

Condensed Interim Consolidated Financial Statements of

Lundin Mining Corporation

September 30, 2022
(Unaudited)

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited - in thousands of US dollars)

	As at	
	September 30, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents (Note 4)	\$ 226,949	\$ 594,069
Trade and other receivables (Note 5)	505,538	602,674
Income taxes receivable	71,495	85,642
Inventories (Note 6)	274,114	227,383
Other current assets	30,721	16,817
Total current assets	1,108,817	1,526,585
Restricted funds	43,322	54,753
Long-term inventory (Note 6)	718,183	719,599
Other non-current assets	20,184	14,933
Mineral properties, plant and equipment (Note 7)	5,646,062	5,050,899
Investment in associate (Note 8)	380	15,083
Deferred tax assets	6,041	12,050
Goodwill	229,349	243,005
	6,663,521	6,110,322
Total assets	\$ 7,772,338	\$ 7,636,907
LIABILITIES		
Trade and other payables (Note 9)	\$ 600,232	\$ 438,602
Income taxes payable	89,082	226,293
Current portion of debt and lease liabilities (Note 10)	34,692	14,617
Current portion of deferred revenue (Note 11)	79,472	76,202
Current portion of reclamation and other closure provisions (Note 12)	19,883	31,829
Total current liabilities	823,361	787,543
Debt and lease liabilities (Note 10)	14,688	16,386
Deferred revenue (Note 11)	573,901	617,265
Reclamation and other closure provisions (Note 12)	376,584	414,226
Other long-term liabilities	39,982	61,688
Provision for pension obligations	6,133	8,149
Deferred tax liabilities	698,572	738,917
	1,709,860	1,856,631
Total liabilities	2,533,221	2,644,174
SHAREHOLDERS' EQUITY		
Share capital (Note 13)	4,550,976	4,199,756
Contributed surplus	57,397	58,166
Accumulated other comprehensive loss	(429,634)	(249,929)
Retained earnings	495,854	437,160
Equity attributable to Lundin Mining Corporation shareholders	4,674,593	4,445,153
Non-controlling interests	564,524	547,580
Total shareholders' equity	5,239,117	4,992,733
Total liabilities and shareholders' equity	\$ 7,772,338	\$ 7,636,907
Commitments and contingencies (Note 21)		

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenue (Note 14)	\$ 648,498	\$ 756,394	\$ 2,229,798	\$ 2,310,196
Cost of goods sold				
Production costs (Note 15)	(425,814)	(331,816)	(1,210,431)	(996,246)
Depreciation, depletion and amortization	(140,161)	(120,637)	(412,040)	(377,397)
Gross profit	82,523	303,941	607,327	936,553
General and administrative expenses	(14,772)	(10,828)	(37,442)	(33,519)
General exploration and business development (Note 17)	(72,446)	(8,987)	(132,259)	(36,310)
Finance income (Note 18)	1,112	206	2,596	1,901
Finance costs (Note 18)	(16,352)	(10,349)	(50,117)	(32,218)
(Loss) income from equity investment in associate (Note 8)	(78)	21,088	3,297	22,234
Other income (expense) (Note 19)	19,534	1,184	61,811	(7,219)
(Loss) earnings before income taxes	(479)	296,255	455,213	851,422
Current tax recovery (expense)	9,994	(89,580)	(161,193)	(149,560)
Deferred tax (expense) recovery	(20,760)	(16,095)	24,218	(88,631)
Net (loss) earnings	\$ (11,245)	\$ 190,580	\$ 318,238	\$ 613,231
Net (loss) earnings attributable to:				
Lundin Mining Corporation shareholders	\$ (11,212)	\$ 173,740	\$ 281,289	\$ 551,568
Non-controlling interests	(33)	16,840	36,949	61,663
Net (loss) earnings	\$ (11,245)	\$ 190,580	\$ 318,238	\$ 613,231
Basic and diluted (loss) earnings per share attributable to Lundin Mining Corporation shareholders:	\$ (0.01)	\$ 0.24	\$ 0.37	\$ 0.75
Weighted average number of shares outstanding (Note 13)				
Basic	775,563,527	736,443,985	759,726,506	737,314,204
Diluted	775,563,527	738,663,357	760,909,648	739,906,402

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(Unaudited - in thousands of US dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net (loss) earnings	\$ (11,245)	\$ 190,580	\$ 318,238	\$ 613,231
Other comprehensive loss, net of taxes				
Item that will not be reclassified to net earnings:				
Remeasurements for post-employment benefit plans	553	—	(8)	—
Item that may be reclassified subsequently to net earnings:				
Effects of foreign exchange	(71,285)	(30,432)	(179,702)	(69,901)
Other comprehensive loss	(70,732)	(30,432)	(179,710)	(69,901)
Total comprehensive (loss) income	\$ (81,977)	\$ 160,148	\$ 138,528	\$ 543,330
Comprehensive (loss) income attributable to:				
Lundin Mining Corporation shareholders	\$ (82,050)	\$ 143,308	\$ 101,584	\$ 481,667
Non-controlling interests	73	16,840	36,944	61,663
Total comprehensive (loss) income	\$ (81,977)	\$ 160,148	\$ 138,528	\$ 543,330

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	Non-controlling interests	Total
Balance, December 31, 2021	734,987,154	\$ 4,199,756	\$ 58,166	\$ (249,929)	\$ 437,160	\$ 547,580	\$ 4,992,733
Distributions	—	—	—	—	—	(20,000)	(20,000)
Josemaria acquisition (Note 3)	40,031,936	369,175	13,436	—	—	—	382,611
Exercise of share-based awards	5,715,046	43,750	(20,636)	—	—	—	23,114
Share-based compensation	—	—	6,431	—	—	—	6,431
Dividends declared (Note 13(c))	—	—	—	—	(224,940)	—	(224,940)
Share purchase (Note 13(d))	(8,900,100)	(52,516)	—	—	2,345	—	(50,171)
Accrued liability for automatic share purchase plan commitment (Note 13(d))	—	(9,189)	—	—	—	—	(9,189)
Net earnings	—	—	—	—	281,289	36,949	318,238
Other comprehensive loss	—	—	—	(179,705)	—	(5)	(179,710)
Total comprehensive (loss) income	—	—	—	(179,705)	281,289	36,944	138,528
Balance, September 30, 2022	771,834,036	\$ 4,550,976	\$ 57,397	\$ (429,634)	\$ 495,854	\$ 564,524	\$ 5,239,117
Balance, December 31, 2020	736,039,350	\$ 4,201,277	\$ 52,098	\$ (177,215)	\$ (98,231)	\$ 518,600	\$ 4,496,529
Distributions	—	—	—	—	—	(36,000)	(36,000)
Exercise of share-based awards	3,234,454	23,170	(8,142)	—	—	—	15,028
Share-based compensation	—	—	9,588	—	—	—	9,588
Dividends declared	—	—	—	—	(176,279)	—	(176,279)
Share purchase	(3,798,000)	(21,757)	—	—	(14,188)	—	(35,945)
Net earnings	—	—	—	—	551,568	61,663	613,231
Other comprehensive loss	—	—	—	(69,901)	—	—	(69,901)
Total comprehensive (loss) income	—	—	—	(69,901)	551,568	61,663	543,330
Balance, September 30, 2021	735,475,804	\$ 4,202,690	\$ 53,544	\$ (247,116)	\$ 262,870	\$ 544,263	\$ 4,816,251

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - in thousands of US dollars)

Cash provided by (used in)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Operating activities				
Net (loss) earnings	\$ (11,245)	\$ 190,580	\$ 318,238	\$ 613,231
Items not involving cash and other adjustments				
Depreciation, depletion and amortization	140,161	120,637	412,040	377,397
Share-based compensation	896	2,952	6,431	9,588
Foreign exchange loss (gain)	14,426	(2,731)	25,000	3,527
Finance costs, net (Note 18)	15,240	10,143	47,521	30,317
Recognition of deferred revenue (Note 11)	(17,296)	(16,968)	(57,396)	(51,731)
Deferred tax expense (recovery)	20,760	16,095	(24,218)	88,631
Loss (income) from equity investment in associate (Note 8)	78	(21,088)	(3,297)	(22,234)
Other	30,967	10,823	(9,498)	15,261
Reclamation payments (Note 12)	(8,712)	(1,161)	(12,619)	(4,009)
Other payments	(400)	(529)	(1,425)	(1,737)
Changes in long-term inventory	(3,538)	(14,638)	3,111	(52,654)
Changes in non-cash working capital items (Note 24)	(145,006)	228,989	16,111	95,190
	36,331	523,104	719,999	1,100,777
Investing activities				
Investment in mineral properties, plant and equipment	(199,488)	(133,790)	(561,668)	(378,179)
Acquisition of Josemaria, net of cash acquired (Note 3)	—	—	(126,381)	—
Cash received from disposal of subsidiary (Note 19)	—	—	16,828	—
Payment of Chapada derivative liability (Note 9)	(25,000)	(25,000)	(25,000)	(25,000)
Interest received	1,078	127	2,483	305
Josemaria bridge loan (Note 3)	—	—	(54,100)	—
Distributions from associate, net (Note 8)	—	17,154	18,000	8,154
Other	(4,149)	(422)	(3,252)	2,252
	(227,559)	(141,931)	(733,090)	(392,468)
Financing activities				
Interest paid	(2,629)	(2,620)	(6,154)	(6,243)
Principal payments of lease liabilities	(4,256)	(4,813)	(13,192)	(13,567)
Principal repayments of debt	(15,149)	(114,175)	(16,416)	(195,152)
Payment of debentures (Note 10)	—	—	(47,000)	—
Proceeds from debt (Note 10)	34,663	13,500	34,663	33,171
Dividends paid to shareholders	(53,019)	(104,715)	(224,251)	(175,885)
Share purchase (Note 13)	(42,121)	(7,541)	(50,171)	(35,945)
Proceeds from common shares issued	2,653	544	23,114	15,028
Distributions paid to non-controlling interests	—	(20,000)	(35,000)	(36,000)
Other	—	—	(4,954)	—
	(79,858)	(239,820)	(339,361)	(414,593)
Effect of foreign exchange on cash balances	(208)	(7,967)	(14,668)	(6,863)
(Decrease) increase in cash and cash equivalents during the period	(271,294)	133,386	(367,120)	286,853
Cash and cash equivalents, beginning of period	498,243	294,914	594,069	141,447
Cash and cash equivalents, end of period	\$ 226,949	\$ 428,300	\$ 226,949	\$ 428,300
Supplemental cash flow information (Note 24)				

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

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2022 and 2021

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

1. NATURE OF OPERATIONS

Lundin Mining Corporation ("Lundin Mining" or 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. In addition, the Company owns the large scale copper-gold Josemaria project ("Josemaria Project"), located in Argentina (Note 3).

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 SUMMARY OF 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 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, 2021.

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\$ or CAD is to Canadian dollars, SEK is to Swedish krona, € refers to the Euro, CLP refers to the Chilean peso, BRL refers to the Brazilian real, and ARS refers to the Argentine peso.

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

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on October 25, 2022.

(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, 2021, except as noted below.

(a) Accounting for equity investments

As part of the capital funding process for ongoing activities at the Josemaria Project, the Company purchases equity instruments via a third-party investment broker. The equity instruments are transferred from the parent to the Argentinian subsidiary and held for a pre-determined period and then sold. The Company only purchases equity instruments with high trading volumes and low volatilities. The equity instruments are designated as held-for-trading, and as such all changes in the fair value of the underlying equity instruments are recognized through profit and loss.

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Upon receipt of the transferred equity instruments by the local investment broker, the Company realizes an immediate foreign exchange impact. This foreign exchange impact is incurred directly as a result of holding equity instruments with the intention of trading, and as such the foreign exchange impact is also recognized through profit and loss.

(b) Financial Instruments

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

Financial Assets at Amortized Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Company intends to hold these receivables until cash flows are collected. Receivables are recognized initially at fair value, net of any transaction costs incurred and subsequently measured at amortized cost using the effective interest method. The Company recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets measured at FVTPL are assets which do not qualify as financial assets at amortized cost or those designated in hedge relationships.

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

Marketable securities, equity investments, and derivative assets not designated in hedge relationships are classified as FVTPL. These financial assets are initially recognized at their fair value with changes to fair values recognized in the consolidated statement of (loss) earnings.

Financial Liabilities at Amortized Cost

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

Financial Liabilities at FVTPL

Financial liabilities at FVTPL are liabilities which include embedded derivatives and cannot be classified as amortized cost or those designated in hedge relationships. Financial liabilities at FVTPL are initially recognized at fair value with changes to fair values recognized in the consolidated statement of (loss) earnings.

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

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Notes to condensed interim consolidated financial statements

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

The Company may enter into derivative instruments to mitigate exposures to commodity price and currency exchange rate fluctuations, among other exposures. Unless the derivative instruments qualify for hedge accounting, and management undertakes appropriate steps to designate them as such, they are designated as financial assets at FVTPL and recorded at their fair value with realized and unrealized gains or losses arising from changes in the fair value recorded in the consolidated statement of (loss) earnings in the period they occur. Fair values for derivative instruments are determined using valuation techniques. The valuations use assumptions based on prevailing market conditions on the reporting date.

Hedge Accounting

The Company applies hedge accounting to foreign exchange contracts that hedge a portion of the Company's highly probable forecasted foreign currency denominated operating and capital expenditures.

The Company formally documents all relationships between hedging instruments and hedged items at inception of the contracts, as well as its risk management objectives and strategies for undertaking hedge transactions. This process includes linking all derivative hedging instruments to highly probable forecasted transactions. Hedge effectiveness is assessed based on the degree to which the cash flows from the derivative contracts are expected to offset the cash flows of the underlying transaction being hedged.

The Company's foreign exchange contracts are designated as a cash flow hedging instrument. The effective portion of changes in fair value is recognized in other comprehensive (loss) income ("OCI"). For hedged items other than the purchase of non-financial assets, the amounts accumulated in OCI are reclassified to the consolidated statement of (loss) earnings when the underlying hedged transaction, identified at contract inception, affects profit or loss. When hedging a forecasted transaction that results in the recognition of a non-financial asset, the amounts accumulated in equity are removed and added to the carrying amount of the non-financial asset. The amounts accumulated in OCI are reclassified to the consolidated statement of (loss) earnings or to the carrying amount of the non-financial asset, consistent with the classification of the underlying hedged transaction, when the underlying hedged transaction is recognized.

Any ineffective portion of a hedge relationship is recognized immediately in the consolidated statement of (loss) earnings. When derivative contracts designated as cash flow hedges are terminated, expired, sold or no longer qualify for hedge accounting, hedge accounting is discontinued prospectively. Any amounts recorded in OCI until the time the contracts do not qualify for hedge accounting remain in OCI. Amounts recognized in OCI are recognized in the consolidated statement of (loss) earnings in the period in which the underlying hedged transaction is completed. Gains or losses arising subsequent to the derivative contracts not qualifying for hedge accounting are recognized in the period incurred in the consolidated statement of (loss) earnings. If the forecasted transaction is no longer expected to occur, then the amounts accumulated in OCI are reclassified to the consolidated statement of (loss) earnings immediately.

(iii) 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, 2021, except for those noted below.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

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

The Company continues to experience risks associated with global inflation as well as supply chain delivery. To date, there have been no significant impacts to operations relating to supply chain availability. The Company has implemented procurement strategies and a foreign exchange hedging program to mitigate the impact and continues to monitor these risks. Further, near term 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.

Josemaria Resources Inc. acquisition

Management determined that the Company's acquisition of Josemaria Resources Inc. ("Josemaria Resources") (Note 3), which owns the copper-gold project in the San Juan Province of Argentina, did not meet the definition of a business combination under IFRS 3.

The assets acquired included plant and equipment, and Mineral Resources and Mineral Reserves. They did not include sufficient infrastructure or workforce to create substantial output, as the plant and equipment acquired only supports the engineering, procurement and preparation for early works construction. In addition, the Company is still securing sectoral permits, advancing the commercial agreements, and updating cost estimates that will enable a construction decision to be made. Accordingly, the acquisition has been accounted for as the purchase of individual assets in accordance with IAS 16 – Property, Plant and Equipment.

The identifiable assets and liabilities acquired are measured at their relative fair values as at the date of acquisition. The excess of the consideration paid for the identifiable assets and liabilities acquired was attributed to the mineral properties of the Josemaria Project. The determination of the relative fair values requires management to make assumptions and estimates on the future production profile, construction costs, metal prices, discount rates, and exchange rates. Changes in the assumptions or estimates could affect the relative fair values of the assets acquired and liabilities assumed in the purchase price allocation.

3. ACQUISITION OF JOSEMARIA

On April 28, 2022 the Company completed the acquisition of Josemaria Resources through a plan of arrangement (the "Transaction") for a purchase price of \$539.7 million. On closing of the Transaction, each former Josemaria Resources shareholder received either (i) C\$1.60 in cash or (ii) 0.1487 ("Exchange Ratio") Lundin Mining shares plus C\$0.11 cash for each whole Lundin Mining share issued, or a combination of cash and shares, subject to proration. This resulted in total cash consideration paid of \$144.4 million and the issuance of 40,031,936 Lundin Mining common shares to Josemaria Resources shareholders. In addition, outstanding Josemaria Resources stock options were converted to Lundin Mining stock options at the Exchange Ratio, resulting in the issuance of 2,513,866 Lundin Mining stock options (the "Replacement Options").

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

The purchase price is as follows:

Cash consideration	\$	144,412
Fair value of 40,031,936 common shares issued by the Company (a)		369,175
Fair value of 2,513,866 Replacement Options issued by the Company (b)		13,436
Transaction costs		9,321
Lundin Mining's previously held shares in Josemaria Resources		3,343
Total purchase price	\$	539,687

Assets acquired and liabilities assumed:

Cash and cash equivalents	\$	26,534
Receivables and other assets		1,584
Mineral properties, plant and equipment (Note 7)		675,477
Total assets		703,595
Trade and other payables		(62,770)
Debentures (c)		(47,000)
Bridge loan (d)		(54,100)
Lease liabilities		(38)
Total liabilities		(163,908)
Total assets acquired and liabilities assumed, net	\$	539,687

- a) The fair value of the common shares issued was determined using the Company's share price of C\$11.83 and foreign exchange rate of USD/CAD: 1.283 at the close of business on April 28, 2022 (Note 13).
- b) Each Replacement Option gives the holder the fully-vested right to acquire common shares of the Company. The exercise price of the Replacement Options was determined by dividing the exercise price of the Josemaria Resources stock options by the Exchange Ratio. The full option value of the Replacement Options was accounted for as consideration, and no future compensation expense will be recorded with respect to the Replacement Options.

The fair value of the Replacement Options was determined using the Black-Scholes option pricing model which assumed a dividend yield of 3.04%, risk-free interest rate of 2.21%, expected life of 0.07 years to 2.83 years, and expected price volatility of 48%. On issuance, the weighted average fair value of the Replacement Options was C\$6.75.

- c) Subsequent to the Transaction closing, the Company settled in full the principal on the existing debentures totaling \$47.0 million (Note 10).
- d) The \$54.1 million bridge loan owed by Josemaria Resources to the Company became an intercompany loan with the closing of the Transaction and was eliminated on consolidation.

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

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	September 30, 2022	December 31, 2021
Cash	\$ 190,685	\$ 533,560
Short-term deposits	36,264	60,509
	\$ 226,949	\$ 594,069

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	September 30, 2022	December 31, 2021
Trade receivables	\$ 390,231	\$ 507,697
Value added tax	38,745	37,136
Prepaid expenses	61,869	25,972
Other receivables	14,693	31,869
	\$ 505,538	\$ 602,674

In 2021, other receivables included an insurance settlement of \$16.0 million related to a mill interruption at Chapada in 2020, which was received in the first quarter of 2022.

6. INVENTORIES

Inventories are comprised of the following:

	September 30, 2022	December 31, 2021
Ore stockpiles	\$ 49,274	\$ 28,307
Concentrate stockpiles	48,235	56,526
Materials and supplies	176,605	142,550
	\$ 274,114	\$ 227,383

Long-term inventory is comprised of ore stockpiles. As at September 30, 2022, the Company had \$415.6 million (December 31, 2021 - \$422.3 million) and \$302.6 million (December 31, 2021 - \$297.3 million) of long-term ore stockpiles at Candelaria and Chapada, respectively.

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

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

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

Cost	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2020	\$ 5,059,793	\$ 3,280,374	\$ 421,697	\$ 8,761,864
Additions	115,592	34,022	201,836	351,450
Disposals and transfers	73,931	24,501	(111,618)	(13,186)
Effects of foreign exchange	(112,526)	(48,688)	(19,300)	(180,514)
As at September 30, 2021	5,136,790	3,290,209	492,615	8,919,614
Additions	150,683	14,542	76,840	242,065
Disposals and transfers	41,299	168,629	(218,871)	(8,943)
Effects of foreign exchange	(42,998)	(17,531)	(7,992)	(68,521)
As at December 31, 2021	5,285,774	3,455,849	342,592	9,084,215
Josemaria acquisition (Note 3)	604,453	22,233	42,152	668,838
Additions	192,923	65,272	310,702	568,897
Disposals and transfers	55,596	195,563	(264,268)	(13,109)
Effects of foreign exchange	(281,682)	(146,197)	(19,486)	(447,365)
As at September 30, 2022	\$ 5,857,064	\$ 3,592,720	\$ 411,692	\$ 9,861,476

Accumulated depreciation, depletion and amortization	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2020	\$ 2,382,365	\$ 1,253,888	\$ —	\$ 3,636,253
Depreciation	219,766	164,064	—	383,830
Disposals and transfers	19,032	(25,107)	—	(6,075)
Effects of foreign exchange	(69,100)	(25,286)	—	(94,386)
As at September 30, 2021	2,552,063	1,367,559	—	3,919,622
Depreciation	94,807	61,765	—	156,572
Disposals and transfers	(1)	(6,779)	—	(6,780)
Effects of foreign exchange	(26,673)	(9,425)	—	(36,098)
As at December 31, 2021	2,620,196	1,413,120	—	4,033,316
Depreciation	243,467	184,688	—	428,155
Disposals and transfers	(79)	(4,666)	—	(4,745)
Effects of foreign exchange	(175,965)	(65,347)	—	(241,312)
As at September 30, 2022	\$ 2,687,619	\$ 1,527,795	\$ —	\$ 4,215,414

Net book value	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2021	\$ 2,665,578	\$ 2,042,729	\$ 342,592	\$ 5,050,899
As at September 30, 2022	\$ 3,169,445	\$ 2,064,925	\$ 411,692	\$ 5,646,062

During the second quarter of 2022, the Company completed the Josemaria Resources acquisition (Note 3) acquiring \$668.8 million of mineral properties, plant and equipment. In addition, \$6.6 million of transaction costs related to the acquisition were capitalized to mineral properties in 2021. Included in the mineral properties balance at September 30, 2022 is \$611.1 million (December 31, 2021 - nil) which is currently non-depreciable.

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During the three and nine months ended September 30, 2022, the Company capitalized \$0.3 million (Q3 2021 - \$3.8 million) and \$2.1 million (YTD Q3 2021 - \$11.4 million) of finance costs to assets under construction, at a weighted average interest rate of 5.5% (2021 - 5.2%).

During the three and nine months ended September 30, 2022, the Company capitalized \$56.6 million (Q3 2021 - \$43.3 million) and \$178.6 million (YTD Q3 2021 - \$134.1 million), respectively, of deferred stripping costs to mineral properties. The depreciation expense related to deferred stripping for the three and nine months ended September 30, 2022, was \$37.9 million (Q3 2021 - \$35.2 million) and \$104.2 million (YTD Q3 2021 - \$88.9 million), respectively. Included in the mineral properties balance at September 30, 2022 is \$613.7 million (December 31, 2021 - \$464.6 million) related to deferred stripping at Candelaria, which is currently non-depreciable.

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:

	Net book value
As at December 31, 2020	\$ 38,870
Additions	10,316
Depreciation	(14,519)
Effects of foreign exchange	(625)
As at September 30, 2021	34,042
Additions	92
Depreciation	(5,492)
Disposals	(873)
Effects of foreign exchange	(172)
As at December 31, 2021	27,597
Josemaria acquisition (Note 3)	32
Additions	16,625
Depreciation	(15,454)
Effects of foreign exchange	(618)
As at September 30, 2022	\$ 28,182

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.

8. INVESTMENT IN ASSOCIATE

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

As at December 31, 2020	\$ 22,342
Distributions, net	(8,154)
Share of equity income	22,234
As at September 30, 2021	36,422
Distributions	(24,000)
Share of equity income	2,661
As at December 31, 2021	15,083
Distributions	(18,000)
Share of equity income	3,297
As at September 30, 2022	\$ 380

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The Company had a 24% ownership interest in Freeport Cobalt, a specialty cobalt business based in Kokkola, Finland, held through its 24% owned subsidiary Koboltti Chemicals Holdings Limited (“KCHL”), with the balance held by Freeport-McMoRan Inc. (56%) and La Générale des Carrières et des Mines (20%), a Democratic Republic of the Congo government-owned corporation.

In September 2021, KCHL completed the sale of Freeport Cobalt for \$208 million (including cash and other working capital and subject to post-closing adjustments), consisting of cash consideration of \$173 million and 7% of shares in the purchaser (valued at approximately \$35 million). In addition, the Company and its partners will have the right to receive contingent cash consideration up to \$40 million based on the future performance of Freeport Cobalt, of which the Company’s share is \$9.6 million. The Company’s net share of the proceeds, excluding contingent consideration, was approximately \$45 million cash plus \$8 million in shares of the purchaser. The Company recognized \$21.6 million through its share of equity income and received partial cash distributions of \$41.2 million from the transaction during 2021.

During the second quarter of 2022, the shares in the purchaser were sold and substantially all of the remaining net assets were distributed to the partners.

9. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	September 30, 2022	December 31, 2021
Trade payables	\$ 245,672	\$ 199,545
Unbilled goods and services	140,569	80,067
Pricing provisions on concentrate sales	84,286	1,940
Employee benefits payable	64,894	71,078
Chapada derivative liability - current portion	22,991	24,973
Royalties payable	14,733	16,876
Automatic share purchase plan commitment (Note 13)	9,189	—
Prepayment from customers	243	9,165
Distributions payable to non-controlling interests	—	15,000
Other	17,655	19,958
	\$ 600,232	\$ 438,602

Included in pricing provisions on concentrate sales are balances owing to customers and provisions arising from forward market price adjustments.

In August 2022, the Company paid the third \$25.0 million tranche of the derivative liability related to the Chapada acquisition (Note 21). The fourth tranche has been reclassified from other long-term liabilities to trade and other payables. The long-term portion of the Chapada derivative liability of \$20.5 million (December 31, 2021 - \$42.5 million) is included in other long-term liabilities.

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10. DEBT AND LEASE LIABILITIES

Debt and lease liabilities are comprised of the following:

	September 30, 2022	December 31, 2021
Lease liabilities (a)	\$ 27,156	\$ 25,878
Commercial paper (b)	19,496	—
Line of credit (c)	2,728	5,125
Debt and lease liabilities	49,380	31,003
Less: current portion	34,692	14,617
Long-term portion	\$ 14,688	\$ 16,386

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

	Leases	Debt	Total
As at December 31, 2020	\$ 36,312	\$ 166,736	\$ 203,048
Additions	10,607	33,171	43,778
Payments	(14,689)	(195,152)	(209,841)
Interest	1,122	—	1,122
Financing fee amortization	—	322	322
Financing fee reclassification	—	1,300	1,300
Effects of foreign exchange	(1,622)	(473)	(2,095)
As at September 30, 2021	31,730	5,904	37,634
Additions	(187)	—	(187)
Payments	(4,680)	(661)	(5,341)
Disposals	(866)	—	(866)
Interest	372	—	372
Effects of foreign exchange	(491)	(118)	(609)
As at December 31, 2021	25,878	5,125	31,003
Josemaria acquisition (Note 3)	38	47,000	47,038
Additions	16,625	34,663	51,288
Payments	(14,239)	(63,416)	(77,655)
Disposals	(2)	—	(2)
Interest	1,047	—	1,047
Effects of foreign exchange	(2,191)	(1,148)	(3,339)
As at September 30, 2022	27,156	22,224	49,380
Less: current portion	13,014	21,678	34,692
Long-term portion	\$ 14,142	\$ 546	\$ 14,688

- a) Lease liabilities relate to leases on buildings, rail cars, vehicles, machinery and equipment which have remaining lease terms of one to thirteen years and interest rates of 0.8% - 7.1% over the terms of the leases.
- b) Sociedade Mineira de Neves-Corvo, S.A. ("Somincor"), a subsidiary of the Company which owns the Neves-Corvo mine, has a commercial paper program which matures in May 2025. The \$24.4 million (€25.0 million) program bears interest on drawn funds at EURIBOR+0.50%. During the third quarter of 2022, Somincor drew down \$14.9 million (€15.0 million) and repaid the amount in full. A further \$19.5 million (€20.0 million) was drawn and remains outstanding as at September 30, 2022.

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- c) Somincor has a \$24.4 million (€25.0 million) line of credit for equipment financing. As at September 30, 2022, the balance outstanding was \$2.7 million (€2.8 million) (December 31, 2021 - \$5.1 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.
- d) During the second quarter of 2022, the Company executed a fourth amended and restated credit agreement that increased its revolving credit facility to \$1,750.0 million (previously \$800.0 million with a \$200.0 million accordion option), reduced the cost of borrowing, and extended the maturity to April 2027 (previously August 2023). The credit facility bears interest on drawn funds at rates of Term Secured Overnight Financing Rate ("Term SOFR") + Credit Spread Adjustment ("CSA") + 1.45% to Term SOFR+CSA+2.50% (previously LIBOR+1.75% to LIBOR+2.75%), depending on the Company's net leverage ratio. The revolving credit facility is subject to customary covenants. In addition, the SEK denominated letter of credit of \$15.9 million (SEK 162.0 million) was cancelled on April 14, 2022. As at September 30, 2022, there was no balance outstanding (December 31, 2021 - nil), other than a letter of credit totalling \$2.1 million (€2.2 million) (December 31, 2021 - \$20.4 million). Deferred financing fees of \$4.3 million are reported in other assets.
- e) As part of the acquisition of Josemaria Resources (Note 3), the Company assumed existing debentures of \$47.0 million. Immediately following the Transaction closing, the Company settled the debentures balance in full. As at September 30, 2022, there was no balance outstanding.

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

	Leases		Debt		Total
Less than one year	\$	14,167	\$	21,678	\$ 35,845
One to five years		13,700		546	14,246
More than five years		1,479		—	1,479
Total undiscounted obligations as at September 30, 2022	\$	29,346	\$	22,224	\$ 51,570

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11. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

As at December 31, 2020	\$	739,566
Recognition of revenue		(51,731)
Finance costs		30,215
Effects of foreign exchange		(4,212)
As at September 30, 2021		713,838
Recognition of revenue		(22,336)
Variable consideration adjustment		(6,997)
Finance costs		10,110
Effects of foreign exchange		(1,148)
As at December 31, 2021		693,467
Recognition of revenue		(57,396)
Finance costs		28,224
Effects of foreign exchange		(10,922)
As at September 30, 2022		653,373
Less: current portion		79,472
Long-term portion	\$	573,901

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 2021, 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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12. 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, 2020	\$ 399,838	\$ 44,407	\$ 444,245
Accretion	6,766	—	6,766
Changes in estimate	(11,012)	4,682	(6,330)
Changes in discount rate	(56,609)	—	(56,609)
Payments	(1,786)	(2,223)	(4,009)
Effects of foreign exchange	(8,565)	(5,166)	(13,731)
Balance, September 30, 2021	328,632	41,700	370,332
Accretion	2,342	—	2,342
Changes in estimate	82,373	(3,124)	79,249
Changes in discount rate	(383)	—	(383)
Payments	(2,909)	(2,257)	(5,166)
Effects of foreign exchange	(3,089)	2,770	(319)
Balance, December 31, 2021	406,966	39,089	446,055
Accretion	10,679	—	10,679
Changes in estimate	12,766	8,675	21,441
Changes in discount rate	(44,822)	—	(44,822)
Payments	(8,892)	(3,727)	(12,619)
Effects of foreign exchange	(18,773)	(5,494)	(24,267)
Balance, September 30, 2022	357,924	38,543	396,467
Less: current portion	15,626	4,257	19,883
Long-term portion	\$ 342,298	\$ 34,286	\$ 376,584

The Company expects these liabilities to be settled between 2022 and 2065. The provisions are discounted using current market pre-tax discount rates which range from 2.0% to 12.0% (December 31, 2021 - 0.2% to 10.6%).

13. SHARE CAPITAL

a) Basic and diluted weighted average number of shares outstanding

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Basic weighted average number of shares outstanding	775,563,527	736,443,985	759,726,506	737,314,204
Effect of dilutive securities (i)	—	2,219,372	1,183,142	2,592,198
Diluted weighted average number of shares outstanding	775,563,527	738,663,357	760,909,648	739,906,402
Antidilutive securities	751,450	542,500	472,000	542,500

- (i) As a result of the Company's net loss position for the three months ended September 30, 2022, 675,079 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").

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Upon closing the Josemaria Resources acquisition (Note 3), the Company issued 40,031,936 common shares to the former shareholders of Josemaria Resources with a fair value of \$369.2 million.

b) Stock options and SUs granted/issued

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Stock options	76,500	—	1,830,020	1,985,500
Replacement Options	—	—	2,513,866	—
SUs	27,150	—	507,579	569,250

On April 28, 2022, the Company issued 2,513,866 Replacement Options upon closing of the Transaction as discussed in Note 3. The following table summarizes the Replacement Options outstanding as at September 30, 2022:

Range of exercise prices (C\$)	Outstanding and Exercisable Replacement Options		
	Number of Options Exercisable	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (C\$)
4 to 4.99	333,364	2.3	4.46
5 to 5.99	411,172	2.6	5.22
6 to 6.99	257,786	1.4	6.52
	1,002,322	2.2	5.30

c) Dividends

During the three and nine months ended September 30, 2022, the Company declared dividends in the amount of \$54.0 million (Q3 2021 - \$105.5 million) or C\$0.09 per share (Q3 2021 - C\$0.18), and \$224.9 million (YTD Q3 2021 - \$176.3 million) or C\$0.38 per share (YTD Q3 2021 - C\$0.30), respectively.

d) Normal course issuer bid

For the three and nine months ended September 30, 2022, 7,710,900 and 8,900,100 shares were purchased by the Company's broker under the automatic share purchase plan ("ASPP") or at management's discretion pursuant to its normal course issuer bid ("NCIB") at an average price of C\$7.09 and C\$7.30 per share for total consideration of \$42.1 million and \$50.2 million, respectively. All common shares purchased were cancelled. As at September 30, 2022, the Company recorded an accrual of \$9.2 million in trade and other payables representing the contractual maximum share purchases remaining under the ASPP. During October 2022, the Company purchased and cancelled the remaining contractual maximum shares in the amount of 1,861,400 under the ASPP.

For the three and nine months ended September 30, 2021, 1,077,000 and 3,798,000 shares were purchased under the NCIB at an average price of C\$8.87 and C\$11.59 per share for total consideration of \$7.5 million and \$35.9 million. All common shares purchased were cancelled.

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14. REVENUE

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenue from contracts with customers:				
Copper	\$ 452,223	\$ 550,005	\$ 1,588,878	\$ 1,604,551
Zinc	87,780	71,543	290,124	194,439
Nickel	73,770	60,835	267,037	205,581
Gold	63,450	70,670	167,064	172,430
Lead	13,554	10,382	44,506	31,521
Silver	7,745	9,145	32,766	29,125
Other	14,142	16,432	37,668	45,526
	712,664	789,012	2,428,043	2,283,173
Provisional pricing adjustments on concentrate sales	(64,166)	(32,618)	(198,245)	27,023
Revenue	\$ 648,498	\$ 756,394	\$ 2,229,798	\$ 2,310,196

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenue from contracts with customers:				
Japan	\$ 145,536	\$ 139,384	\$ 629,696	\$ 517,953
Canada	108,400	101,570	387,277	346,707
Spain	125,503	159,700	321,103	404,448
Finland	90,792	85,369	240,870	210,352
Germany	68,688	89,409	199,958	182,371
China	49,992	31,197	166,173	88,357
Chile	19,065	102,833	117,870	279,489
Other	104,688	79,550	365,096	253,496
	712,664	789,012	2,428,043	2,283,173
Provisional pricing adjustments on concentrate sales	(64,166)	(32,618)	(198,245)	27,023
Revenue	\$ 648,498	\$ 756,394	\$ 2,229,798	\$ 2,310,196

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15. PRODUCTION COSTS

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Direct mine and mill costs	\$ 387,806	\$ 291,637	\$ 1,084,687	\$ 886,072
Transportation	30,461	27,724	91,470	72,867
Royalties	7,547	12,455	34,274	37,307
Total production costs	\$ 425,814	\$ 331,816	\$ 1,210,431	\$ 996,246

16. EMPLOYEE BENEFITS

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Production costs				
Wages and benefits	\$ 65,904	\$ 70,538	\$ 211,094	\$ 218,333
Retirement benefits	407	405	1,244	1,194
Share-based compensation	517	578	1,789	1,818
	66,828	71,521	214,127	221,345
General and administrative expenses				
Wages and benefits	4,991	4,901	16,048	16,265
Retirement benefits	228	198	680	609
Share-based compensation	307	2,356	4,366	7,681
Departure benefit (Note 23)	1,891	—	1,891	—
	7,417	7,455	22,985	24,555
General exploration and business development				
Wages and benefits	2,442	788	6,855	3,109
Retirement benefits	12	7	25	28
Share-based compensation	72	18	276	89
	2,526	813	7,156	3,226
Total employee benefits	\$ 76,771	\$ 79,789	\$ 244,268	\$ 249,126

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17. GENERAL EXPLORATION AND BUSINESS DEVELOPMENT

The Company's general exploration and business development costs are comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Project development	\$ 63,330	\$ 1,410	\$ 105,883	\$ 6,363
General exploration	9,080	7,564	26,340	29,210
Corporate development	36	13	36	737
Total general exploration and business development	\$ 72,446	\$ 8,987	\$ 132,259	\$ 36,310

Project development expenses include costs related to the Josemaria Project and study costs related to potential expansion projects at the Company's operating sites.

18. FINANCE INCOME AND COSTS

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Interest income	\$ 1,112	\$ 129	\$ 2,596	\$ 302
Deferred revenue finance costs	(9,030)	(6,270)	(26,146)	(19,191)
Accretion expense on reclamation provisions	(3,541)	(2,335)	(10,679)	(6,766)
Interest expense and bank fees	(2,525)	(1,348)	(6,594)	(5,139)
Lease liability interest	(363)	(396)	(1,047)	(1,122)
Other	(893)	77	(5,651)	1,599
Total finance costs, net	\$ (15,240)	\$ (10,143)	\$ (47,521)	\$ (30,317)

Finance income	\$ 1,112	\$ 206	\$ 2,596	\$ 1,901
Finance costs	(16,352)	(10,349)	(50,117)	(32,218)
Total finance costs, net	\$ (15,240)	\$ (10,143)	\$ (47,521)	\$ (30,317)

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19. OTHER INCOME AND EXPENSE

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Foreign exchange and trading gains on equity investments	\$ 38,602	\$ —	\$ 67,695	\$ —
Gain on disposal of subsidiary	—	—	16,828	—
Revaluation of marketable securities	(554)	237	1,712	4,299
Foreign exchange (loss) gain	(4,297)	11,861	(4,926)	6,793
Revaluation of derivative liability	1,558	(1,274)	(990)	745
Other expense	(15,775)	(9,640)	(18,508)	(19,056)
Total other income (expense), net	\$ 19,534	\$ 1,184	\$ 61,811	\$ (7,219)

Foreign exchange and trading gains on equity investments include the changes in fair value of equity instruments supporting capital funding for the Josemaria Project.

Pursuant to the terms of the original sale agreement of Rio Narcea Recursos, S.A. in 2016, the Company received a \$16.8 million payment in the first quarter of 2022 that was contingent on a historical tax assessment which has now been closed.

For the three and nine months ended September 30, 2022, other expense includes a \$3.6 million write-down of mineral properties, plant and equipment and \$7.8 million of other costs directly related to the sinkhole near the Company's Ojos del Salado operations.

20. FINANCIAL INSTRUMENTS

Derivatives designated as hedging instruments

The Company uses derivative financial instruments as part of its risk management strategy to mitigate exposure to foreign currencies.

The Company has elected to apply hedge accounting to forward contracts. These forward contracts are designated as effective cash flow hedges for a portion of the Company's highly probable forecasted foreign currency denominated operating and capital expenditures. On September 30, 2022, the Company entered into €480.8 million of forward contracts maturing from 2022 to 2024. As at September 30, 2022, the outstanding foreign exchange contracts that were accounted for as hedges were as follows:

Foreign exchange contracts	2022	2023	2024
€/USD forward contracts			
Average contract price	0.991	1.006	1.024
Position (€ millions)	76.6	249.0	155.2

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Subsequent to September 30, 2022, the Company entered into foreign currency options and forward contracts intended to limit foreign exchange exposure against the BRL, CLP and SEK. Positions taken represent approximately 50% to 90% of forecasted foreign currency denominated after-tax attributable operating and capital expenditures in 2022, 2023 and 2024.

Fair values of financial instruments

The Company's financial assets and financial liabilities have been classified into categories that determine their basis of measurement. The following table shows the carrying values, fair values and fair value hierarchy of the Company's financial instruments as at September 30, 2022 and December 31, 2021:

	Level	September 30, 2022		December 31, 2021	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Fair value through profit or loss					
Restricted funds	1	\$ 43,322	\$ 43,322	\$ 54,753	\$ 54,753
Trade receivables (provisional)	2	386,356	386,356	519,351	519,351
Marketable securities and equity investments	1	8,132	8,132	10,493	10,493
		\$ 437,810	\$ 437,810	\$ 584,597	\$ 584,597
Financial liabilities					
Amortized cost					
Debt	3	\$ 22,224	\$ 22,224	\$ 5,125	\$ 5,125
Fair value through profit or loss					
Pricing provisions on concentrate sales	2	\$ 45,282	\$ 45,282	\$ —	\$ —
Chapada derivative liability	2	43,486	43,486	67,495	67,495
		\$ 88,768	\$ 88,768	\$ 67,495	\$ 67,495

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

Trade receivables/pricing provisions on concentrate sales – The fair value of trade receivables that contain provisional pricing sales arrangements are valued using quoted forward market prices. The Company recognized negative pricing adjustments of \$64.2 million in revenue during the three months ended September 30, 2022 (Q3 2021 - \$32.6 million negative pricing adjustments) and negative pricing adjustments of \$198.2 million in revenue during the nine months ended September 30, 2022 (YTD Q3 2021 - \$27.0 million positive pricing adjustments).

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Derivative financial instruments in designated hedge relationships – For the €480.8 million forward contracts entered into on September 30, 2022, no derivative asset or liability was recognized as at September 30, 2022 as the fair values of the right and obligation are equal. The fair value of these derivatives are determined by the counterparties to the contracts and are assessed by Management using pricing models based on active market prices.

Chapada 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.

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

21. COMMITMENTS AND CONTINGENCIES

- a) The Company has capital commitments of \$491.3 million on various initiatives, of which \$130.9 million is expected to be paid during 2022.
- b) The Company may be involved in legal proceedings arising in the ordinary course of business. The potential amount of the liability with respect to such legal proceedings is not expected to materially affect the Company's financial position.
- c) Significant changes to commitments and contingencies, since those reported at December 31, 2021, are described below:
 - i. In August 2022, the Company paid \$25.0 million under the Chapada gold price contingent consideration structure. The maximum contingent consideration has since been reduced to \$50.0 million.
 - ii. On July 30, 2022, a sinkhole was detected near the Company's Ojos del Salado operations in Chile. On October 5, 2022, the Company received an infraction notice covering four alleged violations of its environmental permit for the Alcaparrosa underground mine, which forms part of the Company's Ojos del Salado operations. The Company is reviewing the infraction notice and will respond within the required time periods. At present, any fines related to the alleged infractions or further remediation work cannot be reliably estimated.

22. SEGMENTED INFORMATION

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

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For the three months ended September 30, 2022

	Candelaria Chile	Chapada Brazil	Eagle USA	Josemaria Argentina	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	\$ 255,330	\$ 118,734	\$ 106,715	\$ —	\$ 102,865	\$ 64,854	\$ —	\$ 648,498
Cost of goods sold								
Production costs	(168,602)	(88,665)	(47,736)	—	(94,572)	(25,709)	(530)	(425,814)
Depreciation, depletion and amortization	(74,772)	(12,218)	(21,650)	(335)	(25,299)	(5,442)	(445)	(140,161)
Gross profit (loss)	11,956	17,851	37,329	(335)	(17,006)	33,703	(975)	82,523
General and administrative expenses	—	—	—	—	—	—	(14,772)	(14,772)
General exploration and business development	(4,005)	(3,564)	(1,515)	(60,965)	(1,306)	(295)	(796)	(72,446)
Finance costs	(6,644)	(4,524)	(480)	(620)	(1,153)	(719)	(1,100)	(15,240)
Loss from equity investment in associate	—	—	—	—	—	—	(78)	(78)
Other (expense) income	(10,995)	1,066	(83)	29,278	(261)	3,410	(2,881)	19,534
Income tax recovery (expense)	379	(7,565)	(1,461)	1,181	8,150	(11,408)	(42)	(10,766)
Net (loss) earnings	\$ (9,309)	\$ 3,264	\$ 33,790	\$ (31,461)	\$ (11,576)	\$ 24,691	\$ (20,644)	\$ (11,245)
Capital expenditures	\$ 103,486	\$ 19,197	\$ 3,062	\$ 43,264	\$ 19,362	\$ 8,415	\$ 2,702	\$ 199,488

For the nine months ended September 30, 2022

	Candelaria Chile	Chapada Brazil	Eagle USA	Josemaria Argentina	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	\$ 974,875	\$ 335,599	\$ 363,412	\$ —	\$ 330,970	\$ 224,942	\$ —	\$ 2,229,798
Cost of goods sold								
Production costs	(489,575)	(239,849)	(142,422)	—	(250,830)	(85,963)	(1,792)	(1,210,431)
Depreciation, depletion and amortization	(218,792)	(31,808)	(60,403)	(623)	(70,123)	(28,951)	(1,340)	(412,040)
Gross profit (loss)	266,508	63,942	160,587	(623)	10,017	110,028	(3,132)	607,327
General and administrative expenses	—	—	—	—	—	—	(37,442)	(37,442)
General exploration and business development	(10,286)	(8,349)	(2,439)	(101,243)	(5,110)	(2,015)	(2,817)	(132,259)
Finance costs	(20,539)	(13,622)	(1,421)	(785)	(5,303)	(2,462)	(3,389)	(47,521)
Income from equity investment in associate	—	—	—	—	—	—	3,297	3,297
Other (expense) income	(9,413)	(2,900)	(73)	53,547	1,873	10,776	8,001	61,811
Income tax (expense) recovery	(78,011)	(7,149)	(17,619)	199	3,444	(34,659)	(3,180)	(136,975)
Net earnings (loss)	\$ 148,259	\$ 31,922	\$ 139,035	\$ (48,905)	\$ 4,921	\$ 81,668	\$ (38,662)	\$ 318,238
Capital expenditures	\$ 272,557	\$ 63,412	\$ 10,445	\$ 98,198	\$ 77,461	\$ 31,537	\$ 8,058	\$ 561,668
Total non-current assets¹	\$ 2,903,931	\$ 1,355,447	\$ 253,991	\$ 793,336	\$ 1,039,626	\$ 222,431	\$ 25,212	\$ 6,593,974

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

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For the three months ended September 30, 2021

	Candelaria Chile	Chapada Brazil	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	\$ 326,903	\$ 160,332	\$ 101,311	\$ 108,083	\$ 59,765	\$ —	\$ 756,394
Cost of goods sold							
Production costs	(140,363)	(59,489)	(39,641)	(69,831)	(21,885)	(607)	(331,816)
Depreciation, depletion and amortization	(65,533)	(10,568)	(18,918)	(15,939)	(9,250)	(429)	(120,637)
Gross profit (loss)	121,007	90,275	42,752	22,313	28,630	(1,036)	303,941
General and administrative expenses	—	—	—	—	—	(10,828)	(10,828)
General exploration and business development	(3,004)	(3,305)	(446)	(977)	(684)	(571)	(8,987)
Finance (costs) income	(7,468)	(3,738)	(264)	3,160	(844)	(989)	(10,143)
Income from equity investment in associate	—	—	—	—	—	21,088	21,088
Other income (expense)	744	3,995	(257)	694	1,795	(5,787)	1,184
Income tax expense	(38,308)	(50,479)	(2,320)	(4,191)	(7,089)	(3,288)	(105,675)
Net earnings (loss)	\$ 72,971	\$ 36,748	\$ 39,465	\$ 20,999	\$ 21,808	\$ (1,411)	\$ 190,580
Capital expenditures	\$ 74,326	\$ 16,425	\$ 3,539	\$ 30,912	\$ 8,486	\$ 102	\$ 133,790

For the nine months ended September 30, 2021

	Candelaria Chile	Chapada Brazil	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	\$ 1,078,800	\$ 394,687	\$ 354,072	\$ 323,339	\$ 159,298	\$ —	\$ 2,310,196
Cost of goods sold							
Production costs	(426,068)	(162,136)	(128,428)	(204,376)	(73,317)	(1,921)	(996,246)
Depreciation, depletion and amortization	(207,061)	(30,941)	(62,360)	(45,745)	(29,934)	(1,356)	(377,397)
Gross profit (loss)	445,671	201,610	163,284	73,218	56,047	(3,277)	936,553
General and administrative expenses	—	—	—	—	—	(33,519)	(33,519)
General exploration and business development	(13,658)	(12,607)	(502)	(2,670)	(3,708)	(3,165)	(36,310)
Finance (costs) income	(22,515)	(11,749)	(791)	10,813	(2,609)	(3,466)	(30,317)
Income from equity investment in associate	—	—	—	—	—	22,234	22,234
Other (expense) income	(1,075)	(962)	(536)	(3,266)	2,930	(4,310)	(7,219)
Income tax expense	(130,643)	(59,834)	(18,101)	(12,838)	(13,217)	(3,558)	(238,191)
Net earnings (loss)	\$ 277,780	\$ 116,458	\$ 143,354	\$ 65,257	\$ 39,443	\$ (29,061)	\$ 613,231
Capital expenditures	\$ 226,641	\$ 37,856	\$ 12,414	\$ 72,714	\$ 28,312	\$ 242	\$ 378,179
Total non-current assets ¹	\$ 2,882,849	\$ 1,338,470	\$ 277,038	\$ 1,218,389	\$ 278,007	\$ 46,816	\$ 6,041,569

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

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23. 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 September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Wages and salaries	\$ 2,064	\$ 2,033	\$ 5,323	\$ 5,397
Pension benefits	49	48	136	146
Share-based compensation	55	1,442	2,192	4,515
Departure benefit	1,891	—	1,891	—
	\$ 4,059	\$ 3,523	\$ 9,542	\$ 10,058

There was a \$0.9 million reversal of share-based compensation expense for the three and nine months ended September 30, 2022 due to senior officer departures.

24. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Changes in non-cash working capital items consist of:				
Trade and income taxes receivable, inventories, and other current assets	\$ (125,790)	\$ 172,029	\$ 37,218	\$ (12,591)
Trade and income taxes payable, and other current liabilities	(19,216)	56,960	(21,107)	107,781
	\$ (145,006)	\$ 228,989	\$ 16,111	\$ 95,190
Operating activities included the following cash payments:				
Income taxes paid	\$ 58,250	\$ 21,759	\$ 271,587	\$ 101,186