

Condensed Interim Consolidated Financial Statements of

Lundin Mining Corporation

June 30, 2021
(Unaudited)

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited - in thousands of US dollars)

As at

	June 30, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents (Note 3)	\$ 294,914	\$ 141,447
Trade and other receivables (Note 4)	540,570	360,557
Income taxes receivable	82,038	61,416
Inventories (Note 5)	208,798	254,044
Other current assets	21,695	20,462
Total current assets	1,148,015	837,926
Restricted funds	56,440	56,611
Long-term inventory (Note 5)	736,570	692,362
Other non-current assets	12,871	9,699
Mineral properties, plant and equipment (Note 6)	5,051,025	5,125,611
Investment in associate	32,488	22,342
Deferred tax assets	31,607	62,743
Goodwill	247,833	251,183
	6,168,834	6,220,551
Total assets	\$ 7,316,849	\$ 7,058,477
LIABILITIES		
Trade and other payables (Note 7)	\$ 378,469	\$ 317,029
Income taxes payable	63,517	69,738
Current portion of debt and lease liabilities (Note 8)	119,780	116,942
Current portion of deferred revenue (Note 9)	77,364	80,832
Current portion of reclamation and other closure provisions (Note 10)	6,057	2,844
Total current liabilities	645,187	587,385
Debt and lease liabilities (Note 8)	21,752	86,106
Deferred revenue (Note 9)	645,252	658,734
Reclamation and other closure provisions (Note 10)	392,872	441,401
Other long-term liabilities	77,436	76,000
Provision for pension obligations	8,689	11,219
Deferred tax liabilities	740,007	701,103
	1,886,008	1,974,563
Total liabilities	2,531,195	2,561,948
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	4,207,540	4,201,277
Contributed surplus	51,367	52,098
Accumulated other comprehensive loss	(216,684)	(177,215)
Retained earnings (deficit)	196,008	(98,231)
Equity attributable to Lundin Mining Corporation shareholders	4,238,231	3,977,929
Non-controlling interests	547,423	518,600
	4,785,654	4,496,529
	\$ 7,316,849	\$ 7,058,477
Commitments and contingencies (Note 18)		
Subsequent event (Note 22)		

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020 ¹	2021	2020 ¹
Revenue (Note 12)	\$ 872,324	\$ 533,319	\$ 1,553,802	\$ 911,304
Cost of goods sold				
Production costs (Note 13)	(361,317)	(273,024)	(664,430)	(551,709)
Depreciation, depletion and amortization	(130,850)	(118,204)	(256,760)	(240,179)
Gross profit	380,157	142,091	632,612	119,416
General and administrative expenses	(9,597)	(10,608)	(22,691)	(22,552)
General exploration and business development	(17,561)	(9,405)	(27,323)	(22,620)
Finance income (Note 15)	1,126	1,701	1,695	686
Finance costs (Note 15)	(10,204)	(16,973)	(21,869)	(32,122)
Income from equity investment in associate	773	2,030	1,146	1,946
Other expense (Note 16)	(13,648)	(16,063)	(8,403)	(5,973)
Earnings before income taxes	331,046	92,773	555,167	38,781
Current tax expense	(22,500)	(9,671)	(59,980)	(35,834)
Deferred tax expense	(40,114)	(34,844)	(72,536)	(68,257)
Net earnings (loss)	\$ 268,432	\$ 48,258	\$ 422,651	\$ (65,310)
Net earnings (loss) attributable to:				
Lundin Mining Corporation shareholders	\$ 242,643	\$ 38,729	\$ 377,828	\$ (72,756)
Non-controlling interests	25,789	9,529	44,823	7,446
Net earnings (loss)	\$ 268,432	\$ 48,258	\$ 422,651	\$ (65,310)
Basic and diluted earnings (loss) per share attributable to				
Lundin Mining Corporation shareholders	\$ 0.33	\$ 0.05	\$ 0.51	\$ (0.10)
Weighted average number of shares outstanding (Note 11)				
Basic	738,612,506	733,632,700	737,756,508	734,059,980
Diluted	741,221,535	734,501,902	740,542,356	734,059,980

¹Comparatives for the 2020 reporting period have been restated. Refer to Note 2(iii).

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited - in thousands of US dollars)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Net earnings (loss)	\$ 268,432	\$ 48,258	\$ 422,651	\$ (65,310)
Other comprehensive income (loss), net of taxes				
Item that may be reclassified subsequently to net earnings (loss):				
Effects of foreign exchange	16,766	29,110	(39,469)	(3,741)
Other comprehensive income (loss)	16,766	29,110	(39,469)	(3,741)
Total comprehensive income (loss)	\$ 285,198	\$ 77,368	\$ 383,182	\$ (69,051)
Comprehensive income (loss) attributable to:				
Lundin Mining Corporation shareholders	\$ 259,409	\$ 67,839	\$ 338,359	\$ (76,497)
Non-controlling interests	25,789	9,529	44,823	7,446
Total comprehensive income (loss)	\$ 285,198	\$ 77,368	\$ 383,182	\$ (69,051)

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings (deficit)	Non- controlling interests	Total
Balance, December 31, 2020	736,039,350	\$ 4,201,277	\$ 52,098	\$ (177,215)	\$ (98,231)	\$ 518,600	\$ 4,496,529
Distributions	-	-	-	-	-	(16,000)	(16,000)
Exercise of share-based awards	3,028,945	21,851	(7,367)	-	-	-	14,484
Share-based compensation	-	-	6,636	-	-	-	6,636
Dividends declared (Note 11(c))	-	-	-	-	(70,773)	-	(70,773)
Share purchase (Note 11(d))	(2,721,000)	(15,588)	-	-	(12,816)	-	(28,404)
Net earnings	-	-	-	-	377,828	44,823	422,651
Other comprehensive loss	-	-	-	(39,469)	-	-	(39,469)
Total comprehensive (loss) income	-	-	-	(39,469)	377,828	44,823	383,182
Balance, June 30, 2021	736,347,295	\$ 4,207,540	\$ 51,367	\$ (216,684)	\$ 196,008	\$ 547,423	\$ 4,785,654
Balance, December 31, 2019	734,233,642	\$ 4,184,667	\$ 51,339	\$ (284,649)	\$ (178,298)	\$ 524,341	\$ 4,297,400
Exercise of share-based awards	1,061,505	5,862	(3,597)	-	-	-	2,265
Share-based compensation	-	-	5,380	-	-	-	5,380
Dividends declared	-	-	-	-	(43,217)	-	(43,217)
Share purchase	(1,591,600)	(6,924)	-	-	(503)	-	(7,427)
Net (loss) earnings	-	-	-	-	(72,756)	7,446	(65,310)
Other comprehensive loss	-	-	-	(3,741)	-	-	(3,741)
Total comprehensive (loss) income	-	-	-	(3,741)	(72,756)	7,446	(69,051)
Balance, June 30, 2020	733,703,547	\$ 4,183,605	\$ 53,122	\$ (288,390)	\$ (294,774)	\$ 531,787	\$ 4,185,350

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited - in thousands of US dollars)

Cash provided by (used in)	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020 ¹	2021	2020 ¹
Operating activities				
Net earnings (loss)	\$ 268,432	\$ 48,258	\$ 422,651	\$ (65,310)
Items not involving cash and other adjustments				
Depreciation, depletion and amortization	130,850	118,204	256,760	240,179
Share-based compensation	3,013	2,391	6,636	5,380
Foreign exchange loss (gain)	5,296	(6,401)	6,258	(12,720)
Finance costs, net (Note 15)	9,078	15,272	20,174	31,436
Recognition of deferred revenue (Note 9)	(17,120)	(16,510)	(34,763)	(34,514)
Deferred tax expense	40,114	34,844	72,536	68,257
Income from equity investment in associate	(773)	(2,030)	(1,146)	(1,946)
Revaluation of derivative liability (Note 16)	5,084	12,826	(2,019)	17,664
Revaluation of marketable securities (Note 16)	(3,513)	(1,635)	(4,062)	553
Other	14,359	(4,999)	10,519	(1,963)
Reclamation payments (Note 10)	(2,506)	(567)	(2,848)	(1,222)
Other payments	139	(301)	(1,208)	(761)
Changes in long-term inventory	(20,826)	(20,382)	(38,016)	(38,181)
Changes in non-cash working capital items (Note 21)	(12,629)	(141,359)	(133,799)	(85,830)
	418,998	37,611	577,673	121,022
Investing activities				
Investment in mineral properties, plant and equipment	(131,926)	(100,161)	(244,389)	(241,227)
Contingent consideration received	-	-	-	25,714
Interest received	102	234	178	612
(Contributions to) distributions from associate, net	(9,000)	6,000	(9,000)	6,017
Other	1,801	90	2,674	694
	(139,023)	(93,837)	(250,537)	(208,190)
Financing activities				
Interest paid	(1,128)	(2,854)	(3,623)	(6,418)
Principal payments of lease liabilities	(5,018)	(3,700)	(8,754)	(7,270)
Principal repayments of debt (Note 8)	(53,187)	(17,496)	(80,977)	(48,122)
Proceeds from debt (Note 8)	2,500	38,862	19,671	245,867
Dividends paid to shareholders	(71,170)	(42,624)	(71,170)	(42,624)
Share purchase (Note 11)	(28,404)	-	(28,404)	(7,427)
Proceeds from common shares issued	4,126	208	14,484	2,265
Distributions to non-controlling interests	(16,000)	-	(16,000)	-
	(168,281)	(27,604)	(174,773)	136,271
Effect of foreign exchange on cash balances	1,898	850	1,104	(15,726)
Increase (decrease) in cash and cash equivalents during the period	113,592	(82,980)	153,467	33,377
Cash and cash equivalents, beginning of period	181,322	366,920	141,447	250,563
Cash and cash equivalents, end of period	\$ 294,914	\$ 283,940	\$ 294,914	\$ 283,940
Supplemental cash flow information (Note 21)				

¹Comparatives for the 2020 reporting period have been restated. Refer to Note 2(iii).

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, 2021 and 2020

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

1. NATURE OF OPERATIONS

Lundin Mining Corporation (the "Company") is a diversified Canadian base metals mining company primarily producing copper, zinc, gold and nickel. The Company owns 80% of the Candelaria and Ojos del Salado mining complex ("Candelaria") located in Chile. The Company's wholly-owned operating assets include the Chapada mine located in Brazil, the Eagle mine located in the United States of America ("USA"), the Neves-Corvo mine located in Portugal, and the Zinkgruvan mine located in Sweden.

The Company'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, 2020.

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

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

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

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on July 28, 2021.

(ii) 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, 2020 except as noted below.

Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)

In 2020, the IASB published *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)* ("IAS 16 amendments") which applies to annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The Company has elected to early adopt these IAS 16 amendments effective January 1, 2021 and has applied the IAS 16 amendments retrospectively.

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These IAS 16 amendments prohibit the deduction from the cost of an item of property, plant and equipment any net proceeds received from the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the Company recognizes the proceeds from the sale of such items, and the cost of producing those items in the Statement of Earnings. There was no impact to the current period or comparative periods presented as a result of the IAS 16 amendments.

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)

In 2020, the IASB published *Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)* ("Phase 2 amendments") to address the financial reporting impacts of replacing one benchmark interest rate with an alternative rate. The Phase 2 amendments provide a practical expedient to ease the potential burden of accounting for changes in contractual cash flows and include disclosure requirements at the time of benchmark interest rate replacement. The Company has adopted these Phase 2 amendments effective January 1, 2021 and has applied the Phase 2 amendments retrospectively. There was no impact to the current period or comparative periods presented as a result of the Phase 2 amendments.

(iii) Voluntary change in accounting policy

As disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2020, the Company elected to voluntarily change its accounting policy for foreign currency translation differences on deferred foreign tax liabilities and assets. The Company previously reported these translation gains and losses in other income and expense. The Company now reports these translation gains and losses in deferred tax expense/recovery. Management has applied the change in accounting retrospectively and the comparative information has been restated. The following is a summary of the impacts to the Consolidated Statements of Earnings and Cash Flows:

Reconciliation of the Consolidated Statements of Earnings:

For the three months ended June 30, 2020	Previous accounting policy	Adjustments	Restated
Other expense	\$ (9,865)	\$ (6,198)	\$ (16,063)
Earnings before income taxes	98,971	(6,198)	92,773
Deferred tax expense	(41,042)	6,198	(34,844)
Net earnings	48,258	-	48,258

For the six months ended June 30, 2020	Previous accounting policy	Adjustments	Restated
Other income (expense)	\$ 19,180	\$ (25,153)	\$ (5,973)
Earnings before income taxes	63,934	(25,153)	38,781
Deferred tax expense	(93,410)	25,153	(68,257)
Net loss	(65,310)	-	(65,310)

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Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2021 and 2020

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

Reconciliation of the Consolidated Statements of Cash Flows:

For the three months ended June 30, 2020	Previous accounting policy	Adjustments	Restated
Foreign exchange gain	\$ (12,599)	\$ 6,198	\$ (6,401)
Deferred tax expense	41,042	(6,198)	34,844
Cash provided by operating activities	37,611	-	37,611

For the six months ended June 30, 2020	Previous accounting policy	Adjustments	Restated
Foreign exchange gain	\$ (37,873)	\$ 25,153	\$ (12,720)
Deferred tax expense	93,410	(25,153)	68,257
Cash provided by operating activities	121,022	-	121,022

(iv) 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, 2020.

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. Future metal prices, exchange rates, discount rates and other key assumptions used in the Company's accounting estimates are subject to greater uncertainty given the current economic environment. Changes in these assumptions could significantly impact the Company's accounting estimates.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	June 30, 2021	December 31, 2020
Cash	\$ 253,504	\$ 127,033
Short-term deposits	41,410	14,414
	\$ 294,914	\$ 141,447

LUNDIN MINING CORPORATION

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For the three and six months ended June 30, 2021 and 2020

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

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	June 30, 2021	December 31, 2020
Trade receivables	\$ 451,759	\$ 271,113
Value added tax	32,161	38,631
Prepaid expenses	30,794	25,860
Other receivables	25,856	24,953
	\$ 540,570	\$ 360,557

5. INVENTORIES

Inventories are comprised of the following:

	June 30, 2021	December 31, 2020
Ore stockpiles	\$ 36,101	\$ 66,312
Concentrate stockpiles	38,007	60,758
Materials and supplies	134,690	126,974
	\$ 208,798	\$ 254,044

Long-term inventory is comprised of ore stockpiles. As at June 30, 2021, the Company had \$416.7 million (December 31, 2020 - \$401.3 million) and \$319.9 million (December 31, 2020 - \$291.1 million) of long-term ore stockpiles at Candelaria and Chapada, respectively.

6. 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, 2019	\$ 4,647,606	\$ 2,981,865	\$ 427,637	\$ 8,057,108
Additions	84,129	11,787	123,667	219,583
Disposals and transfers	30,363	83,994	(117,815)	(3,458)
Effects of foreign exchange	(4,448)	(2,399)	77	(6,770)
As at June 30, 2020	4,757,650	3,075,247	433,566	8,266,463
Additions	103,947	28,303	108,342	240,592
Disposals and transfers	20,224	102,145	(149,382)	(27,013)
Effects of foreign exchange	177,972	74,679	29,171	281,822
As at December 31, 2020	5,059,793	3,280,374	421,697	8,761,864
Additions	82,663	23,075	125,460	231,198
Disposals and transfers	16,369	49,718	(79,020)	(12,933)
Effects of foreign exchange	(61,844)	(27,298)	(10,449)	(99,591)
As at June 30, 2021	\$ 5,096,981	\$ 3,325,869	\$ 457,688	\$ 8,880,538

LUNDIN MINING CORPORATION

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

Accumulated depreciation, depletion and amortization	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2019	\$ 1,955,156	\$ 1,036,396	\$ -	\$ 2,991,552
Depreciation	173,500	101,169	-	274,669
Disposals and transfers	-	(924)	-	(924)
Effects of foreign exchange	(2,443)	(952)	-	(3,395)
As at June 30, 2020	2,126,213	1,135,689	-	3,261,902
Depreciation	146,283	103,176	-	249,459
Disposals and transfers	-	(23,445)	-	(23,445)
Effects of foreign exchange	109,869	38,468	-	148,337
As at December 31, 2020	2,382,365	1,253,888	-	3,636,253
Depreciation	140,381	110,631	-	251,012
Disposals and transfers	-	(5,871)	-	(5,871)
Effects of foreign exchange	(37,808)	(14,073)	-	(51,881)
As at June 30, 2021	\$ 2,484,938	\$ 1,344,575	\$ -	\$ 3,829,513
Net book value	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2020	\$ 2,677,428	\$ 2,026,486	\$ 421,697	\$ 5,125,611
As at June 30, 2021	\$ 2,612,043	\$ 1,981,294	\$ 457,688	\$ 5,051,025

During the three and six months ended June 30, 2021, the Company capitalized \$3.7 million (Q2 2020 - nil) and \$7.6 million (YTD Q2 2020 - \$3.1 million) of finance costs to assets under construction, at a weighted average interest rate of 5.2% (2020 - 4.4%).

During the three and six months ended June 30, 2021, the Company capitalized \$48.1 million (Q2 2020 - \$29.7 million) and \$90.8 million (YTD Q2 2020 - \$63.6 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, 2021, was \$25.3 million (Q2 2020 - \$46.8 million) and \$53.7 million (YTD Q2 2020 - \$87.8 million), respectively. Included in the mineral properties balance at June 30, 2021, is \$379.2 million (December 31, 2020 - \$292.7 million) related to deferred stripping at Candelaria and \$73.6 million (December 31, 2020 - \$88.0 million) related to underground development of the Zinc Expansion Project at the Neves-Corvo mine, which are currently non-depreciable.

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

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:

Right-of-use assets within plant and equipment	Net book value
As at December 31, 2019	\$ 44,364
Additions	5,639
Depreciation	(6,999)
Disposals	(450)
Effects of foreign exchange	(114)
As at June 30, 2020	42,440
Additions	4,371
Depreciation	(8,605)
Disposals	(602)
Effects of foreign exchange	1,266
As at December 31, 2020	38,870
Additions	7,136
Depreciation	(9,310)
Effects of foreign exchange	(391)
As at June 30, 2021	\$ 36,305

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.

7. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	June 30, 2021	December 31, 2020
Trade payables	\$ 162,173	\$ 126,044
Unbilled goods and services	82,719	66,411
Employee benefits payable	68,948	71,943
Chapada derivative liability - current portion	25,000	24,958
Royalties payable	14,518	8,630
Prepayment from customers	6,472	2,543
Other	18,639	16,500
	\$ 378,469	\$ 317,029

The current portion of the Chapada derivative liability related to the Chapada acquisition (\$25.0 million) is expected to be paid in August 2021. The long-term portion of the derivative liability of \$61.6 million (December 31, 2020 - \$63.7 million) is included in other long-term liabilities.

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

8. DEBT AND LEASE LIABILITIES

Debt and lease liabilities are comprised of the following:

	June 30, 2021	December 31, 2020
Revolving credit facility (a)	\$ -	\$ 58,378
Term loans (b)	100,000	100,000
Lease liabilities (c)	34,792	36,312
Line of credit (d)	6,740	8,358
Debt and lease liabilities	141,532	203,048
Less: current portion	119,780	116,942
Long-term portion	\$ 21,752	\$ 86,106

The changes in debt and lease liabilities are comprised of the following:

	Leases	Debt	Total
As at December 31, 2019	\$ 42,616	\$ 265,933	\$ 308,549
Additions	5,187	245,867	251,054
Payments	(7,969)	(48,122)	(56,091)
Disposals	(464)	-	(464)
Interest	699	-	699
Financing fee amortization	-	300	300
Effects of foreign exchange	(2,461)	379	(2,082)
As at June 30, 2020	37,608	464,357	501,965
Additions	4,454	140,684	145,138
Payments	(8,696)	(441,171)	(449,867)
Disposals	(627)	-	(627)
Interest	780	-	780
Financing fee amortization	-	316	316
Effects of foreign exchange	2,793	2,550	5,343
As at December 31, 2020	36,312	166,736	203,048
Additions	7,427	19,671	27,098
Payments	(9,480)	(80,977)	(90,457)
Interest	726	-	726
Financing fee amortization	-	322	322
Financing fee reclassification	-	1,300	1,300
Effects of foreign exchange	(193)	(312)	(505)
As at June 30, 2021	34,792	106,740	141,532
Less: current portion	17,051	102,729	119,780
Long-term portion	\$ 17,741	\$ 4,011	\$ 21,752

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

- a) The Company has a secured revolving credit facility of \$800.0 million with a \$200.0 million accordion option, maturing August 2023. The credit facility bears interest on drawn funds at rates of LIBOR +1.75% to LIBOR +2.75% (or an alternative benchmark rate as selected by the administrative agent), depending on the Company's net leverage ratio. The revolving credit facility is subject to customary covenants. During the first quarter of 2021, the Company repaid \$15.0 million. During the second quarter of 2021, the Company repaid the remaining outstanding amount of \$45.0 million. As at June 30, 2021, there was no balance outstanding (December 31, 2020 - \$60.0 million), along with letters of credit totalling \$21.7 million (SEK 162.0 million and €2.2 million) (December 31, 2020 - \$22.5 million). Deferred financing fees of \$1.3 million, at June 30, 2021, have been reclassified to other assets. As at December 31, 2020, deferred financing fees of \$1.6 million were netted against long-term debt.
- b) At December 31, 2020, Candelaria had two outstanding unsecured fixed term loans in the amounts of \$80.0 million and \$20.0 million. These loans mature on July 27, 2021 and August 12, 2021, respectively, and accrue interest at a rate of 1.1% per annum, with interest payable upon maturity. The total balance outstanding remained unchanged as at June 30, 2021. Candelaria repaid the \$80.0 million loan and corresponding accrued interest on July 19, 2021.

During the first quarter of 2021, Mineração Maracá Indústria e Comércio S/A, a subsidiary of the Company which owns the Chapada mine, obtained two unsecured fixed term loans, each in the amount of \$2.5 million. The term loans accrued interest at a rate of 1.0% and 1.1% per annum with interest payable upon maturity. Both loans were repaid on their respective maturity dates of May 10, 2021 and June 9, 2021. During the second quarter of 2021, Chapada obtained an additional unsecured fixed term loan in the amount of \$2.5 million with interest accruing at a rate of 1.0% per annum, payable upon maturity on July 9, 2021. The loan was repaid before the maturity date on June 25, 2021. There was no balance outstanding as at June 30, 2021.

- c) Lease liabilities relate to leases on buildings, rail cars, vehicles, machinery and equipment which have remaining lease terms of one to fourteen years and interest rates of 0.8% - 7.1% over the terms of the leases.
- d) Sociedade Mineira de Neves-Corvo, S.A. ("Somincor"), a subsidiary of the Company which owns the Neves-Corvo mine, has a \$29.7 million (€25.0 million) line of credit for equipment financing. As at June 30, 2021, the balance outstanding was \$6.7 million (€5.6 million) (December 31, 2020 - \$8.4 million). Interest rates vary from a fixed rate of 0.88% to EURIBOR +0.84%, dependent on the piece of equipment, with the debt maturing throughout 2023 and 2024.
- e) Somincor has a commercial paper program which matures in October 2021. The \$35.7 million (€30.0 million) program bears interest at EURIBOR +0.84%. During the first quarter of 2021, Somincor drew down \$12.2 million (€10.0 million) under this program and repaid the amount in full on February 26, 2021. There was no balance outstanding as at June 30, 2021.

The schedule of undiscounted lease payment and debt obligations is as follows:

	Leases	Debt	Total
Less than one year	\$ 18,275	\$ 102,729	\$ 121,004
One to five years	16,121	4,011	20,132
More than five years	2,543	-	2,543
Total undiscounted obligations as at June 30, 2021	\$ 36,939	\$ 106,740	\$ 143,679

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9. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

As at December 31, 2019	\$	758,146
Recognition of revenue		(34,514)
Finance costs		20,627
Effects of foreign exchange		(886)
As at June 30, 2020		743,373
Recognition of revenue		(28,554)
Variable consideration adjustment		(3,354)
Finance costs		20,777
Effects of foreign exchange		7,324
As at December 31, 2020		739,566
Recognition of revenue		(34,763)
Finance costs		20,160
Effects of foreign exchange		(2,347)
As at June 30, 2021		722,616
Less: current portion		77,364
Long-term portion	\$	645,252

Consideration received under the Company's gold, silver and copper streaming agreements is deemed to be variable and can be subject to cumulative adjustments when the contractual volume to be delivered changes. In 2020, as a result of changes to the Company's Mineral Resources and Mineral Reserves estimates, an adjustment was made to the deferred revenue liability which was recognized through revenue and finance costs.

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10. 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, 2019	\$ 343,112	\$ 40,672	\$ 383,784
Accretion	5,299	-	5,299
Changes in estimate	(27,399)	(225)	(27,624)
Changes in discount rate	18,486	-	18,486
Payments	(1,222)	-	(1,222)
Effects of foreign exchange	(409)	(1,047)	(1,456)
Balance, June 30, 2020	337,867	39,400	377,267
Accretion	5,064	-	5,064
Changes in estimate	46,184	2,342	48,526
Changes in discount rate	(553)	-	(553)
Payments	(1,360)	-	(1,360)
Effects of foreign exchange	12,636	2,665	15,301
Balance, December 31, 2020	399,838	44,407	444,245
Accretion	4,431	-	4,431
Changes in estimate	211	2,720	2,931
Changes in discount rate	(43,860)	-	(43,860)
Payments	(1,359)	(1,489)	(2,848)
Effects of foreign exchange	(4,868)	(1,102)	(5,970)
Balance, June 30, 2021	354,393	44,536	398,929
Less: current portion	5,708	349	6,057
Long-term portion	\$ 348,685	\$ 44,187	\$ 392,872

The Company expects these liabilities to be settled between 2021 and 2055. The provisions are discounted using current market pre-tax discount rates which range from 0.4% to 9.2% (December 31, 2020 - 0.1% to 7.2%).

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

11. SHARE CAPITAL

a) Basic and diluted weighted average number of shares outstanding

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Basic weighted average number of shares outstanding	738,612,506	733,632,700	737,756,508	734,059,980
Effect of dilutive securities (i)	2,609,029	869,202	2,785,848	-
Diluted weighted average number of shares outstanding	741,221,535	734,501,902	740,542,356	734,059,980
Antidilutive securities	168,250	3,249,000	567,750	4,251,500

(i) As a result of the Company's net loss position for the six months ended June 30, 2020, 938,673 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,	
	2021	2020	2021	2020
Stock options	37,500	75,000	1,985,500	3,974,000
SUs	12,500	25,000	569,250	1,027,500

c) Dividends

During the three and six months ended June 30, 2021, the Company declared dividends in the amount of \$35.9 million (Q2 2020 - \$21.1 million) or C\$0.06 per share (Q2 2020 - C\$0.04), and \$70.8 million (YTD Q2 2020 - \$43.2 million) or C\$0.12 per share (YTD Q2 2020 - C\$0.08), respectively.

d) Normal course issuer bid

For the three and six months ended June 30, 2021, 2,721,000 shares were purchased at Management's discretion under the Company's normal course issuer bid ("NCIB") at an average price of C\$12.67 per share for total consideration of \$28.4 million. All common shares purchased were cancelled.

For the six months ended June 30, 2020, 1,591,600 shares were purchased at Management's discretion under the NCIB at an average price of C\$6.24 per share for total consideration of \$7.4 million. All common shares purchased were cancelled. During the three months ended June 30, 2020, no shares were purchased under the NCIB.

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

12. REVENUE

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Revenue from contracts with customers:				
Copper	\$ 605,649	\$ 320,908	\$ 1,054,546	\$ 628,438
Nickel	74,634	29,330	144,746	65,687
Zinc	68,043	35,583	122,896	76,048
Gold	54,446	67,012	101,760	123,353
Lead	11,645	8,327	21,139	18,310
Silver	10,835	11,183	19,980	18,835
Other	17,255	4,451	29,094	9,838
	842,507	476,794	1,494,161	940,509
Provisional pricing adjustments on concentrate sales	29,817	56,525	59,641	(29,205)
Revenue	\$ 872,324	\$ 533,319	\$ 1,553,802	\$ 911,304

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Revenue from contracts with customers:				
Europe				
Spain	\$ 128,900	\$ 105,413	\$ 244,748	\$ 205,831
Finland	67,631	82,519	124,983	112,157
Other	213,888	86,374	291,986	142,421
Asia				
Japan	214,512	95,044	378,569	225,838
China	1,749	16,907	57,160	72,921
Other	-	-	-	17,254
Americas				
Canada	132,378	53,678	245,137	116,761
Other	83,449	36,859	151,578	47,326
	842,507	476,794	1,494,161	940,509
Provisional pricing adjustments on concentrate sales	29,817	56,525	59,641	(29,205)
Revenue	\$ 872,324	\$ 533,319	\$ 1,553,802	\$ 911,304

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13. PRODUCTION COSTS

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Direct mine and mill costs	\$ 321,499	\$ 244,480	\$ 594,435	\$ 493,393
Transportation	24,589	22,058	45,143	44,317
Royalties	15,229	6,486	24,852	13,999
Total production costs	\$ 361,317	\$ 273,024	\$ 664,430	\$ 551,709

14. EMPLOYEE BENEFITS

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Production costs				
Wages and benefits	\$ 73,023	\$ 64,420	\$ 147,795	\$ 123,244
Retirement benefits	402	57	789	828
Share-based compensation	640	634	1,240	1,395
	74,065	65,111	149,824	125,467
General and administrative expenses				
Wages and benefits	5,029	4,701	11,364	9,552
Retirement benefits	206	182	411	473
Share-based compensation	2,340	1,733	5,325	3,907
	7,575	6,616	17,100	13,932
General exploration and business development				
Wages and benefits	989	965	2,321	2,073
Retirement benefits	11	9	21	22
Share-based compensation	33	24	71	78
	1,033	998	2,413	2,173
Total employee benefits	\$ 82,673	\$ 72,725	\$ 169,337	\$ 141,572

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15. 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,	
	2021	2020	2021	2020
Interest income	\$ 101	\$ 315	\$ 173	\$ 686
Deferred revenue finance costs	(6,380)	(10,337)	(12,921)	(17,976)
Accretion expense on reclamation provisions	(2,238)	(2,600)	(4,431)	(5,299)
Interest expense and bank fees	(1,191)	(3,687)	(3,791)	(6,607)
Lease liability interest	(395)	(349)	(726)	(699)
Other	1,025	1,386	1,522	(1,541)
Total finance costs, net	\$ (9,078)	\$ (15,272)	\$ (20,174)	\$ (31,436)
<hr/>				
Finance income	\$ 1,126	\$ 1,701	\$ 1,695	\$ 686
Finance costs	(10,204)	(16,973)	(21,869)	(32,122)
Total finance costs, net	\$ (9,078)	\$ (15,272)	\$ (20,174)	\$ (31,436)

16. OTHER INCOME AND EXPENSE

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020 ¹	2021	2020 ¹
Revaluation of marketable securities	\$ 3,513	\$ 1,635	\$ 4,062	\$ (553)
Revaluation of derivative liability	(5,084)	(12,826)	2,019	(17,664)
Foreign exchange (loss) gain	(5,103)	647	(5,068)	21,521
Other expense	(6,974)	(5,519)	(9,416)	(9,277)
Total other expense, net	\$ (13,648)	\$ (16,063)	\$ (8,403)	\$ (5,973)

¹Comparatives for the 2020 reporting period have been restated. Refer to Note 2(iii).

Other expense for the three and six months ended June 30, 2020, includes \$3.8 million and \$6.3 million, respectively, of idle project costs.

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17. 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, 2021 and December 31, 2020:

	Level	June 30, 2021		December 31, 2020	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Fair value through profit or loss					
Restricted funds	1	\$ 56,440	\$ 56,440	\$ 56,611	\$ 56,611
Trade receivables (provisional)	2	455,624	455,624	234,979	234,979
Marketable securities	1	7,663	7,663	3,594	3,594
		\$ 519,727	\$ 519,727	\$ 295,184	\$ 295,184
Financial liabilities					
Amortized cost					
Debt	2	\$ 106,740	\$ 106,740	\$ 166,736	\$ 166,736
Fair value through profit or loss					
Chapada derivative liability (Note 7)	2	\$ 86,641	\$ 86,641	\$ 88,659	\$ 88,659

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 funds – The fair value of investments in shares is determined based on the quoted market price.

Trade receivables – The fair value of trade receivables that contain provisional pricing sales arrangements are valued using quoted forward market prices. The Company recognized positive pricing adjustments of \$29.8 million in revenue during the three months ended June 30, 2021 (Q2 2020 - \$56.5 million positive pricing adjustments) and positive pricing adjustments of \$59.6 million in revenue during the six months ended June 30, 2021 (YTD Q2 2020 - \$29.2 million negative pricing adjustments).

Derivative liability – The fair value of this derivative is determined using a valuation model that incorporates such factors as metal prices, metal price volatility, expiry date, and risk-free interest rate.

Debt – The fair values approximate carrying values as the interest rates are comparable to current market rates.

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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.

18. COMMITMENTS AND CONTINGENCIES

- a) The Company has capital commitments of \$124.6 million on various initiatives, of which \$101.1 million is expected to be paid during 2021.
- b) The Company may be involved in legal proceedings arising in the ordinary course of business, including the action described below. The potential amount of the liability with respect to such legal proceedings is not expected to materially affect the Company's financial position.
- c) Significant changes to commitments and contingencies, since those reported at December 31, 2020, are described below:

On April 19, 2021, the Valparaíso Court of Appeals dismissed the appeal of the plaintiff Caldera fishermen and confirmed the lower court ruling that dismissed all claims. On May 6, 2021, the plaintiff sought leave to appeal to the Supreme Court of Chile. The Company is awaiting the court's determination.

19. SEGMENTED INFORMATION

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

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For the three months ended June 30, 2021

	Candelaria		Chapada		Eagle	Neves-Corvo	Zinkgruvan	Other	Total				
	Chile		Brazil		USA	Portugal	Sweden						
Revenue	\$ 399,907	\$	148,137	\$	133,893	\$	134,496	\$	55,891	\$	-	\$	872,324
Cost of goods sold													
Production costs	(148,764)		(63,667)		(48,527)		(73,846)		(25,840)		(673)		(361,317)
Depreciation, depletion and amortization	(68,276)		(12,447)		(23,138)		(16,565)		(9,951)		(473)		(130,850)
Gross profit (loss)	182,867		72,023		62,228		44,085		20,100		(1,146)		380,157
General and administrative expenses	-		-		-		-		-		(9,597)		(9,597)
General exploration and business development	(4,580)		(8,473)		(56)		(1,011)		(1,825)		(1,616)		(17,561)
Finance (costs) income	(7,461)		(3,717)		(264)		4,525		(891)		(1,270)		(9,078)
Income from equity investment in associate	-		-		-		-		-		773		773
Other (expense) income	(1,849)		(9,390)		(144)		(2,936)		319		352		(13,648)
Income tax (expense) recovery	(50,975)		11,653		(8,652)		(9,387)		(2,488)		(2,765)		(62,614)
Net earnings (loss)	\$ 118,002	\$	62,096	\$	53,112	\$	35,276	\$	15,215	\$	(15,269)	\$	268,432
Capital expenditures	\$ 81,573	\$	12,461	\$	5,346	\$	23,037	\$	9,415	\$	94	\$	131,926

For the six months ended June 30, 2021

	Candelaria		Chapada		Eagle	Neves-Corvo	Zinkgruvan	Other	Total				
	Chile		Brazil		USA	Portugal	Sweden						
Revenue	\$ 751,897	\$	234,355	\$	252,761	\$	215,256	\$	99,533	\$	-	\$	1,553,802
Cost of goods sold													
Production costs	(285,705)		(102,647)		(88,787)		(134,545)		(51,432)		(1,314)		(664,430)
Depreciation, depletion and amortization	(141,528)	\$	(20,373)	\$	(43,442)	\$	(29,806)	\$	(20,684)	\$	(927)		(256,760)
Gross profit (loss)	324,664		111,335		120,532		50,905		27,417		(2,241)		632,612
General and administrative expenses	-		-		-		-		-		(22,691)		(22,691)
General exploration and business development	(10,654)		(9,302)		(56)		(1,693)		(3,024)		(2,594)		(27,323)
Finance (costs) income	(15,047)		(8,011)		(527)		7,653		(1,765)		(2,477)		(20,174)
Income from equity investment in associate	-		-		-		-		-		1,146		1,146
Other (expense) income	(1,819)		(4,957)		(279)		(3,960)		1,135		1,477		(8,403)
Income tax expense	(92,335)		(9,355)		(15,781)		(8,647)		(6,128)		(270)		(132,516)
Net earnings (loss)	\$ 204,809	\$	79,710	\$	103,889	\$	44,258	\$	17,635	\$	(27,650)	\$	422,651
Capital expenditures	\$ 152,315	\$	21,431	\$	8,875	\$	41,802	\$	19,826	\$	140	\$	244,389

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For the three months ended June 30, 2020¹

	Candelaria		Chapada		Eagle		Neves-Corvo		Zinkgruvan		Other	Total		
	Chile		Brazil		USA		Portugal		Sweden					
Revenue	\$	255,132	\$	114,125	\$	52,689	\$	81,188	\$	30,185	\$	-	\$	533,319
Cost of goods sold														
Production costs		(115,523)		(43,985)		(31,788)		(60,945)		(20,159)		(624)		(273,024)
Depreciation, depletion and amortization		(68,065)		(10,820)		(17,139)		(13,944)		(7,787)		(449)		(118,204)
Gross profit (loss)		71,544		59,320		3,762		6,299		2,239		(1,073)		142,091
General and administrative expenses		-		-		-		-		-		(10,608)		(10,608)
General exploration and business development		(6,924)		(796)		(112)		(151)		(699)		(723)		(9,405)
Finance (costs) income		(7,719)		(4,111)		(428)		580		(863)		(2,731)		(15,272)
Income from equity investment in associate		-		-		-		-		-		2,030		2,030
Other (expense) income		(4,318)		1,226		(1,718)		(2,182)		(1,486)		(7,585)		(16,063)
Income tax (expense) recovery		(17,481)		(23,308)		41		(657)		2,935		(6,045)		(44,515)
Net earnings (loss)	\$	35,102	\$	32,331	\$	1,545	\$	3,889	\$	2,126	\$	(26,735)	\$	48,258
Capital expenditures	\$	53,615	\$	8,304	\$	2,214	\$	26,441	\$	9,571	\$	16	\$	100,161

For the six months ended June 30, 2020¹

	Candelaria		Chapada		Eagle		Neves-Corvo		Zinkgruvan		Other	Total		
	Chile		Brazil		USA		Portugal		Sweden					
Revenue	\$	428,104	\$	198,246	\$	100,026	\$	126,965	\$	57,963	\$	-	\$	911,304
Cost of goods sold														
Production costs		(234,211)		(94,663)		(69,146)		(112,999)		(39,278)		(1,412)		(551,709)
Depreciation, depletion and amortization		(139,134)		(22,430)		(35,906)		(27,593)		(14,243)		(873)		(240,179)
Gross profit (loss)		54,759		81,153		(5,026)		(13,627)		4,442		(2,285)		119,416
General and administrative expenses		-		-		-		-		-		(22,552)		(22,552)
General exploration and business development		(11,587)		(1,590)		(208)		(1,323)		(4,531)		(3,381)		(22,620)
Finance (costs) income		(15,616)		(8,153)		(850)		54		(1,768)		(5,103)		(31,436)
Loss from equity investment in associate		-		-		-		-		-		1,946		1,946
Other income (expense)		377		13,658		(2,262)		(443)		1,012		(18,315)		(5,973)
Income tax (expense) recovery		(20,208)		(80,566)		83		6,220		223		(9,843)		(104,091)
Net earnings (loss)	\$	7,725	\$	4,502	\$	(8,263)	\$	(9,119)	\$	(622)	\$	(59,533)	\$	(65,310)
Capital expenditures	\$	130,195	\$	12,028	\$	7,645	\$	73,639	\$	17,505	\$	215	\$	241,227

¹Comparatives for the 2020 reporting period have been restated. Refer to Note 2(iii).

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2021 and 2020

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

20. RELATED PARTY TRANSACTIONS

- a) **Transactions with associates** - The Company may enter 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.
- b) **Key management personnel** - The Company has identified its directors and senior officers as its key management personnel. Employee benefits for key management personnel are as follows:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Wages and benefits	\$ 1,830	\$ 1,527	\$ 3,364	\$ 3,363
Pension benefits	50	41	98	82
Share-based compensation	1,452	954	3,073	2,114
	\$ 3,332	\$ 2,522	\$ 6,535	\$ 5,559

21. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Changes in non-cash working capital items consist of:				
Trade and income taxes receivable, inventories, and other current assets	\$ (76,026)	\$ (136,890)	\$ (184,620)	\$ (72,337)
Trade and income taxes payable, and other current liabilities	63,397	(4,469)	50,821	(13,493)
	\$ (12,629)	\$ (141,359)	\$ (133,799)	\$ (85,830)
Operating activities included the following cash payments:				
Income taxes paid (refunded)	\$ 24,684	\$ (4,926)	\$ 79,427	\$ (35,195)

22. SUBSEQUENT EVENT

On July 27, 2021, the Company announced that its 24% owned subsidiary, Koboltti Chemicals Holdings Limited, had entered into an agreement to sell its specialty cobalt business based in Kokkola, Finland ("Freeport Cobalt") to Jervois Mining Limited ("Jervois"). Under the terms of the transaction, Jervois will acquire 100% of Freeport Cobalt for \$85.0 million, in cash and up to 9.9% of Jervois shares, plus working capital to be determined at closing. In addition, the Company and its partners will have the right to receive up to \$40.0 million in contingent cash consideration based on the future performance of the business. Assuming a full allotment of shares, the Company currently estimates its net share of the proceeds, excluding the contingent consideration, would approximate \$42.0 million cash plus its pro-rata 24% share of 9.9% of Jervois shares. The transaction is subject to the completion of Jervois financing and other customary closing conditions and is expected to close in the third quarter of 2021.