

Condensed Interim Consolidated Financial Statements of

Lundin Mining Corporation

June 30, 2022
(Unaudited)

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited - in thousands of US dollars)

	As at	
	June 30, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents (Note 4)	\$ 498,243	\$ 594,069
Trade and other receivables (Note 5)	509,973	602,674
Income taxes receivable	37,825	85,642
Inventories (Note 6)	259,765	227,383
Other current assets (Note 7)	70,157	16,817
Total current assets	1,375,963	1,526,585
Restricted funds	46,482	54,753
Long-term inventory (Note 6)	717,642	719,599
Other non-current assets	17,599	14,933
Mineral properties, plant and equipment (Note 8)	5,666,480	5,050,899
Investment in associate (Note 9)	458	15,083
Deferred tax assets	7,661	12,050
Goodwill	234,877	243,005
	6,691,199	6,110,322
Total assets	\$ 8,067,162	\$ 7,636,907
LIABILITIES		
Trade and other payables (Note 10)	\$ 666,887	\$ 438,602
Income taxes payable	125,055	226,293
Current portion of debt and lease liabilities (Note 11)	14,344	14,617
Current portion of deferred revenue (Note 12)	78,514	76,202
Current portion of reclamation and other closure provisions (Note 13)	31,578	31,829
Total current liabilities	916,378	787,543
Debt and lease liabilities (Note 11)	13,959	16,386
Deferred revenue (Note 12)	587,061	617,265
Reclamation and other closure provisions (Note 13)	384,242	414,226
Other long-term liabilities	63,309	61,688
Provision for pension obligations	6,612	8,149
Deferred tax liabilities	683,178	738,917
	1,738,361	1,856,631
Total liabilities	2,654,739	2,644,174
SHAREHOLDERS' EQUITY		
Share capital (Note 14)	4,588,353	4,199,756
Contributed surplus	60,729	58,166
Accumulated other comprehensive loss	(358,796)	(249,929)
Retained earnings	557,686	437,160
Equity attributable to Lundin Mining Corporation shareholders	4,847,972	4,445,153
Non-controlling interests	564,451	547,580
Total shareholders' equity	5,412,423	4,992,733
Total liabilities and shareholders' equity	\$ 8,067,162	\$ 7,636,907
Commitments and contingencies (Note 22)		

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 June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenue (Note 15)	\$ 590,221	\$ 872,324	\$ 1,581,300	\$ 1,553,802
Cost of goods sold				
Production costs (Note 16)	(402,190)	(361,317)	(784,617)	(664,430)
Depreciation, depletion and amortization	(142,042)	(130,850)	(271,879)	(256,760)
Gross profit	45,989	380,157	524,804	632,612
General and administrative expenses	(11,168)	(9,597)	(22,670)	(22,691)
General exploration and business development (Note 18)	(51,531)	(17,561)	(59,813)	(27,323)
Finance income (Note 19)	883	1,126	1,484	1,695
Finance costs (Note 19)	(18,192)	(10,204)	(33,765)	(21,869)
(Loss) income from equity investment in associate (Note 9)	(1,321)	773	3,375	1,146
Other income (expense) (Note 20)	35,717	(13,648)	42,277	(8,403)
Earnings before income taxes	377	331,046	455,692	555,167
Current tax expense	(75,649)	(22,500)	(171,187)	(59,980)
Deferred tax recovery (expense)	26,646	(40,114)	44,978	(72,536)
Net (loss) earnings	\$ (48,626)	\$ 268,432	\$ 329,483	\$ 422,651
Net (loss) earnings attributable to:				
Lundin Mining Corporation shareholders	\$ (52,577)	\$ 242,643	\$ 292,501	\$ 377,828
Non-controlling interests	3,951	25,789	36,982	44,823
Net (loss) earnings	\$ (48,626)	\$ 268,432	\$ 329,483	\$ 422,651
Basic and diluted (loss) earnings per share attributable to Lundin Mining Corporation shareholders:	\$ (0.07)	\$ 0.33	\$ 0.39	\$ 0.51
Weighted average number of shares outstanding (Note 14)				
Basic	766,775,032	738,612,506	751,676,764	737,756,508
Diluted	766,775,032	741,221,535	753,106,879	740,542,356

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 June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net (loss) earnings	\$ (48,626)	\$ 268,432	\$ 329,483	\$ 422,651
Other comprehensive (loss) income, net of taxes				
Item that will not be reclassified to net earnings:				
Remeasurements for post-employment benefit plans	302	—	(561)	—
Item that may be reclassified subsequently to net earnings:				
Effects of foreign exchange	(84,594)	16,766	(108,417)	(39,469)
Other comprehensive (loss) income	(84,292)	16,766	(108,978)	(39,469)
Total comprehensive (loss) income	\$ (132,918)	\$ 285,198	\$ 220,505	\$ 383,182
Comprehensive (loss) income attributable to:				
Lundin Mining Corporation shareholders	\$ (136,929)	\$ 259,409	\$ 183,634	\$ 338,359
Non-controlling interests	4,011	25,789	36,871	44,823
Total comprehensive (loss) income	\$ (132,918)	\$ 285,198	\$ 220,505	\$ 383,182

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, 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	4,922,141	36,869	(16,408)	—	—	—	20,461
Share-based compensation	—	—	5,535	—	—	—	5,535
Dividends declared (Note 14(c))	—	—	—	—	(170,941)	—	(170,941)
Share purchase (Note 14(d))	(1,189,200)	(7,016)	—	—	(1,034)	—	(8,050)
Accrued liability for automatic share purchase plan commitment (Note 14(d))	—	(10,431)	—	—	—	—	(10,431)
Net earnings	—	—	—	—	292,501	36,982	329,483
Other comprehensive loss	—	—	—	(108,867)	—	(111)	(108,978)
Total comprehensive (loss) income	—	—	—	(108,867)	292,501	36,871	220,505
Balance, June 30, 2022	778,752,031	\$ 4,588,353	\$ 60,729	\$ (358,796)	\$ 557,686	\$ 564,451	\$ 5,412,423
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	—	—	—	—	(70,773)	—	(70,773)
Share purchase	(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

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 June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Operating activities				
Net (loss) earnings	\$ (48,626)	\$ 268,432	\$ 329,483	\$ 422,651
Items not involving cash and other adjustments				
Depreciation, depletion and amortization	142,042	130,850	271,879	256,760
Share-based compensation	2,339	3,013	5,535	6,636
Foreign exchange loss	2,721	5,296	10,574	6,258
Unrealized foreign exchange and trading gains on equity investments	(18,848)	—	(18,848)	—
Finance costs, net (Note 19)	17,309	9,078	32,281	20,174
Recognition of deferred revenue	(19,395)	(17,120)	(40,100)	(34,763)
Deferred tax (recovery) expense	(26,646)	40,114	(44,978)	72,536
Loss (income) from equity investment in associate (Note 9)	1,321	(773)	(3,375)	(1,146)
Other	(5,946)	15,930	(21,617)	4,438
Reclamation payments (Note 13)	(2,160)	(2,506)	(3,907)	(2,848)
Other payments	(474)	139	(1,025)	(1,208)
Changes in long-term inventory	6,109	(20,826)	6,649	(38,016)
Changes in non-cash working capital items (Note 25)	316,665	(12,629)	161,117	(133,799)
	366,411	418,998	683,668	577,673
Investing activities				
Investment in mineral properties, plant and equipment	(217,268)	(131,926)	(362,180)	(244,389)
Acquisition of Josemaria, net of cash acquired (Note 3)	(126,381)	—	(126,381)	—
Cash received from disposal of subsidiary (Note 20)	—	—	16,828	—
Interest received	1,175	102	1,405	178
Josemaria bridge loan (Note 3)	(13,600)	—	(54,100)	—
Distributions from (contributions to) associate (Note 9)	18,000	(9,000)	18,000	(9,000)
Other	5,027	1,801	897	2,674
	(333,047)	(139,023)	(505,531)	(250,537)
Financing activities				
Interest paid	(2,066)	(1,128)	(3,525)	(3,623)
Principal payments of lease liabilities	(4,872)	(5,018)	(8,936)	(8,754)
Principal repayments of debt	(615)	(53,187)	(1,267)	(80,977)
Payment of debentures (Note 11)	(47,000)	—	(47,000)	—
Proceeds from debt (Note 11)	—	2,500	—	19,671
Dividends paid to shareholders	(171,232)	(71,170)	(171,232)	(71,170)
Share purchase (Note 14)	(8,050)	(28,404)	(8,050)	(28,404)
Proceeds from common shares issued (Note 14)	9,569	4,126	20,461	14,484
Distributions paid to non-controlling interests	(20,000)	(16,000)	(35,000)	(16,000)
Other	(4,954)	—	(4,954)	—
	(249,220)	(168,281)	(259,503)	(174,773)
Effect of foreign exchange on cash balances	(19,777)	1,898	(14,460)	1,104
(Decrease) increase in cash and cash equivalents during the period	(235,633)	113,592	(95,826)	153,467
Cash and cash equivalents, beginning of period	733,876	181,322	594,069	141,447
Cash and cash equivalents, end of period	\$ 498,243	\$ 294,914	\$ 498,243	\$ 294,914
Supplemental cash flow information (Note 25)				

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, 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 July 27, 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.

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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Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2022 and 2021

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

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.

(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.

The Company continues to experience risks associated with COVID-19, supply chain and more recently, global inflation. To date, there have been no significant impacts on our operations relating to COVID-19 or supply chain availability; however, inflationary increases on costs, including diesel, electricity, and contractor costs have impacted costs to date and are expected to continue for the remainder of the year. The Company has implemented procurement strategies to try to mitigate the impacts 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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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 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 8)		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 14).
- 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 11).
- 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.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2022 and 2021

(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:

	June 30, 2022	December 31, 2021
Cash	\$ 478,364	\$ 533,560
Short-term deposits	19,879	60,509
	\$ 498,243	\$ 594,069

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	June 30, 2022	December 31, 2021
Trade receivables	\$ 394,865	\$ 507,697
Value added tax	46,554	37,136
Prepaid expenses	55,602	25,972
Other receivables	12,952	31,869
	\$ 509,973	\$ 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:

	June 30, 2022	December 31, 2021
Ore stockpiles	\$ 38,149	\$ 28,307
Concentrate stockpiles	59,089	56,526
Materials and supplies	162,527	142,550
	\$ 259,765	\$ 227,383

Long-term inventory is comprised of ore stockpiles. As at June 30, 2022, the Company had \$412.2 million (December 31, 2021 - \$422.3 million) and \$305.4 million (December 31, 2021 - \$297.3 million) of long-term ore stockpiles at Candelaria and Chapada, respectively.

7. OTHER CURRENT ASSETS

Other current assets are comprised of the following:

	June 30, 2022	December 31, 2021
Equity investments	\$ 36,222	\$ —
Other	33,935	16,817
	\$ 70,157	\$ 16,817

Included in equity investments are amounts supporting capital funding for ongoing activities at the Josemaria Project.

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)

8. 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	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
Additions	183,612	25,489	153,216	362,317
Disposals and transfers	98,861	143,412	(251,469)	(9,196)
Effects of foreign exchange	(93,680)	(38,921)	(16,843)	(149,444)
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	131,361	32,855	192,064	356,280
Disposals and transfers	51,727	143,823	(202,261)	(6,711)
Effects of foreign exchange	(169,007)	(85,286)	(13,355)	(267,648)
As at June 30, 2022	\$ 5,904,308	\$ 3,569,474	\$ 361,192	\$ 9,834,974
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	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
Depreciation	174,192	115,198	—	289,390
Disposals and transfers	19,031	(26,015)	—	(6,984)
Effects of foreign exchange	(57,965)	(20,638)	—	(78,603)
As at December 31, 2021	2,620,196	1,413,120	—	4,033,316
Depreciation	163,615	118,296	—	281,911
Disposals and transfers	(79)	(2,904)	—	(2,983)
Effects of foreign exchange	(105,266)	(38,484)	—	(143,750)
As at June 30, 2022	\$ 2,678,466	\$ 1,490,028	\$ —	\$ 4,168,494
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 June 30, 2022	\$ 3,225,842	\$ 2,079,446	\$ 361,192	\$ 5,666,480

During the quarter ended June 30, 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 June 30, 2022 is \$611.1 million (December 31, 2021 - nil) which is currently non-depreciable.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2022 and 2021

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

During the three and six months ended June 30, 2022, the Company capitalized \$0.7 million (Q2 2021 - \$3.7 million) and \$1.8 million (YTD Q2 2021 - \$7.6 million) of finance costs to assets under construction, at a weighted average interest rate of 5.5% (2021 - 5.2%).

During the three and six months ended June 30, 2022, the Company capitalized \$63.1 million (Q2 2021 - \$48.1 million) and \$122.0 million (YTD Q2 2021 - \$90.8 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, 2022, was \$38.4 million (Q2 2021 - \$25.3 million) and \$66.3 million (YTD Q2 2021 - \$53.7 million), respectively. Included in the mineral properties balance at June 30, 2022 is \$561.8 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	7,136
Depreciation	(9,310)
Effects of foreign exchange	(391)
As at June 30, 2021	36,305
Additions	3,272
Depreciation	(10,701)
Disposals	(873)
Effects of foreign exchange	(406)
As at December 31, 2021	27,597
Josemaria acquisition (Note 3)	32
Additions	8,878
Depreciation	(10,089)
Effects of foreign exchange	(400)
As at June 30, 2022	\$ 26,018

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.

9. INVESTMENT IN ASSOCIATE

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

As at December 31, 2020	\$ 22,342
Contributions	9,000
Share of equity income	1,146
As at June 30, 2021	32,488
Distributions	(41,154)
Share of equity income	23,749
As at December 31, 2021	15,083
Distributions	(18,000)
Share of equity income	3,375
As at June 30, 2022	\$ 458

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The Company has a 24% ownership interest in an associate, Koblitti 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. During the second quarter of 2022, substantially all of the remaining net assets of KCHL were sold and proceeds distributed to the partners.

10. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	June 30, 2022	December 31, 2021
Trade payables	\$ 263,192	\$ 199,545
Unbilled goods and services	118,325	80,067
Pricing provisions on concentrate sales	147,606	1,940
Employee benefits payable	62,992	71,078
Chapada derivative liability - current portion	25,000	24,973
Royalties payable	21,448	16,876
Automatic share purchase plan commitment (Note 14)	10,431	—
Prepayment from customers	272	9,165
Distributions payable to non-controlling interests	—	15,000
Other	17,621	19,958
	\$ 666,887	\$ 438,602

Included in pricing provisions on concentrate sales are balances owing to customers and provisions arising from forward market price adjustments. The long-term portion of the Chapada derivative liability of \$45.0 million (December 31, 2021 - \$42.5 million) is included in other long-term liabilities.

11. DEBT AND LEASE LIABILITIES

Debt and lease liabilities are comprised of the following:

	June 30, 2022	December 31, 2021
Lease liabilities (a)	\$ 24,797	\$ 25,878
Line of credit (b)	3,506	5,125
Debt and lease liabilities	28,303	31,003
Less: current portion	14,344	14,617
Long-term portion	\$ 13,959	\$ 16,386

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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	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
Additions	2,993	13,500	16,493
Payments	(9,889)	(114,836)	(124,725)
Disposals	(866)	—	(866)
Interest	768	—	768
Effects of foreign exchange	(1,920)	(279)	(2,199)
As at December 31, 2021	25,878	5,125	31,003
Josemaria acquisition (Note 3)	38	47,000	47,038
Additions	8,876	—	8,876
Payments	(9,620)	(48,267)	(57,887)
Interest	684	—	684
Effects of foreign exchange	(1,059)	(352)	(1,411)
As at June 30, 2022	24,797	3,506	28,303
Less: current portion	11,985	2,359	14,344
Long-term portion	\$ 12,812	\$ 1,147	\$ 13,959

- 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 \$26.0 million (€25.0 million) line of credit for equipment financing. As at June 30, 2022, the balance outstanding was \$3.5 million (€3.4 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.
- c) 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 June 30, 2022, there was no balance outstanding (December 31, 2021 - nil), other than a letter of credit totalling \$2.3 million (€2.2 million) (December 31, 2021 - \$20.4 million). Deferred financing fees of \$4.8 million are reported in other assets.

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- d) Somincor has a commercial paper program which matures in May 2025. The \$26.0 million (€25.0 million) program bears interest at EURIBOR+0.50%. As at June 30, 2022, there was no balance outstanding.
- 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 June 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	\$ 12,985	\$ 2,359	\$ 15,344
One to five years	11,973	1,147	13,120
More than five years	1,735	—	1,735
Total undiscounted obligations as at June 30, 2022	\$ 26,693	\$ 3,506	\$ 30,199

12. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

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
Recognition of revenue	(39,304)
Variable consideration adjustment	(6,997)
Finance costs	20,165
Effects of foreign exchange	(3,013)
As at December 31, 2021	693,467
Recognition of revenue	(40,100)
Finance costs	18,898
Effects of foreign exchange	(6,690)
As at June 30, 2022	665,575
Less: current portion	78,514
Long-term portion	\$ 587,061

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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13. 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	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
Accretion	4,677	—	4,677
Changes in estimate	71,150	(1,162)	69,988
Changes in discount rate	(13,132)	—	(13,132)
Payments	(3,336)	(2,991)	(6,327)
Effects of foreign exchange	(6,786)	(1,294)	(8,080)
Balance, December 31, 2021	406,966	39,089	446,055
Accretion	7,138	—	7,138
Changes in estimate	18,487	5,780	24,267
Changes in discount rate	(41,896)	—	(41,896)
Payments	(1,494)	(2,413)	(3,907)
Effects of foreign exchange	(11,767)	(4,070)	(15,837)
Balance, June 30, 2022	377,434	38,386	415,820
Less: current portion	27,433	4,145	31,578
Long-term portion	\$ 350,001	\$ 34,241	\$ 384,242

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 1.9% to 12.8% (December 31, 2021 - 0.2% to 10.6%).

14. SHARE CAPITAL

a) Basic and diluted weighted average number of shares outstanding

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Basic weighted average number of shares outstanding	766,775,032	738,612,506	751,676,764	737,756,508
Effect of dilutive securities (i)	—	2,609,029	1,430,115	2,785,848
Diluted weighted average number of shares outstanding	766,775,032	741,221,535	753,106,879	740,542,356
Antidilutive securities	101,100	168,250	574,829	567,750

- (i) As a result of the Company's net loss position for the three months ended June 30, 2022, 1,152,354 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 June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Stock options	—	37,500	1,753,520	1,985,500
Replacement Options	2,513,866	—	2,513,866	—
SUs	—	12,500	480,429	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 June 30, 2022:

Range of exercise prices (C\$)	Outstanding Replacement Options			Exercisable Replacement Options		
	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (C\$)	Number of Options Exercisable	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (C\$)
4 to 4.99	757,457	1.7	4.38	757,457	1.7	4.38
5 to 5.99	702,314	2.4	5.16	702,314	2.4	5.16
6 to 6.99	275,927	1.6	6.54	275,927	1.6	6.54
	1,735,698	1.9	5.04	1,735,698	1.9	5.04

c) Dividends

During the three and six months ended June 30, 2022, the Company declared dividends in the amount of \$54.7 million (Q2 2021 - \$35.9 million) or C\$0.09 per share (Q2 2021 - C\$0.06), and \$170.9 million (YTD Q2 2021 - \$70.8 million) or C\$0.29 per share (YTD Q2 2021 - C\$0.12), respectively.

d) Normal course issuer bid

For the three and six months ended June 30, 2022, 1,189,200 shares were purchased by the Company's broker under the automatic share purchase plan ("ASPP") pursuant to its normal course issuer bid ("NCIB") at an average price of C\$8.67 per share for total consideration of \$7.0 million. All common shares purchased were cancelled. As at June 30, 2022, the Company recorded an accrual of \$10.4 million in trade and other payables representing the contractual maximum share purchases remaining under the ASPP. During July 2022, the Company purchased and cancelled the remaining contractual maximum shares of 1,689,100 under the ASPP.

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

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15. REVENUE

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenue from contracts with customers:				
Copper	\$ 512,870	\$ 605,649	\$ 1,136,655	\$ 1,054,546
Zinc	102,136	68,043	202,344	122,896
Nickel	108,535	74,634	193,267	144,746
Gold	46,188	54,446	103,614	101,760
Lead	19,499	11,645	30,952	21,139
Silver	11,125	10,835	25,021	19,980
Other	12,467	17,255	23,526	29,094
	812,820	842,507	1,715,379	1,494,161
Provisional pricing adjustments on concentrate sales	(222,599)	29,817	(134,079)	59,641
Revenue	\$ 590,221	\$ 872,324	\$ 1,581,300	\$ 1,553,802

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenue from contracts with customers:				
Japan	\$ 158,916	\$ 214,512	\$ 484,160	\$ 378,569
Canada	154,085	132,378	278,877	245,137
Spain	129,793	128,900	195,600	244,748
Finland	46,828	67,631	150,078	124,983
Germany	51,172	48,551	131,270	92,962
China	53,228	1,749	116,181	57,160
Chile	58,040	96,735	98,805	176,656
Other	160,758	152,051	260,408	173,946
	812,820	842,507	1,715,379	1,494,161
Provisional pricing adjustments on concentrate sales	(222,599)	29,817	(134,079)	59,641
Revenue	\$ 590,221	\$ 872,324	\$ 1,581,300	\$ 1,553,802

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16. PRODUCTION COSTS

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Direct mine and mill costs	\$ 357,521	\$ 321,499	\$ 696,881	\$ 594,435
Transportation	32,210	24,589	61,009	45,143
Royalties	12,459	15,229	26,727	24,852
Total production costs	\$ 402,190	\$ 361,317	\$ 784,617	\$ 664,430

17. EMPLOYEE BENEFITS

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Production costs				
Wages and benefits	\$ 69,457	\$ 73,023	\$ 145,190	\$ 147,795
Retirement benefits	417	402	837	789
Share-based compensation	542	640	1,272	1,240
	70,416	74,065	147,299	149,824
General and administrative expenses				
Wages and benefits	5,215	5,029	11,057	11,364
Retirement benefits	252	206	452	411
Share-based compensation	1,723	2,340	4,059	5,325
	7,190	7,575	15,568	17,100
General exploration and business development				
Wages and benefits	3,170	989	4,413	2,321
Retirement benefits	7	11	13	21
Share-based compensation	74	33	204	71
	3,251	1,033	4,630	2,413
Total employee benefits	\$ 80,857	\$ 82,673	\$ 167,497	\$ 169,337

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18. GENERAL EXPLORATION AND BUSINESS DEVELOPMENT

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
General exploration	\$ 10,200	\$ 14,649	\$ 17,260	\$ 21,646
Project development	41,331	2,188	42,553	4,953
Corporate development	—	724	—	724
Total general exploration and business development	\$ 51,531	\$ 17,561	\$ 59,813	\$ 27,323

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

19. FINANCE INCOME AND COSTS

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Interest income	\$ 883	\$ 101	\$ 1,484	\$ 173
Deferred revenue finance costs	(8,701)	(6,380)	(17,116)	(12,921)
Accretion expense on reclamation provisions	(3,525)	(2,238)	(7,138)	(4,431)
Interest expense and bank fees	(2,759)	(1,191)	(4,069)	(3,791)
Lease liability interest	(367)	(395)	(684)	(726)
Other	(2,840)	1,025	(4,758)	1,522
Total finance costs, net	\$ (17,309)	\$ (9,078)	\$ (32,281)	\$ (20,174)

Finance income	\$ 883	\$ 1,126	\$ 1,484	\$ 1,695
Finance costs	(18,192)	(10,204)	(33,765)	(21,869)
Total finance costs, net	\$ (17,309)	\$ (9,078)	\$ (32,281)	\$ (20,174)

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20. OTHER INCOME AND EXPENSE

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Foreign exchange gain (loss)	\$ 10,155	\$ (5,103)	\$ (629)	\$ (5,068)
Foreign exchange and trading gains on equity investments	29,093	—	29,093	—
Gain on disposal of subsidiary	—	—	16,828	—
Revaluation of marketable securities	(1,626)	3,513	2,266	4,062
Revaluation of derivative liability	745	(5,084)	(2,548)	2,019
Other expense	(2,650)	(6,974)	(2,733)	(9,416)
Total other income (expense), net	\$ 35,717	\$ (13,648)	\$ 42,277	\$ (8,403)

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.

21. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

	Level	June 30, 2022		December 31, 2021	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Fair value through profit or loss					
Restricted funds	1	\$ 46,482	\$ 46,482	\$ 54,753	\$ 54,753
Trade receivables (provisional)	2	354,341	354,341	519,351	519,351
Marketable securities and equity investments	1	45,581	45,581	10,493	10,493
		\$ 446,404	\$ 446,404	\$ 584,597	\$ 584,597
Financial liabilities					
Amortized cost					
Debt	3	\$ 3,506	\$ 3,506	\$ 5,125	\$ 5,125
Fair value through profit or loss					
Pricing provisions on concentrate sales	2	\$ 100,244	\$ 100,244	\$ —	\$ —
Chapada derivative liability	2	70,044	70,044	67,495	67,495
		\$ 170,288	\$ 170,288	\$ 67,495	\$ 67,495

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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 \$222.6 million in revenue during the three months ended June 30, 2022 (Q2 2021 - \$29.8 million positive pricing adjustments) and negative pricing adjustments of \$134.1 million in revenue during the six months ended June 30, 2022 (YTD Q2 2021 - \$59.6 million positive 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.

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.

22. COMMITMENTS AND CONTINGENCIES

- a) The Company has capital commitments of \$478.3 million on various initiatives, of which \$225.7 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) There were no significant changes to contingencies since those reported at December 31, 2021.

23. 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 June 30, 2022

	Candelaria Chile	Chapada Brazil	Eagle USA	Josemaria Argentina	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	\$ 261,999	\$ 57,260	\$ 106,828	\$ —	\$ 93,538	\$ 70,596	\$ —	\$ 590,221
Cost of goods sold								
Production costs	(168,164)	(71,507)	(55,128)	—	(77,788)	(29,066)	(537)	(402,190)
Depreciation, depletion and amortization	(75,911)	(8,473)	(21,904)	(288)	(23,979)	(11,030)	(457)	(142,042)
Gross profit (loss)	17,924	(22,720)	29,796	(288)	(8,229)	30,500	(994)	45,989
General and administrative expenses	—	—	—	—	—	—	(11,168)	(11,168)
General exploration and business development	(3,696)	(2,909)	(679)	(40,278)	(2,248)	(761)	(960)	(51,531)
Finance costs	(6,892)	(4,516)	(471)	(165)	(2,604)	(839)	(1,822)	(17,309)
Loss from equity investment in associate	—	—	—	—	—	—	(1,321)	(1,321)
Other income (expense)	5,799	7,110	330	24,269	2,284	7,223	(11,298)	35,717
Income tax (expense) recovery	(5,421)	(27,265)	(2,396)	(982)	2,405	(11,986)	(3,358)	(49,003)
Net earnings (loss)	\$ 7,714	\$ (50,300)	\$ 26,580	\$ (17,444)	\$ (8,392)	\$ 24,137	\$ (30,921)	\$ (48,626)
Capital expenditures	\$ 86,107	\$ 29,760	\$ 2,923	\$ 54,934	\$ 24,429	\$ 14,083	\$ 5,032	\$ 217,268

For the six months ended June 30, 2022

	Candelaria Chile	Chapada Brazil	Eagle USA	Josemaria Argentina	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	\$ 719,545	\$ 216,865	\$ 256,697	\$ —	\$ 228,105	\$ 160,088	\$ —	\$ 1,581,300
Cost of goods sold								
Production costs	(320,973)	(151,184)	(94,686)	—	(156,258)	(60,254)	(1,262)	(784,617)
Depreciation, depletion and amortization	(144,020)	(19,590)	(38,753)	(288)	(44,824)	(23,509)	(895)	(271,879)
Gross profit (loss)	254,552	46,091	123,258	(288)	27,023	76,325	(2,157)	524,804
General and administrative expenses	—	—	—	—	—	—	(22,670)	(22,670)
General exploration and business development	(6,281)	(4,785)	(924)	(40,278)	(3,804)	(1,720)	(2,021)	(59,813)
Finance costs	(13,895)	(9,098)	(941)	(165)	(4,150)	(1,743)	(2,289)	(32,281)
Income from equity investment in associate	—	—	—	—	—	—	3,375	3,375
Other income (expense)	1,582	(3,966)	10	24,269	2,134	7,366	10,882	42,277
Income tax (expense) recovery	(78,390)	416	(16,158)	(982)	(4,706)	(23,251)	(3,138)	(126,209)
Net earnings (loss)	\$ 157,568	\$ 28,658	\$ 105,245	\$ (17,444)	\$ 16,497	\$ 56,977	\$ (18,018)	\$ 329,483
Capital expenditures	\$ 169,071	\$ 44,215	\$ 7,383	\$ 54,934	\$ 58,099	\$ 23,122	\$ 5,356	\$ 362,180
Total non-current assets¹	\$ 2,891,241	\$ 1,346,881	\$ 274,164	\$ 740,901	\$ 1,110,556	\$ 236,403	\$ 19,311	\$ 6,619,457

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

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2022 and 2021

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

For the three months ended June 30, 2021

	Candelaria Chile	Chapada Brazil	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
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 Chile	Chapada Brazil	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
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
Total non-current assets ¹	\$ 2,890,265	\$ 1,330,941	\$ 290,736	\$ 1,223,732	\$ 289,014	\$ 43,228	\$ 6,067,916

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

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and six months ended June 30, 2022 and 2021

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

24. RELATED PARTY TRANSACTIONS

- a) **Transactions with associates** - The Company 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 June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Wages and salaries	\$ 1,893	\$ 1,830	\$ 3,259	\$ 3,364
Pension benefits	46	50	87	98
Share-based compensation	902	1,452	2,137	3,073
	\$ 2,841	\$ 3,332	\$ 5,483	\$ 6,535

25. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Changes in non-cash working capital items consist of:				
Trade and income taxes receivable, inventories, and other current assets	\$ 336,880	\$ (76,026)	\$ 163,008	\$ (184,620)
Trade and income taxes payable, and other current liabilities	(20,215)	63,397	(1,891)	50,821
	\$ 316,665	\$ (12,629)	\$ 161,117	\$ (133,799)
Operating activities included the following cash payments:				
Income taxes paid	\$ 132,228	\$ 24,684	\$ 213,337	\$ 79,427