and lease liabilities.

As at September 30, 2020, the Company had \$200.0 million drawn on its credit facility, \$100.0 million in outstanding term loans and \$8.6 million of equipment financing. The Company has approximately \$580.0 million available for drawdown on its credit facility.

During the third quarter of 2020, the Company purchased 0.6 million shares for total consideration of \$3.7 million under its Normal Course Issuer Bid. For the nine months ended September 30, 2020, 2.2 million shares were purchased for total consideration of \$11.1 million. All of the common shares purchased have been cancelled.

Contractual Obligations, Commitments and Contingencies

The Company has contractual obligations and capital commitments as described in the Note 19 "Commitments and Contingencies" in the Company's Condensed Interim Consolidated Financial Statements. From time to time, the Company may also be involved in legal proceedings that arise in the ordinary course of its business.

Financial Instruments

The Company does not currently utilize complex financial instruments in hedging metal price, foreign exchange or interest rate exposure. Any hedging activity requires approval of the Company's Board of Directors. The Company will not hold or issue derivative instruments for speculation or trading purposes.

For details of the Company's financial instruments refer to Note 18 of the Company's Condensed Interim Consolidated Financial Statements.

Sensitivities

Revenue and cost of goods sold are affected by certain external factors including fluctuations in metal prices and changes in exchange rates between the €, the SEK, the CLP, the BRL and the \$.

The following table illustrates the sensitivity of the Company's risk on final settlement of its provisionally priced revenues:

Metal	Payable Metal	Provisional price on September 30, 2020	Change	Effect on Revenue (\$millions)
Copper	50,868 t	\$3.03/lb	+/- 10%	+/- \$34.0
Zinc	12,890 t	\$1.08/lb	+/- 10%	+/- \$3.1
Gold	32,140 oz	\$1,891/oz	+/- 10%	+/- \$6.1
Nickel	1,535 t	\$6.57/lb	+/- 10%	+/- \$2.2

The following table presents the Company's sensitivity to certain currencies and the impact of exchange rates, against the US dollar, on cost of goods sold:

Currency	Change	Three months ended September 30, 2020 (\$millions)	Nine months ended September 30, 2020 (\$millions)
Chilean peso	+/-10%	+/- \$9.0	+/- \$26.3
Euro	+/-10%	+/- \$6.8	+/- \$17.7
Swedish krona	+/-10%	+/- \$3.4	+/- \$7.3
Brazilian real	+/-10%	+/- \$2.9	+/- \$10.6

Related Party Transactions

The Company may enter into related party transactions that are in the normal course of business and on an arm's length basis. Related party disclosures can be found in Note 21 of the Company's September 30, 2020 Condensed Interim Consolidated Financial Statements.

Changes in Accounting Policies and Critical Accounting Estimates and Judgments

The Company describes its significant accounting policies as well as any changes in accounting policies in Note 2 "Basis of Presentation and Significant Accounting Policies" of the September 30, 2020 Condensed Interim Consolidated Financial Statements. No significant changes in accounting policies have occurred.

Non-GAAP Performance Measures

The Company uses certain performance measures in its analysis. These performance measures have no meaning within generally accepted accounting principles under IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following are non-GAAP measures that the Company uses as key performance indicators.

Net Debt

Net debt is a performance measure used by the Company to assess its financial position. Net debt is defined as cash and cash equivalents, less debt and lease liabilities, excluding deferred financing fees and can be reconciled as follows:

(\$thousands)	September 30, 2020	June 30, 2020	December 31, 2019
Current portion of debt and lease liabilities	116,460	127,616	80,782
Debt and lease liabilities	227,725	374,349	227,767
Deferred financing fees (netted in above)	1,781	1,938	2,238
Cash and cash equivalents	(221,964)	(283,940)	(250,563)
Net debt	124,002	219,963	60,224

Adjusted Operating Cash Flow and Adjusted Operating Cash Flow per Share

Adjusted operating cash flow is a performance measure used by the Company to assess its ability to generate cash from its operations, while also taking into consideration changes in the number of outstanding shares of the Company. Adjusted operating cash flow is defined as cash provided by operating activities, excluding changes in non-cash working capital items. Adjusted operating cash flow per share is adjusted operating cash flow divided by the basic weighted average number of shares outstanding.

Adjusted operating cash flow and adjusted operating cash flow per share can be reconciled to cash provided by operating activities as follows:

(\$thousands, except share and per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Cash provided by operating activities	272,201	111,593	393,223	378,202
Changes in non-cash working capital items	(10,187)	43,418	75,643	(34,131)
Adjusted operating cash flow	262,014	155,011	468,866	344,071
Weighted average common shares outstanding	733,825,007	735,149,783	733,981,090	735,447,121
Adjusted operating cash flow per share	0.36	0.21	0.64	0.47

Adjusted EBITDA, Adjusted Earnings and Adjusted Earnings per Share

Adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”), adjusted earnings and adjusted earnings per share are non-GAAP measures. These measures are presented to provide additional information to investors and other stakeholders on the Company’s underlying operational performance. Certain items have been excluded from adjusted EBITDA and adjusted earnings such as unrealized foreign exchange and revaluation gains and losses, impairment charges and reversals, gain or loss on debt settlement, interest on tax refunds and assessments, litigations, settlements and other items that do not represent the Company’s current and on-going operations and are not necessarily indicative of future operating results.

Adjusted EBITDA can be reconciled to the Company's Consolidated Statement of Earnings as follows:

(\$thousands)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net earnings	133,595	32,050	68,285	84,373
Add back:				
Depreciation, depletion and amortization	121,957	116,203	362,136	274,600
Finance income and costs	6,785	18,875	38,221	27,281
Income taxes	33,327	45,757	162,571	71,434
	295,664	212,885	631,213	457,688
Unrealized foreign exchange	1,396	(12,378)	(36,477)	(13,241)
Unrealized revaluation loss on derivative asset/liability	5,553	21,534	23,217	21,172
Revaluation of marketable securities	(624)	777	(71)	196
(Income) loss from investment in associates	(1,034)	868	(2,980)	11,515
Project standby and suspension costs	-	-	6,341	-
Other	(677)	633	841	(412)
Total adjustments - EBITDA	4,614	11,434	(9,129)	19,230
Adjusted EBITDA	300,278	224,319	622,084	476,918

Adjusted earnings and adjusted earnings per share can be reconciled to the Company's Consolidated Statement of Earnings as follows:

	Three months ended September 30,		Nine months ended September 30,	
(\$thousands, except share and per share amounts)	2020	2019	2020	2019
Net earnings attributable to:				
Lundin Mining shareholders	122,355	26,367	49,599	70,240
Add back:				
Total adjustments - EBITDA	4,614	11,434	(9,129)	19,230
Tax effect on adjustments	(453)	3,865	10,609	4,175
Deferred tax arising from foreign exchange translation	4,483	(15,600)	80,145	(15,600)
Tax asset revaluations	(5,388)	-	8,174	-
Prior period tax refund and interest	(19,161)	-	(19,161)	-
Other	(50)	(449)	(194)	(535)
Total adjustments	(15,955)	(750)	70,444	7,270
Adjusted earnings	106,400	25,617	120,043	77,510
Weighted average number of shares outstanding:				
Basic	733,825,007	735,149,783	733,981,090	735,447,121
Diluted	735,514,039	735,149,783	734,981,419	735,447,121
Basic and diluted earnings per share attributable to Lundin Mining shareholders:				
Net earnings	0.17	0.04	0.07	0.10
Total adjustments	(0.03)	(0.01)	0.09	0.01
Adjusted earnings per share	0.14	0.03	0.16	0.11

Capital Expenditures

Identifying capital expenditures, on a cash basis, using a sustaining or expansionary classification provides management with a better understanding of costs required to maintain existing operations, and costs required for future growth of existing or new assets.

- **Sustaining capital expenditures** – Expenditures which maintain existing operations and sustain production levels.
- **Expansionary capital expenditures** – Expenditures which increase current or future production capacity, cash flow or earnings potential.

Where an expenditure both maintains and expands current operations, classification would be based on the primary decision for which the expenditure is being made. Sustaining and expansionary capital expenditures are reported excluding capitalized interest.

Cash Cost per Pound

Copper, zinc and nickel cash costs per pound are key performance measures that management uses to monitor performance. Management uses these statistics to assess how well the Company's producing mines are performing and to assess overall efficiency and effectiveness of the mining operations. Cash cost is not an IFRS measure and, although it is calculated according to accepted industry practice, the Company's disclosed cash costs may not be directly comparable to other base metal producers.

- **Cash cost per pound, gross** – Total cash costs directly attributable to mining operations, excluding any allocation of upfront streaming proceeds or capital expenditures for deferred stripping, are divided by the sales volume of the primary metal to arrive at gross cash cost per pound. As this measure is not impacted by fluctuations in sales of by-product metals, it is generally more consistent across periods.
- **Cash cost per pound, net of by-products** – Credits for by-products sales are deducted from total cash costs directly attributable to mining operations. By-product revenue is adjusted for the terms of streaming agreements, but excludes any deferred revenue from the allocation of upfront cash received. The net cash costs are divided by the sales volume of the primary metal to arrive at net cash cost per pound. The inclusion of by-product credits provides a broader economic measurement, incorporating the benefit of other metals extracted in the production of the primary metal.

All-in Sustaining Cost (AISC) per Pound

AISC per pound is an extension of the cash cost per pound measure discussed above and is also a key performance measure that management uses to monitor performance. Management uses this measure to analyze margins achieved on existing assets while sustaining and maintaining production at current levels. Expansionary capital and certain exploration costs are excluded from this definition as these are costs typically incurred to extend mine life or materially increase the productive capacity of existing assets, or for new operations. Corporate general and administrative expenses have also been excluded from the all-in sustaining cost measure, as any attribution of these costs to an operating site would not necessarily be reflective of costs directly attributable to the administration of the site.

Cash and All-in Sustaining Costs can be reconciled to the Company's production costs as follows:

Three months ended September 30, 2020						
Operations (\$000s, unless otherwise noted)	Candelaria (Cu)	Chapada (Cu)	Eagle (Ni)	Neves-Corvo (Cu)	Zinkgruvan (Zn)	Total
Sales volumes (Contained metal in concentrate):						
Tonnes	34,713	11,220	3,539	6,892	15,002	
Pounds (000s)	76,529	24,736	7,802	15,194	33,074	
Production costs						279,373
Less: Royalties and other						(10,109)
Deduct: By-product credits						269,264
Add: Treatment and refining charges						(146,095)
						30,110
Cash cost	104,811	5,221	(4,934)	29,974	18,207	153,279
Cash cost per pound (\$/lb)	1.37	0.21	(0.63)	1.97	0.55	
Add: Sustaining capital expenditure						
Royalties	49,534	7,959	1,283	12,217	6,677	
Interest expense	-	2,927	5,459	510	-	
Leases & other	1,022	1,110	313	78	(82)	
	1,763	768	2,131	1,786	(390)	
All-in sustaining cost	157,130	17,985	4,252	44,565	24,412	
AISC per pound (\$/lb)	2.05	0.73	0.54	2.93	0.74	

Three months ended September 30, 2019						
Operations (\$000s, unless otherwise noted)	Candelaria (Cu)	Chapada (Cu)	Eagle (Ni)	Neves-Corvo (Cu)	Zinkgruvan (Zn)	Total
Sales volumes (Contained metal in concentrate):						
Tonnes	42,276	13,757	1,889	12,343	12,657	
Pounds (000s)	93,203	30,329	4,165	27,212	27,904	
Production costs						293,899
Less: Royalties and other						(7,439)
Deduct: By-product credits						286,460
Add: Treatment and refining charges						(121,973)
						44,759
Cash cost	129,970	10,621	13,517	43,442	11,696	209,246
Cash cost per pound (\$/lb)	1.39	0.35	3.25	1.60	0.42	
Add: Sustaining capital expenditure						
Royalties	99,565	3,530	2,240	18,018	7,489	
Interest expense	-	3,017	1,568	1,446	-	
Leases & other	1,412	1,294	503	(198)	70	
	785	293	388	1,161	298	
All-in sustaining cost	231,732	18,755	18,216	63,869	19,553	
AISC per pound (\$/lb)	2.49	0.62	4.37	2.35	0.70	

Nine months ended September 30, 2020						
Operations (\$000s, unless otherwise noted)	Candelaria (Cu)	Chapada (Cu)	Eagle (Ni)	Neves-Corvo (Cu)	Zinkgruvan (Zn)	Total
Sales volumes (Contained metal in concentrate):						
Tonnes	106,609	36,153	8,767	26,091	39,751	
Pounds (000s)	235,032	79,704	19,328	57,521	87,636	
Production costs						831,082
Less: Royalties and other						(27,215)
						803,867
Deduct: By-product credits						(373,242)
Add: Treatment and refining charges						89,385
Cash cost	315,590	34,781	9,937	112,354	47,348	520,010
Cash cost per pound (\$/lb)	1.34	0.44	0.51	1.95	0.54	
Add: Sustaining capital expenditure	179,729	19,987	8,928	39,748	24,182	
Royalties	-	7,874	13,200	1,821	-	
Interest expense	3,202	3,327	938	226	47	
Leases & other	5,096	1,926	6,014	4,963	1,544	
All-in sustaining cost	503,617	67,895	39,017	159,112	73,121	
AISC per pound (\$/lb)	2.14	0.85	2.02	2.77	0.83	

Nine months ended September 30, 2019						
Operations (\$000s, unless otherwise noted)	Candelaria (Cu)	Chapada ¹ (Cu)	Eagle (Ni)	Neves-Corvo (Cu)	Zinkgruvan (Zn)	Total
Sales volumes (Contained metal in concentrate):						
Tonnes	104,487	13,757	7,515	29,941	48,149	
Pounds (000s)	230,354	30,329	16,568	66,009	106,150	
Production cost						754,807
Less: Royalties and other						(14,116)
						740,691
Deduct: By-product credits						(298,453)
Add: Treatment and refining charges						124,084
Cash cost	368,551	10,621	42,102	100,104	44,944	566,322
Cash cost per pound (\$/lb)	1.60	0.35	2.54	1.52	0.42	
Add: Sustaining capital expenditure	338,629	3,530	6,069	42,566	24,816	
Royalties	-	3,017	5,322	3,447	-	
Interest expense	366	21	264	91	69	
Leases & other	6,472	1,566	2,236	3,586	1,052	
All-in sustaining cost	714,018	18,755	55,993	149,794	70,881	
AISC per pound (\$/lb)	3.10	0.62	3.38	2.27	0.67	

1. Chapada's cash cost and AISC are presented for the period of Lundin Mining's ownership.

Managing Risks

Risks and Uncertainties

The Company's business activities are subject to a variety and wide range of inherent risks and uncertainties. Any of these risks could have an adverse effect on the Company, its business and prospects, and could cause actual outcomes and results to differ materially from those described in forward-looking statements relating to the Company.

By their nature, exploration and mining activities present a variety of inherent hazards and associated health and safety risks that cannot be eliminated. Workers involved in the Company's operations are subject to many of these risks. Exposure to these risks could result in occupational illness or health issues, personal injury, and loss of life, and/or facility and workforce evacuation. Even though robust health and safety controls and risk mitigation measures are in place across the Company's mines, an accident occurred underground at the Neves-Corvo Mine in Portugal in September 2020 that resulted in a loss of life. A root cause investigation of the accident is being undertaken. While every effort is made to control and eliminate the potential for accidents of this type, should they occur, they may adversely affect the Company's reputation, business, future operations, and could result in litigation and/or fines and penalties.

The mining industry is subject to numerous significant and inherent risks and hazards that cannot be eliminated, including the potential for equipment failure, and/or disruption to power and water supply. In the third quarter, activities at the Chapada Mine were interrupted by a power outage resulting in significant damage to the mine's SAG and ball mill motors. This in turn resulted in a corresponding business interruption and reduced processing rates.

Changes in the relationship between Lundin Mining and its employees and contractors may have an adverse effect on its business, results of operations and financial condition. A prolonged labour disruption could have an adverse effect on the Company's ability to achieve its objectives. On October 8, 2020 members of the Candelaria Mine Workers Union commenced a legal strike after the Company and the Union failed to reach an agreement following mediation. On October 20, 2020, members of the Candelaria AOS Union also commenced a legal strike. On the same day operations at the Candelaria mine and mill were temporarily suspended to ensure the safety of the Candelaria workforce. While the Company is committed to responsible, respectful, and fair negotiations with its workers and is continuously seeking opportunities for dialogue with the unions, there can be no assurance that such negotiations will be successful, and even if successful will not result in longer-term impacts on the Company's labour relations.

As a result of the ongoing global COVID-19 pandemic, and the apparent emergence of a second wave of outbreak, increased levels of volatility have continued to adversely impact the economies and financial markets of many countries. Should increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on commodity prices, demand for metals, availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect the Company's business and the market price of the Company's securities. In addition, there may not be an adequate response to the emergence of a second wave of the disease, resulting in potentially significant economic and social impacts, including workforce health and safety, labour shortages and shutdowns, delays and disruption in supply chains, social unrest, government or regulatory actions or inactions (including but not limited to permanent changes in taxation or policies), decreased demand or the inability to sell and deliver concentrates and resulting commodities, declines in the price of commodities, delays in permitting or approvals, governmental disruptions or other unknown but potentially significant impacts. Given the global nature of the Company's operations, the Company may not be able to accurately predict which operations will be impacted. Any outbreak or threat of an outbreak of a contagion or epidemic disease could have a material adverse effect on the Company, its business and operational results.

For a detailed discussion on Lundin Mining's risks, refer to the "Risks and Uncertainties" section of the Company's most recently filed Annual Information Form ("AIF").

Management's Report on Internal Controls

Disclosure controls and procedures ("DCP")

DCP have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operation of DCP.

Internal control over financial reporting ("ICFR")

The Company's ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. However, due to inherent limitations ICFR may not prevent or detect all misstatements and fraud. Management will continue to monitor the effectiveness of its ICFR and may make modifications from time to time as considered necessary.

Control Framework

Management assesses the effectiveness of the Company's ICFR using the Internal Control – Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Changes in ICFR

There have been no changes in the Company's ICFR during the three-month period ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's financial reporting.

Outstanding Share Data

As at October 28, 2020, the Company has 733,692,965 common shares issued and outstanding, and 12,193,230 stock options and 2,621,500 share units outstanding under the Company's incentive plans.

Other Information

Additional information regarding the Company is included in the Company's AIF which is filed with the Canadian securities regulators. A copy of the Company's AIF can be obtained on SEDAR (www.sedar.com) or on the Company's website (www.lundinmining.com).