

lundin mining

Management's Discussion and Analysis For the three and six months ended June 30, 2022

This management's discussion and analysis ("MD&A") has been prepared as of July 27, 2022 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2022. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Company's presentation currency is United States ("US") dollars. Reference herein of \$ or USD is to United States dollars, ARS is to Argentine pesos, BRL is to Brazilian reais, C\$ is to Canadian dollars, CLP is to Chilean pesos, € refers to euros, and SEK is to Swedish kronor.

About Lundin Mining

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

Table of Contents

Highlights	1
Financial Position	2
Outlook	3
Selected Annual Financial Information	5
Summary of Quarterly Results	5
Revenue Overview	6
Financial Results	10
Mining Operations	12
Production Overview	12
Cash Cost Overview	13
Capital Expenditures	14
Candelaria	15
Chapada	16
Eagle	18
Neves-Corvo	19
Zinkgruvan	21
Josemaria Project	22
Metal Prices, LME Inventories, and Smelter Treatment and Refining Charges	23
Liquidity and Capital Resources	24
Related Party Transactions	25
Changes in Accounting Policies and Critical Accounting Estimates and Judgements	25
Non-GAAP and Other Performance Measures	26
Managing Risks	31
Management's Report on Internal Controls	31
Outstanding Share Data	31

Cautionary Statement on Forward-Looking Information

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

Forward-looking information is necessarily based upon various estimates and assumptions including, without limitation, the expectations and beliefs of management, including that the Company can access financing, appropriate equipment and sufficient labor; assumed and future price of copper, nickel, zinc, gold and other metals; anticipated costs; ability to achieve goals; the prompt and effective integration of acquisitions; that the political environment in which the Company operates will continue to support the development and operation of mining projects; and assumptions related to the factors set forth below. While these factors and assumptions are considered reasonable by Lundin Mining as at the date of this document in light of management’s experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information. Such factors include, but are not limited to: risks inherent in mining including but not limited to risks to the environment, industrial accidents, catastrophic equipment failures, unusual or unexpected geological formations or unstable ground conditions, and natural phenomena such as earthquakes, flooding or unusually severe weather; uninsurable risks; global financial conditions and inflation; changes in the Company’s share price, and volatility in the equity markets in general; volatility and fluctuations in metal and commodity demand and prices; changing taxation regimes; delays or the inability to obtain, retain or comply with permits; reliance on a single asset; unavailable or inaccessible infrastructure, infrastructure failures, and risks related to ageing infrastructure; risks related to negative publicity with respect to the Company or the mining industry in general; health and safety risks; pricing and availability of key supplies and services; the threat associated with outbreaks of viruses and infectious diseases, including the COVID-19 virus; exchange rate fluctuations; risks relating to attracting and retaining of highly skilled employees; risks inherent in and/or associated with operating in foreign countries and emerging markets; climate change; regulatory investigations, enforcement, sanctions and/or related or other litigation; existence of significant shareholders; uncertain political and economic environments, including in Argentina, Brazil and Chile; risks associated with acquisitions and related integration efforts, including the ability to achieve anticipated benefits, unanticipated difficulties or expenditures relating to integration and diversion of management time on integration; indebtedness; liquidity risks and limited financial resources; funding requirements and availability of financing; exploration, development or mining results not being consistent with the Company’s expectations; risks related to the environmental regulation and environmental impact of the Company’s operations and products and management thereof; activist shareholders and proxy solicitation matters; reliance on key personnel and reporting and oversight systems, as well as third parties and consultants in foreign jurisdictions; historical environmental liabilities and ongoing reclamation obligations; information technology and cybersecurity risks; risks related to mine closure activities, reclamation obligations, and closed and historical sites; social and political unrest, including civil disruption in Chile; the inability to effectively compete in the industry; financial projections, including estimates of future expenditures and cash costs, and estimates of future production may be unreliable; actual ore mined and/or metal recoveries varying from Mineral Resource and Mineral Reserve estimates, estimates of grade, tonnage, dilution, mine plans and metallurgical and other characteristics; ore processing efficiency; risks associated with the estimation of Mineral Resources and Mineral Reserves and the geology, grade and continuity of mineral deposits including but not limited to models relating thereto; enforcing legal rights in foreign jurisdictions; community and stakeholder opposition; changes in laws, regulations or policies including but not limited to those related to mining regimes, permitting and approvals, environmental and tailings management, labor, trade relations, and transportation; risks associated with the structural stability of waste rock dumps or tailings storage facilities; dilution; risks relating to dividends; conflicts of interest; counterparty and credit risks and customer concentration; the estimation of asset carrying values; challenges or defects in title; internal controls; relationships with employees and contractors, and the potential for and effects of labor disputes or other unanticipated difficulties with or shortages of labor or interruptions in production; compliance with foreign laws; potential for the allegation of fraud and corruption involving the Company, its customers, suppliers or employees, or the allegation of improper or discriminatory employment practices, or human rights violations; compliance with environmental, health and safety regulations and laws; and other risks and uncertainties, including but not limited to those described in the “Risk and Uncertainties” section of the Company’s AIF and the “Managing Risks” section of the Company’s MD&A for the year ended December 31, 2021, which are available on SEDAR at www.sedar.com under the Company’s profile. All of the forward-looking statements made in this document are qualified by these cautionary statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, forecast or intended and readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking information. Accordingly, there can be no assurance that forward-looking information will prove to be accurate and forward-looking information is not a guarantee of future performance. Readers are advised not to place undue reliance on forward-looking information. The forward-looking information contained herein speaks only as of the date of this document. The Company disclaims any intention or obligation to update or revise forward-looking information or to explain any material difference between such and subsequent actual events, except as required by applicable law.

Highlights

Operational Performance

Copper and zinc production during the current quarter was higher than the prior year quarter. Production cost and cash cost were higher this quarter than the comparable prior year quarter primarily due to the inflationary impacts on consumables, particularly diesel and electricity, as well as on contractor and maintenance costs.

Candelaria (80% owned): Candelaria produced 40,949 tonnes of copper, and approximately 23,000 ounces of gold in concentrate on a 100% basis in the quarter. Copper production was higher than the comparable prior year quarter due to grades, while gold production was lower primarily due to lower gold recoveries. Production costs were higher in the current quarter reflecting higher consumable costs, partially offset by favourable foreign exchange. Copper cash cost of \$1.86/lb for the current quarter was higher than the prior year quarter largely owing to the impact of higher mining costs and lower by-product credits.

Chapada (100% owned): Chapada produced 10,345 tonnes of copper and approximately 16,000 ounces of gold in concentrate in the quarter. Copper and gold production was lower than the prior year quarter primarily due to processed ore types impacting throughput and metal recoveries. Production costs were higher due to higher consumable costs. Copper cash cost of \$2.98/lb for the quarter was higher than the prior year quarter due mainly to higher mining costs from inflationary pressures, as well as lower sales volumes.

Eagle (100% owned): Eagle produced 4,719 tonnes of nickel and 4,400 tonnes of copper during the quarter, which was lower than the prior year quarter due to lower grades. Production costs were higher due to higher consumable costs. Nickel cash cost in the quarter of \$0.90/lb was higher than the prior year quarter due primarily to lower by-product copper price and higher production costs.

Neves-Corvo (100% owned): Neves-Corvo produced 7,867 tonnes of copper for the quarter and 20,647 tonnes of zinc. Copper production was lower than the prior year comparable period, due to throughput. Zinc production was higher primarily due to increased throughput driven by the ramp-up of the Zinc Expansion Project ("ZEP"). Production costs were higher due to inflationary cost increases. Copper cash cost of \$2.39/lb for the quarter was higher than the prior year quarter primarily due to inflationary increases, primarily electricity, as well as lower sales volumes.

Zinkgruvan (100% owned): Zinc production of 21,265 tonnes and lead production of 9,124 tonnes were both higher than the prior year comparable period due to higher throughput. Production costs were higher due to higher sales volumes, partially offset by favourable foreign exchange. Zinc cash cost of \$0.44/lb was comparable to the prior year quarter.

Total Production^a

(contained metal in concentrate)	2022			2021				
	YTD	Q2	Q1	Total	Q4	Q3	Q2	Q1
Copper (t) ^b	129,177	64,096	65,081	262,884	76,996	65,077	63,457	57,354
Zinc (t)	74,303	41,912	32,391	143,797	36,830	38,769	34,833	33,365
Gold (koz) ^b	73	39	34	167	46	46	41	34
Nickel (t)	9,000	4,719	4,281	18,353	4,101	4,124	4,774	5,354

a - Tonnes (t) and thousands of ounces (koz)

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

Corporate Updates

- On April 26, 2022, the Company executed a fourth amended and restated credit agreement that increased its revolving credit facility ("the 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 term to April 2027, from August 2023. The amended 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% depending upon the Company's net leverage ratio, reduced from LIBOR+1.75% to LIBOR+2.75%, previously. The amendment and restatement provides the Company with more favourable covenants, reduced security on assets and included other customary revisions.
- On April 28, 2022, the Company completed the previously announced plan of arrangement (the "Arrangement") to acquire all of the issued and outstanding shares of Josemaria Resources Inc. ("Josemaria Resources"). Under the terms of the Arrangement, Josemaria Resources shareholders were provided with the right to elect to receive 0.1487 of a common share of Lundin Mining ("Lundin Mining Share") per Josemaria Resources common share ("Josemaria Resources Share") plus C\$0.11 for each whole Lundin Mining Share issued to such shareholder or C\$1.60 in cash for each Josemaria Resources Share or any combination thereof, subject to pro-ration of a total maximum number of Lundin Mining Shares and cash consideration.
- On May 12, 2022, at the Annual Meeting, the Company announced the appointment of Mr. Adam Lundin as the Chair of the Board of Directors following the retirement of Mr. Lukas Lundin.

Financial Performance

- Gross profit for the quarter ended June 30, 2022 was \$46.0 million, a decrease of \$334.2 million in comparison to the prior year quarter due to lower metal prices net of price adjustments (\$256.7 million) and higher production costs due to inflationary price increases. On a year-to-date basis, gross profit was also lower than the prior year comparative period due to the same impacts.
- For the three and six months ended June 30, 2022, net loss of \$48.6 million and net earnings of \$329.5 million were \$317.1 million and \$93.2 million lower than the prior year comparable periods, respectively. Lower net earnings were attributable to lower gross profit, partially offset by favourable foreign exchange.
- Adjusted loss¹ of \$35.3 million and adjusted earnings of \$260.3 million for the three and six months ended June 30, 2022, respectively, and were lower than the prior year comparable periods due to lower net earnings.

Financial Position and Financing

- Cash and cash equivalents as at June 30, 2022 were \$498.2 million, a decrease during the quarter of \$235.6 million. Cash flow from operations of \$366.4 million was used to fund investing activities of \$333.0 million which includes the Josemaria Resources acquisition. In addition, financing activities included shareholder dividends of \$171.2 million, distributions of \$20.0 million to non-controlling interests and \$47.0 million in Josemaria debentures which were paid in the quarter.
- On a year-to-date basis, cash and cash equivalents decreased by \$95.8 million. Cash flow from operations of \$683.7 million was used to fund investing activities of \$505.5 million and financing activities described above.
- As at June 30, 2022, the Company had a net cash¹ balance of \$469.9 million. As at July 27, 2022, the Company had cash and net cash balances of approximately \$485.0 million and \$460.0 million, respectively.

¹ This is a non-GAAP measure – see the "Non-GAAP and Other Performance Measures" section of this MD&A for discussion.

Outlook

The Company continues to experience continuing risks associated with global inflation as well as supply chain delivery. To date, there have been no significant impacts on our operations relating to supply chain availability; however, inflationary impacts on diesel, electricity and contractor costs are expected to continue to increase operating costs for the remainder of the year. The Company has implemented procurement strategies to try to mitigate the impact and continues to monitor these risks.

Chapada production guidance has been revised to reflect delayed access to planned ore types primarily as a result of above average rainfall experienced in the first half of the year which impacted planned waste stripping activities. Neves-Corvo zinc production guidance has been revised to reflect ZEP ramp-up progress achieved to date and expected underground mining rates.

Cash cost guidance for Candelaria and Chapada has been updated to reflect anticipated inflationary impacts.

2022 Production and Cash Cost Guidance

(contained metal in concentrate)		Previous Guidance ^a		Revised Guidance	
		Production	Cash Cost (\$/lb)	Production	Cash Cost (\$/lb) ^b
Copper (t)	Candelaria (100%)	155,000 - 165,000	1.55	155,000 - 165,000	1.75 ^c
	Chapada	53,000 - 58,000	1.60	45,000 - 50,000	2.25^d
	Eagle	15,000 - 18,000		15,000 - 18,000	
	Neves-Corvo	33,000 - 38,000	1.80	33,000 - 38,000	1.80 ^c
	Zinkgruvan	2,000 - 3,000		2,000 - 3,000	
	Total	258,000 - 282,000		250,000 - 274,000	
Zinc (t)	Neves-Corvo	110,000 - 120,000		90,000 - 100,000	
	Zinkgruvan	78,000 - 83,000	0.55	78,000 - 83,000	0.55 ^c
	Total	188,000 - 203,000		168,000 - 183,000	
Gold (koz)	Candelaria (100%)	83 - 88		83 - 88	
	Chapada	70 - 75		62 - 67	
	Total	153 - 163		145 - 155	
Nickel (t)	Eagle	15,000 - 18,000	(0.25)	15,000 - 18,000	(0.25)

a. Guidance as outlined in the MD&A for the year ended December 31, 2021.

b. Cash costs are based on various assumptions and estimates, including but not limited to: production volumes, commodity prices (Cu: \$3.75/lb, Zn: \$1.50/lb, Pb: \$0.90/lb, Au: \$1,850/oz), foreign exchange rates (€/USD:1.10, USD/SEK:9.00, USD/CLP:900, USD/BRL:5.00) and production costs.

c. 68% of Candelaria's total gold and silver production are subject to a streaming agreement and silver production at Zinkgruvan and Neves-Corvo are also subject to streaming agreements. Cash costs are calculated based on receipt of approximately \$420/oz gold and \$4.20/oz to \$4.52/oz silver.

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

2022 Capital Expenditure

Capital expenditure guidance has been updated for Candelaria and Chapada and reflects higher expected capitalized deferred stripping costs due to inflationary impacts on energy and other mining consumables.

(\$ millions)	Previous Guidance ^a	Revisions	Revised Guidance
Candelaria (100% basis)	370	30	400
Chapada	65	15	80
Eagle	10	—	10
Neves-Corvo	95	—	95
Zinkgruvan	60	—	60
Other	25	—	25
Total Sustaining	625	45	670
Zinc Expansion Project (Neves-Corvo)	30	—	30
Total Capital Expenditures	655	45	700

a. Guidance as outlined in MD&A for the year ended December 31, 2021.

Josemaria Project Guidance

The large scale copper-gold Josemaria project ("Josemaria Project") was acquired on April 28, 2022 through the acquisition of Josemaria Resources. The Company had previously estimated Josemaria Project spend of \$300 million to advance the project which included engineering, commitments for long lead items, pre-construction activities and drilling, as outlined in the news release dated April 28, 2022, entitled "Lundin Mining Announces Closing of Acquisition of Josemaria Resources and Provides Update on Josemaria Project". The expected project spend remains unchanged.

2022 Exploration Investment Guidance

Total planned exploration expenditures are expected to be \$45.0 million in 2022, unchanged from previous guidance. Approximately \$40.0 million will be spent supporting significant in-mine and near-mine targets at our operations (\$14.0 million at Candelaria, \$11.0 million at Chapada, \$7.0 million at Neves-Corvo, \$4.0 million at Zinkgruvan and \$4.0 million at Eagle). The remaining amounts are planned to advance activities on exploration stage and new business development projects.

Selected Quarterly Financial Information¹

(\$ millions, except share and per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenue	590.2	872.3	1,581.3	1,553.8
Costs of goods sold:				
Production costs	(402.2)	(361.3)	(784.6)	(664.4)
Depreciation, depletion and amortization	(142.0)	(130.9)	(271.9)	(256.8)
Gross profit	46.0	380.2	524.8	632.6
Net (loss) earnings attributable to:				
Lundin Mining shareholders	(52.6)	242.6	292.5	377.8
Non-controlling interests	4.0	25.8	37.0	44.8
Net (loss) earnings	(48.6)	268.4	329.5	422.7
Adjusted (loss) earnings³	(35.3)	226.3	260.3	370.7
Adjusted EBITDA³	148.6	480.7	736.4	835.2
Cash flow from operations	366.4	419.0	683.7	577.7
Adjusted operating cash flow³	49.7	431.6	522.6	711.5
Free cash flow³	214.7	298.9	401.2	354.9
Capital expenditures⁴	217.3	131.9	362.2	244.4
Per share amounts:				
Basic and diluted (loss) earnings per share ("EPS") attributable to shareholders	(0.07)	0.33	0.39	0.51
Adjusted EPS	(0.05)	0.31	0.35	0.50
Adjusted operating cash flow per share ³	0.06	0.58	0.70	0.96
Dividends declared (C\$/share)	0.09	0.06	0.29	0.12
			June 30,	December 31,
			2022	2021
Total assets			8,067.2	7,636.9
Total debt and lease liabilities			28.3	31.0
Net cash ³			469.9	563.1

Summary of Quarterly Results^{1,2}

(\$ millions, except per share data)	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20
Revenue	590.2	991.1	1,018.6	756.4	872.3	681.5	529.5	600.7
Gross profit	46.0	478.8	433.2	303.9	380.2	252.5	179.4	199.3
Net (loss) earnings	(48.6)	378.1	266.1	190.6	268.4	154.2	120.8	133.6
- attributable to shareholders	(52.6)	345.1	228.8	173.7	242.6	135.2	119.2	122.4
Adjusted (loss) earnings³	(35.3)	295.6	281.5	168.4	226.3	144.3	106.7	106.4
Adjusted EBITDA³	148.6	587.8	623.0	411.3	480.7	354.4	234.8	300.3
EPS - Basic and Diluted	(0.07)	0.47	0.31	0.24	0.33	0.18	0.16	0.17
Adjusted EPS³	(0.05)	0.40	0.38	0.23	0.31	0.20	0.15	0.14
Cash flow from operations	366.4	317.3	384.2	523.1	419.0	158.7	172.7	272.2
Adjusted operating cash flow per share³	0.06	0.64	0.65	0.40	0.58	0.38	0.24	0.24
Capital expenditures⁴	217.3	144.9	153.9	133.8	131.9	112.5	100.2	89.8

¹ Except where otherwise noted, financial data has been prepared in accordance with IFRS as issued by the IASB.

² The sum of quarterly amounts may differ from year-to-date results due to rounding.

³ This is a non-GAAP measure - see the "Non-GAAP and Other Performance Measures" section of this MD&A for discussion.

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

Revenue Overview

Sales Volumes by Payable Metal

(Contained metal in concentrate)	2022			2021				
	Total	Q2	Q1	Total	Q4	Q3	Q2	Q1
Copper (t)								
Candelaria (100%)	78,103	39,655	38,448	148,213	43,417	33,743	35,537	35,516
Chapada	20,709	7,905	12,804	47,123	13,628	13,869	12,247	7,379
Eagle	7,667	4,159	3,508	16,522	3,155	3,792	5,257	4,318
Neves-Corvo	16,667	8,183	8,484	36,618	10,668	9,071	10,314	6,565
Zinkgruvan	1,972	337	1,635	1,806	19	859	926	2
	125,118	60,239	64,879	250,282	70,887	61,334	64,281	53,780
Zinc (t)								
Neves-Corvo	27,991	16,289	11,702	53,622	15,058	12,516	14,443	11,605
Zinkgruvan	34,327	18,525	15,802	64,056	18,005	16,043	14,305	15,703
	62,318	34,814	27,504	117,678	33,063	28,559	28,748	27,308
Gold (koz)								
Candelaria (100%)	43	22	21	89	25	20	23	21
Chapada	25	10	15	68	18	22	16	12
	68	32	36	157	43	42	39	33
Nickel (t)								
Eagle	7,473	4,206	3,267	15,012	3,390	3,246	4,258	4,118
Lead (t)								
Neves-Corvo	1,581	818	763	4,890	1,592	999	1,054	1,245
Zinkgruvan	15,007	10,163	4,844	19,245	4,787	4,825	4,928	4,705
	16,588	10,981	5,607	24,135	6,379	5,824	5,982	5,950
Silver (koz)								
Candelaria (100%)	859	412	447	1,281	425	297	287	272
Chapada	74	26	48	93	33	26	14	20
Eagle	16	9	7	63	23	16	9	15
Neves-Corvo	343	152	191	960	307	183	228	242
Zinkgruvan	1,005	650	355	1,348	346	354	356	292
	2,297	1,249	1,048	3,745	1,134	876	894	841

Revenue Analysis

by Mine (\$ thousands)	Three months ended June 30,					Six months ended June 30,				
	2022		2021		Change	2022		2021		Change
	\$	%	\$	%	\$	\$	%	\$	%	\$
Candelaria (100%)	261,999	44	399,907	46	(137,908)	719,545	46	751,897	48	(32,352)
Chapada	57,260	10	148,137	17	(90,877)	216,865	14	234,355	15	(17,490)
Eagle	106,828	18	133,893	15	(27,065)	256,697	16	252,761	16	3,936
Neves-Corvo	93,538	16	134,496	15	(40,958)	228,105	14	215,256	14	12,849
Zinkgruvan	70,596	12	55,891	7	14,705	160,088	10	99,533	7	60,555
	590,221		872,324		(282,103)	1,581,300		1,553,802		27,498

by Metal (\$ thousands)	Three months ended June 30,					Six months ended June 30,				
	2022		2021		Change	2022		2021		Change
	\$	%	\$	%	\$	\$	%	\$	%	\$
Copper	350,911	59	626,615	72	(275,704)	1,029,986	65	1,105,525	71	(75,539)
Zinc	87,693	15	71,362	8	16,331	195,308	12	127,939	8	67,369
Gold	43,072	7	59,810	7	(16,738)	102,789	7	103,281	7	(492)
Nickel	70,876	12	75,009	9	(4,133)	177,666	11	145,234	9	32,432
Lead	17,383	3	11,660	1	5,723	29,220	2	21,662	1	7,558
Silver	10,003	2	10,925	1	(922)	23,901	2	19,775	1	4,126
Other	10,283	2	16,943	2	(6,660)	22,430	1	30,386	3	(7,956)
	590,221		872,324		(282,103)	1,581,300		1,553,802		27,498

Revenue for the quarter ended June 30, 2022 decreased in comparison to the prior year quarter as a result of lower metal prices net of price adjustments (\$256.7 million). The negative price adjustments were related primarily to recent declines in copper price. On a year-to-date basis revenue remained comparable to the prior year as lower metal prices net of price adjustments (\$38.6 million) were offset by higher sales volumes.

Revenue from gold and silver for the three and six months ended June 30, 2022 includes the partial recognition of an upfront purchase price on the sale of precious metals streams for Candelaria, Neves-Corvo, and Zinkgruvan as well as the cash proceeds which amount to approximately \$420/oz for gold and between \$4.20/oz and \$4.52/oz for silver.

Chapada's copper revenue includes the recognition of deferred revenue from copper streams acquired with the Chapada mine, as well as the cash proceeds of 30% of the market price of copper sold.

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

The Company is also subject to customer counterparty risks and concentration risk associated with trade receivables. The Company transacts with credit-worthy customers to minimize credit risk and if necessary, employs pre-payment arrangements and the use of letters of credit, where appropriate, but cannot always be assured of the solvency of its customers over time. In addition, four customers represent a significant portion of the Company's sales and are expected to continue to account for a significant portion of the Company's sales in the future. The Company may be susceptible to an impact on financial returns as a result of the fact that its sales are concentrated on a limited number of customers and, in some cases, on a long-term contract basis. There is a risk that a customer reducing its overall purchases or otherwise seeking to materially change the terms of the business relationship at any time could adversely affect the Company's business, financial condition, and operational results.

Provisionally Valued Revenue as of June 30, 2022

Metal	Payable metal	Valued at
Copper	94,520 t	\$3.75 /lb
Zinc	35,984 t	\$1.44 /lb
Gold	23 koz	\$1,805 /oz
Nickel	5,378 t	\$10.29 /lb

Quarterly Reconciliation of Realized Prices

(\$ thousands)	Three months ended June 30, 2022				
	Copper	Zinc	Gold	Nickel	Total
Current period sales ¹	502,541	111,814	58,808	102,349	775,512
Prior period price adjustments	(127,376)	(6,432)	(5,652)	(31,525)	(170,985)
	375,165	105,382	53,156	70,824	604,527
Other metal sales					56,114
Copper stream cash effect					(5,244)
Gold stream cash effect					(20,181)
Less: Treatment & refining charges					(44,995)
Total Revenue					590,221
Payable Metal	60,239 t	34,814 t	32 koz	4,206 t	
Current period sales ^{1,2}	\$3.78	\$1.46	\$1,825	\$11.04	
Prior period adjustments ²	(0.96)	(0.09)	(176)	(3.40)	
Realized prices ^{2,3}	\$2.82 /lb	\$1.37 /lb	\$1,649 /oz	\$7.64 /lb	

	Three months ended June 30, 2021				
	Copper	Zinc	Gold	Nickel	Total
Current period sales ¹	603,469	85,533	68,359	76,425	833,786
Prior period price adjustments	46,203	1,943	2,217	(957)	49,406
	649,672	87,476	70,576	75,468	883,192
Other metal sales					55,090
Copper stream cash effect					(2,911)
Gold stream cash effect					(20,860)
Less: Treatment & refining charges					(42,187)
Total Revenue					872,324
Payable Metal	64,281 t	28,748 t	37 koz	4,258 t	
Current period sales ^{1,2}	\$4.26	\$1.35	\$1,776	\$8.14	
Prior period adjustments ²	0.32	0.03	57	(0.10)	
Realized prices ^{2,3}	\$4.58 /lb	\$1.38 /lb	\$1,833 /oz	\$8.04 /lb	

1. Includes provisional price adjustments on current period sales.

2. This is a non-GAAP measure – see the "Non-GAAP and Other Performance Measures" section of this MD&A for discussion.

3. The realized price for copper inclusive of the impact of streaming agreements for 2022 is \$2.78/lb (2021: \$4.56/lb). The realized price for gold inclusive of the impact of streaming agreements for 2022 is \$1,023/oz (2021: \$1,291/oz).

Year-to-Date Reconciliation of Realized Prices

(\$ thousands)	Six months ended June 30, 2022				
	Copper	Zinc	Gold	Nickel	Total
Current period sales ¹	1,068,409	218,906	126,088	191,851	1,605,254
Prior period price adjustments	13,057	5,611	(1,670)	(11,754)	5,244
	1,081,466	224,517	124,418	180,097	1,610,498
Other metal sales					111,649
Copper stream cash effect					(12,384)
Gold stream cash effect					(41,289)
Less: Treatment & refining charges					(87,174)
Total Revenue					1,581,300
Payable Metal	125,118 t	62,318 t	68 koz	7,473 t	
Current period sales ^{1,2}	\$3.87	\$1.59	\$1,854	\$11.64	
Prior period adjustments ²	0.05	0.04	(24)	(0.71)	
Realized prices ^{2,3}	\$3.92 /lb	\$1.63 /lb	\$1,830 /oz	\$10.93 /lb	

	Six months ended June 30, 2021				
	Copper	Zinc	Gold	Nickel	Total
Current period sales ¹	1,101,788	162,217	127,584	143,183	1,534,772
Prior period price adjustments	46,227	1,633	(3,702)	3,009	47,167
	1,148,015	163,850	123,882	146,192	1,581,939
Other metal sales					103,871
Copper stream cash effect					(7,017)
Gold stream cash effect					(40,200)
Less: Treatment & refining charges					(84,791)
Total Revenue					1,553,802
Payable Metal	118,061 t	56,056 t	72 koz	8,376 t	
Current period sales ^{1,2}	\$4.23	\$1.31	\$1,775	\$7.75	
Prior period adjustments ²	0.18	0.02	(51)	0.17	
Realized prices ^{2,3}	\$4.41 /lb	\$1.33 /lb	\$1,724 /oz	\$7.92 /lb	

1. Includes provisional price adjustments on current period sales.

2. This is a non-GAAP measure - see the "Non-GAAP and Other Performance Measures" section of this MD&A for discussion.

3. The realized price for copper inclusive of the impact of streaming agreements for 2022 is \$3.88/lb (2021: \$4.38/lb). The realized price for gold inclusive of the impact of streaming agreements for 2022 is \$1,212/oz (2021: \$1,165/oz).

Financial Results

Production Costs

Production costs for the quarter ended June 30, 2022 were \$40.9 million higher than the prior year quarter and on a year-to-date basis production costs were higher by \$120.2 million over the prior year period. These production cost increases were as a result of higher consumable costs primarily at Candelaria, Chapada and Neves-Corvo due to inflationary increases, partially offset by the effects of favourable foreign exchange.

Depreciation, Depletion and Amortization

For the three and six months ended June 30, 2022 depreciation, depletion and amortization expense increased, primarily attributable to higher depreciation reported at Neves-Corvo with the start-up of ZEP.

Depreciation by operation (\$ thousands)	Three months ended June 30,			Six months ended June 30,		
	2022	2021	Change	2022	2021	Change
Candelaria	75,911	68,276	7,635	144,020	141,528	2,492
Chapada	8,473	12,447	(3,974)	19,590	20,373	(783)
Eagle	21,904	23,138	(1,234)	38,753	43,442	(4,689)
Josemaria	288	—	288	288	—	288
Neves-Corvo	23,979	16,565	7,414	44,824	29,806	15,018
Zinkgruvan	11,030	9,951	1,079	23,509	20,684	2,825
Other	457	473	(16)	895	927	(32)
	142,042	130,850	11,192	271,879	256,760	15,119

General Exploration and Business Development

General exploration and business development expenses for the three and six months ended June 30, 2022 were higher than the comparable prior year periods due to project investigation costs incurred related to the Josemaria Project (\$40.3 million) for engineering, drilling costs and other project related costs. Exploration drilling at Neves-Corvo, Candelaria, Zinkgruvan, and Eagle were primarily focused along near-mine mineralized trends. Exploration drilling at Chapada focused on the Saúva discovery with five drill rigs operating in the area during the quarter.

Income from Equity Investment in Associate

Income from equity investment in associate was comparable on a quarter and year-to-date basis to the respective prior periods. As a result of the prior year sale of the specialty cobalt business, substantially all of the net assets were distributed with \$18.0 million received by the Company during the quarter.

Other Income

Net other income for the three months ended June 30, 2022 was higher than the net other expense recorded in the prior year comparable periods, largely due to foreign exchange translation and foreign exchange and trading gains on equity investments recorded in the current quarter and year-to-date. On a year-to-date basis the increase was related to the foreign exchange and trading gains on equity investments as well as a \$16.8 million tax refund that was received from a subsidiary sold in a prior period.

Foreign exchange gains and losses recorded in other expense primarily resulted from foreign exchange revaluation of working capital denominated in foreign currencies. Period end exchange rates having a meaningful impact on foreign exchange recorded at June 30, 2022 were:

	June 30, 2022	March 31, 2022	December 31, 2021
Brazilian Real (USD:BRL)	5.24	4.74	5.58
Chilean Peso (USD:CLP)	920	787	845
Euro (USD:€)	0.96	0.90	0.88
Swedish Kronor (USD:SEK)	10.22	9.26	9.04

Income Taxes

Income tax expense (recovery) by mine (\$ thousands)	Three months ended June 30,			Six months ended June 30,		
	2022	2021	Change	2022	2021	Change
Candelaria	5,421	50,975	(45,554)	78,390	92,335	(13,945)
Chapada	27,265	(11,653)	38,918	(416)	9,355	(9,771)
Eagle	2,396	8,652	(6,256)	16,158	15,781	377
Josemaria	982	—	982	982	—	982
Neves-Corvo	(2,405)	9,387	(11,792)	4,706	8,647	(3,941)
Zinkgruvan	11,986	2,488	9,498	23,251	6,128	17,123
Other	3,358	2,765	593	3,138	270	2,868
	49,003	62,614	(13,611)	126,209	132,516	(6,307)

Income taxes by classification (\$ thousands)	Three months ended June 30,			Six months ended June 30,		
	2022	2021	Change	2022	2021	Change
Current income tax	75,649	22,500	53,149	171,187	59,980	111,207
Deferred income tax	(26,646)	40,114	(66,760)	(44,978)	72,536	(117,514)
	49,003	62,614	(13,611)	126,209	132,516	(6,307)

Income tax expense for the three and six months ended June 30, 2022 was lower than the prior year comparable periods due primarily to lower taxable earnings. Current taxes were lower in the prior year comparable periods due to tax losses utilized. Included in Chapada's income taxes was \$23.1 million expense recorded for deferred tax on revaluation of non-monetary assets and translation of deferred taxes (Q2 2021 – \$24.1 million recovery, YTD 2021 - \$11.2 million recovery).

Mining Operations

Production Overview

(Contained metal in concentrate)	2022			2021				
	Total	Q2	Q1	Total	Q4	Q3	Q2	Q1
Copper (t)								
Candelaria (100%)	80,452	40,949	39,503	151,719	45,573	35,929	36,014	34,203
Chapada	20,445	10,345	10,100	52,019	14,870	16,050	11,258	9,841
Eagle	8,820	4,400	4,420	18,419	3,636	4,165	5,227	5,391
Neves-Corvo	17,727	7,867	9,860	37,941	12,100	8,083	10,317	7,441
Zinkgruvan	1,733	535	1,198	2,786	817	850	641	478
	129,177	64,096	65,081	262,884	76,996	65,077	63,457	57,354
Zinc (t)								
Neves-Corvo	35,398	20,647	14,751	66,031	18,750	15,909	16,662	14,710
Zinkgruvan	38,905	21,265	17,640	77,766	18,080	22,860	18,171	18,655
	74,303	41,912	32,391	143,797	36,830	38,769	34,833	33,365
Gold (koz)								
Candelaria (100%)	45	23	22	91	26	20	24	21
Chapada	28	16	12	76	20	26	17	13
	73	39	34	167	46	46	41	34
Nickel (t)								
Eagle	9,000	4,719	4,281	18,353	4,101	4,124	4,774	5,354
Lead (t)								
Neves-Corvo	1,718	925	793	5,419	1,644	1,359	1,343	1,073
Zinkgruvan	15,852	9,124	6,728	22,183	5,427	6,952	5,095	4,709
	17,570	10,049	7,521	27,602	7,071	8,311	6,438	5,782
Silver (koz)								
Candelaria (100%)	952	457	495	1,420	481	341	318	280
Chapada	118	60	58	257	80	72	55	50
Eagle	53	26	27	119	34	30	25	30
Neves-Corvo	690	346	344	1,636	522	362	407	345
Zinkgruvan	1,316	739	577	2,018	483	658	457	420
	3,129	1,628	1,501	5,450	1,600	1,463	1,262	1,125

Production Cost and Cash Cost Overview (\$ thousand, \$/lb)

(\$ thousands)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Candelaria				
Production costs	\$168,164	\$148,764	\$320,973	\$285,705
Gross cost	2.08	1.97	2.02	1.96
By-product ¹	(0.22)	(0.45)	(0.30)	(0.38)
Cash Cost (Cu, \$/lb)	1.86	1.52	1.72	1.58
AISC (Cu, \$/lb)²	2.89	2.61	2.75	2.60
Chapada				
Production costs	\$71,507	\$63,667	\$151,184	\$102,647
Gross cost	4.12	2.38	3.33	2.41
By-product	(1.14)	(1.06)	(1.07)	(1.08)
Cash Cost (Cu, \$/lb)	2.98	1.32	2.26	1.33
AISC (Cu, \$/lb)	5.00	1.98	3.49	2.03
Eagle				
Production cost	\$55,128	\$48,527	\$94,686	\$88,787
Gross cost	4.78	4.27	4.76	4.01
By-product	(3.88)	(6.28)	(4.80)	(5.83)
Cash Cost (Ni, \$/lb)	0.90	(2.01)	(0.04)	(1.82)
AISC (Ni, \$/lb)	2.93	(0.23)	2.17	(0.21)
Neves-Corvo				
Production costs	\$77,788	\$73,846	\$156,258	\$134,545
Gross cost	4.61	3.36	4.47	3.76
By-product	(2.22)	(1.71)	(2.43)	(1.73)
Cash Cost (Cu, \$/lb)	2.39	1.65	2.04	2.03
AISC (Cu, \$/lb)	3.14	2.34	3.03	2.75
Zinkgruvan				
Production costs	\$29,066	\$25,840	\$60,254	\$51,432
Gross cost	0.93	1.04	0.99	1.04
By-product	(0.49)	(0.62)	(0.63)	(0.44)
Cash Cost (Zn, \$/lb)	0.44	0.42	0.36	0.60
AISC (Zn, \$/lb)	0.82	0.76	0.70	0.94

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

2. All-in Sustaining Cost ("AISC") is a non-GAAP measure, see the "Non-GAAP and Other Performance Measures" section of this MD&A for discussion.

Capital Expenditures¹

(\$ thousands)	Three months ended June 30,						
	2022			2021			
	Sustaining	Expansionary	Total	Sustaining	Expansionary	Capitalized Interest	Total
Candelaria	86,107	—	86,107	81,573	—	—	81,573
Chapada	29,760	—	29,760	12,461	—	—	12,461
Eagle	2,923	—	2,923	5,346	—	—	5,346
Josemaria	—	54,934	54,934	—	—	—	—
Neves-Corvo	13,760	10,669	24,429	11,211	11,826	—	23,037
Zinkgruvan	14,083	—	14,083	9,415	—	—	9,415
Other	5,032	—	5,032	94	—	—	94
	151,665	65,603	217,268	120,100	11,826	—	131,926

(\$ thousands)	Six months ended June 30,						
	2022			2021			
	Sustaining	Expansionary	Total	Sustaining	Expansionary	Capitalized Interest	Total
Candelaria	169,071	—	169,071	152,315	—	—	152,315
Chapada	44,215	—	44,215	21,431	—	—	21,431
Eagle	7,383	—	7,383	8,875	—	—	8,875
Josemaria	—	54,934	54,934	—	—	—	—
Neves-Corvo	33,276	24,823	58,099	20,157	21,309	336	41,802
Zinkgruvan	23,122	—	23,122	19,826	—	—	19,826
Other	5,356	—	5,356	140	—	—	140
	282,423	79,757	362,180	222,744	21,309	336	244,389

1. Capital expenditures are reported on a cash basis, as presented in the consolidated statement of cash flows. Sustaining capital expenditure is supplementary financial measure and expansionary capital expenditure is a non-GAAP measure – see the "Non-GAAP and Other Performance Measures" section of this MD&A for discussion.

Candelaria (Chile)

Operating Statistics

(100% Basis)	2022			2021				
	Total	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	11,434	6,362	5,072	23,753	6,998	6,098	5,062	5,595
Ore milled (000s tonnes)	13,490	6,847	6,643	27,849	7,066	6,838	7,012	6,933
Grade								
Copper (%)	0.65	0.64	0.65	0.59	0.69	0.58	0.56	0.53
Gold (g/t)	0.14	0.14	0.14	0.14	0.16	0.13	0.13	0.13
Recovery								
Copper (%)	92.4	93.0	91.9	92.5	93.4	91.8	91.5	93.1
Gold (%)	73.4	73.8	73.0	74.4	72.1	73.8	77.5	74.7
Production (contained metal)								
Copper (tonnes)	80,452	40,949	39,503	151,719	45,573	35,929	36,014	34,203
Gold (000 oz)	45	23	22	91	26	20	24	21
Silver (000 oz)	952	457	495	1,420	481	341	318	280
Revenue (\$000s)	719,545	261,999	457,546	1,591,109	512,309	326,903	399,907	351,990
Production costs (\$000s)	320,973	168,164	152,809	580,819	154,751	140,363	148,764	136,941
Gross profit (\$000s)	254,552	17,924	236,628	721,200	275,529	121,007	182,867	141,797
Cash cost (\$ per pound copper)	1.72	1.86	1.58	1.51	1.31	1.62	1.52	1.65
AISC (\$ per pound copper)	2.75	2.89	2.61	2.52	2.25	2.67	2.61	2.59

Gross Profit

Gross profit for the three and six months ended June 30, 2022 were lower than the respective comparative periods in 2021, largely as a result of negative copper price adjustments in the current period and higher production costs due to inflationary cost increases.

Production

Copper production for the three and six months ended June 30, 2022 were higher than the prior year comparable period as a result of higher head grades extracted and processed from Phase 10 of the open pit. Gold production for the three months ended June 30, 2022 was lower than the second quarter of 2021 due to lower throughput, partially offset by higher grades. On a year-to-date basis, gold production was consistent with the prior year. Both metals are on track to meet full year production guidance.

Production Costs and Cash Cost

Production costs and copper cash cost for the three and six months ended June 30, 2022 were higher compared to the prior year, mainly due to higher costs for energy and consumables, partially offset by favourable foreign exchange. Copper cash cost was further impacted by lower by-product credits in the current quarter. Cash cost guidance has been increased to \$1.75/lb from \$1.55/lb to reflect the impact of inflationary increases, primarily in electricity, fuel, maintenance and contractor costs.

AISC for the three and six months ended June 30, 2022 were higher than those reported in the prior year, due to higher cash cost and sustaining capital expenditures.

For the six months ended June 30, 2022, approximately 29,000 oz of gold and 587,000 oz of silver were subject to terms of a streaming agreement from which approximately \$420/oz of gold and \$4.20/oz of silver were received.

Chapada (Brazil)

Operating Statistics

(100% Basis)	2022			2021				
	Total	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	11,114	4,875	6,239	37,294	10,845	11,227	8,725	6,497
Ore milled (000s tonnes)	11,111	5,670	5,441	24,121	5,711	6,435	6,132	5,843
Grade								
Copper (%)	0.24	0.25	0.23	0.27	0.30	0.30	0.25	0.23
Gold (g/t)	0.15	0.17	0.13	0.18	0.17	0.21	0.17	0.15
Recovery								
Copper (%)	76.0	72.9	79.6	80.4	87.0	84.1	75.7	72.1
Gold (%)	52.6	50.6	55.3	56.0	65.9	58.3	52.3	46.2
Production (contained metal)								
Copper (tonnes)	20,445	10,345	10,100	52,019	14,870	16,050	11,258	9,841
Gold (000 oz)	28	16	12	76	20	26	17	13
Silver (000 oz)	118	60	58	257	80	72	55	50
Revenue (\$000s)	216,865	57,260	159,605	567,386	172,699	160,332	148,137	86,218
Production costs (\$000s)	151,184	71,507	79,677	291,846	129,710	59,489	63,667	38,980
Gross (loss) profit (\$000s)	46,091	(22,720)	68,811	229,443	27,833	90,275	72,023	39,312
Cash cost (\$ per pound copper)	2.26	2.98	1.82	1.05	1.07	0.62	1.32	1.33
AISC (\$ per pound copper)	3.49	5.00	2.56	1.75	1.75	1.36	1.98	2.11

Gross (Loss) Profit

Gross loss for the three months and gross profit for the six months ended June 30, 2022 were lower compared to the previous year periods largely due to inflationary increases for production costs and, for the three months, lower sales volumes and negative copper price adjustments.

Production

Copper and gold production for the three and six months ended June 30, 2022 was lower than the prior year comparison period due to lower throughput. Production for the three months was lower due to ore types impacting throughput and metal recoveries, though the operation set several daily mill throughput records in June. Production for the six months was lower than the prior year period as delayed access to planned ore sources, primarily as a result of above average rainfall experienced in the first half of the year, impacted planned waste stripping and mining activities.

Full year copper production guidance has been reduced from 53,000 t - 58,000 t to 45,000 t - 50,000 t and gold guidance has been reduced from 70,000 oz - 75,000 oz to 62,000 oz - 67,000 oz to reflect production and mining activity impacts experienced in the first half of the year.

Production Costs and Cash Cost

Production costs were higher on a quarter and year-to-date basis due to higher consumable prices for diesel and other operating contracts impacted by inflationary increases.

Copper cash cost for the three and six months ended June 30, 2022 were higher than the comparative periods in 2021 due to higher costs for energy and other inputs. Lower sales volumes also impacted the current quarter cash cost. Cash cost guidance has been increased to \$2.25/lb from \$1.60/lb to reflect the impact of inflationary increases in energy, primarily diesel, as well as the revised production forecast.

AISC was higher for the quarter and year-to-date compared to the prior year periods due to higher cash cost and sustaining capital expenditures.

Projects

The Company is continuing to evaluate options for long-term mine and plant expansion. Study work is being conducted following comprehensive exploration efforts focused on near-mine targets since acquisition. The results will be incorporated in any future expansionary plans. During the current quarter approximately 19,700 metres of drilling were completed.

Eagle (USA)

Operating Statistics

(100% Basis)	2022			2021				
	Total	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	363	181	182	697	165	169	177	186
Ore milled (000s tonnes)	361	182	179	699	167	166	180	186
Grade								
Nickel (%)	2.9	3.0	2.8	3.1	2.9	3.0	3.2	3.3
Copper (%)	2.5	2.5	2.5	2.7	2.2	2.6	3.0	3.0
Recovery								
Nickel (%)	86.3	87.3	85.3	84.1	83.6	82.4	83.9	86.1
Copper (%)	97.6	97.7	97.6	97.3	96.8	97.4	97.2	97.5
Production (contained metal)								
Nickel (tonnes)	9,000	4,719	4,281	18,353	4,101	4,124	4,774	5,354
Copper (tonnes)	8,820	4,400	4,420	18,419	3,636	4,165	5,227	5,391
Revenue (\$000s)	256,697	106,828	149,869	462,488	108,416	101,311	133,893	118,868
Production costs (\$000s)	94,686	55,128	39,558	169,508	41,080	39,641	48,527	40,260
Gross profit (\$000s)	123,258	29,796	93,462	211,487	48,203	42,752	62,228	58,304
Cash cost (\$ per pound nickel)	(0.04)	0.90	(1.25)	(1.24)	(0.22)	(0.80)	(2.01)	(1.62)
AISC (\$ per pound nickel)	2.17	2.93	1.19	0.41	1.43	0.93	(0.23)	(0.17)

Gross Profit

Gross profit for the current quarter was lower than the prior year quarter due to lower net metal price and price adjustments, lower sales volumes and higher production costs. On a year-to-date basis, gross profit was comparable to 2021.

Production

The mill achieved record nickel recovery for the period including an all-time monthly record of 88.5% in June, however both nickel and copper production for the three and six months ended June 30, 2022 were lower than the prior year comparable periods due to planned lower grades. Production of both metals are on track to meet annual guidance.

Production Costs and Cash Cost

Production costs for the quarter ended June 30, 2022 were higher than the prior year quarter due to higher costs for energy and consumables. On a year-to-date basis production costs were comparable to the prior year.

Nickel cash cost for the three and six months ended June 30, 2022 was higher than the prior year comparable periods due to inflationary increases on operating costs. In addition, lower copper price impacted by-product credit in the current quarter. Cash cost remains on track to achieve annual guidance.

AISC for the three and six months ended June 30, 2022, were higher than the prior year largely as a result of higher cash cost.

Neves-Corvo (Portugal)

Operating Statistics

(100% Basis)	2022			2021				
	Total	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, copper (000s tonnes)	1,292	610	682	2,573	716	580	646	631
Ore mined, zinc (000s tonnes)	723	426	297	1,062	278	251	275	258
Ore milled, copper (000s tonnes)	1,296	606	690	2,564	724	565	655	620
Ore milled, zinc (000s tonnes)	719	420	299	1,060	284	242	280	254
Grade								
Copper (%)	1.8	1.7	1.8	1.9	2.1	1.8	1.9	1.5
Zinc (%)	6.9	6.9	7.0	7.8	8.1	8.2	7.5	7.4
Recovery								
Copper (%)	77.9	77.0	78.7	79.6	78.9	77.8	81.7	80.0
Zinc (%)	67.4	68.4	66.1	76.6	76.4	76.5	77.5	76.0
Production (contained metal)								
Copper (tonnes)	17,727	7,867	9,860	37,941	12,100	8,083	10,317	7,441
Zinc (tonnes)	35,398	20,647	14,751	66,031	18,750	15,909	16,662	14,710
Lead (tonnes)	1,718	925	793	5,419	1,644	1,359	1,343	1,073
Silver (000 oz)	690	346	344	1,636	522	362	407	345
Revenue (\$000s)	228,105	93,538	134,567	479,347	156,008	108,083	134,496	80,760
Production costs (\$000s)	156,258	77,788	78,470	291,110	86,734	69,831	73,846	60,699
Gross (loss) profit (\$000s)	27,023	(8,229)	35,252	125,069	51,851	22,313	44,085	6,820
Cash cost (\$ per pound copper)	2.04	2.39	1.70	1.89	1.53	2.05	1.65	2.61
AISC (\$ per pound copper)	3.03	3.14	2.92	2.73	2.59	2.86	2.34	3.38

Gross (Loss) Profit

Gross (loss) and gross profit for the three and six months ended June 30, 2022, respectively, were lower than the 2021 comparison periods due to negative copper price adjustments in the second quarter of 2022, combined with higher costs for energy and consumables.

Production

Copper production for the current quarter was lower than the second quarter of 2021 due to lower throughput and grades. On a year-to-date basis, copper production was lower due primarily to recoveries. Zinc production for the three and six months ended June 30, 2022 was higher than the prior year comparison periods due to higher throughput related to the contribution from ZEP. Full year zinc guidance has been reduced to 90,000 t - 100,000 t from 110,000 t - 120,000 t to reflect ZEP ramp-up progress achieved to date and re-forecast of achieving full underground mining rates from newly developed ZEP areas.

Production Costs and Cash Cost

Production costs for the three and six months ended June 30, 2022 were higher than the prior year, largely as a result of inflationary cost increases and in particular, electricity. Copper cash cost for the three and six months ended June 30, 2022 were higher due to inflationary increases on input costs combined with lower sales volumes. On a year-to-date basis, cash cost are consistent with the prior year period. Cash cost remains on track to meet full year guidance.

AISC for the three and six months ended June 30, 2022 were higher compared to the prior year comparable periods due to higher planned capital expenditures, and in the current quarter, higher cash cost.

Projects

Commissioning the remaining ZEP work is progressing on schedule and on budget. Production ramp-up continues, although it has experienced some limiting impacts due to ore availability from newly developed mining areas. All surface works are expected to be completed early in the third quarter of 2022. A total of approximately \$10.7 million of expansionary capital expenditures was spent in the second quarter of 2022. Total pre-production cost of \$430.0 million (€360 million) for the project remains unchanged.

Zinkgruvan (Sweden)

Operating Statistics

(100% Basis)	2022			2021				
	Total	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, zinc (000s tonnes)	624	298	326	1,200	295	279	298	328
Ore mined, copper (000s tonnes)	83	38	45	201	26	66	66	43
Ore milled, zinc (000s tonnes)	632	327	305	1,181	291	289	267	334
Ore milled, copper (000s tonnes)	115	27	88	178	52	52	50	24
Grade								
Zinc (%)	6.9	7.3	6.5	7.4	7.0	8.9	7.6	6.3
Lead (%)	3.0	3.3	2.7	2.4	2.3	3.1	2.4	1.8
Copper (%)	1.7	2.3	1.6	1.8	1.8	1.9	1.5	2.2
Recovery								
Zinc (%)	88.9	89.1	88.7	88.9	88.5	89.1	89.1	88.8
Lead (%)	82.5	83.1	81.7	78.3	80.8	77.4	78.7	76.5
Copper (%)	87.4	87.7	87.3	87.5	87.5	88.5	85.0	89.5
Production (contained metal)								
Zinc (tonnes)	38,905	21,265	17,640	77,766	18,080	22,860	18,171	18,655
Lead (tonnes)	15,852	9,124	6,728	22,183	5,427	6,952	5,095	4,709
Copper (tonnes)	1,733	535	1,198	2,786	817	850	641	478
Silver (000 oz)	1,316	739	577	2,018	483	658	457	420
Revenue (\$000s)	160,088	70,596	89,492	228,435	69,137	59,765	55,891	43,642
Production costs (\$000s)	60,254	29,066	31,188	102,025	28,708	21,885	25,840	25,592
Gross profit (\$000s)	76,325	30,500	45,825	85,296	29,249	28,630	20,100	7,317
Cash cost (\$ per pound)	0.36	0.44	0.27	0.53	0.58	0.32	0.42	0.76
AISC (\$ per pound)	0.70	0.82	0.57	0.86	0.94	0.61	0.76	1.10

Gross Profit

Gross profit for the three and six months was higher than the prior year due to higher sales volumes and favourable foreign exchange. Year-to-date gross profit was also positively impacted by higher zinc prices.

Production

Zinc and lead production for the three and six months ended June 30, 2022 was higher than the prior year comparable periods due to higher mill throughput. Lead production also benefitted from higher grades in the current year. Copper production for the three months ended June 30, 2022 was lower than the prior year quarter due to planned lower throughput. On a year-to-date basis, copper production was higher than the prior year comparable period. Zinc and copper are on track to meet full year annual production guidance.

Production Costs and Cash Cost

Production costs in the three and six months ended June 30, 2022 were higher than the comparable periods in 2021 due to higher volumes, partially offset by favourable foreign exchange.

Zinc cash cost in the current quarter was comparable to the prior year quarter. On a year-to-date basis, zinc cash cost was lower than the prior year, as higher sales volumes and by-product credits realized the first quarter of 2022, more than offset higher costs. Cash cost remains on track to meet full year guidance.

AISC in the three months ended June 30, 2022 was comparable to the prior year quarter. On a year-to-date basis, AISC was lower due to lower cash cost.

Josemaria Project (Argentina)

Josemaria Project is located in the San Juan Province of Argentina, approximately 9 km east of the Chile-Argentina border. Access to site is to be from the city of San Juan, a major mining centre, along public two-lane paved roads and a project-developed and maintained gravel road. The project is developing access to water, grid power, as well as transportation and logistics wholly within San Juan province.

In November 2020, an independent National Instrument 43-101 Technical Report, Feasibility Study for the Josemaria copper-gold project was published by Josemaria Resources. The full 43-101 report is available on Lundin Mining's website (www.lundinmining.com).

Project Development

The Josemaria Project is a large scale copper-gold-silver project. This project is wholly-owned and operated by Lundin Mining's Argentinian subsidiary, Desarrollo de Prospectos Mineros S.A. Lundin Mining acquired the Project with the April 2022 acquisition of Josemaria Resources. The Josemaria Project received its Environmental Social Impact Assessment approval from the Mining Authority of San Juan, Argentina on April 11, 2022, marking a significant milestone in the project's permitting process. Lundin Mining and the Josemaria Project team are working with the national and provincial authorities to progress the project through the next stages of development. Discussions regarding commercial agreements and securing of additional sectoral permits are ongoing and anticipated later in the year.

The Josemaria Project is progressing through basic engineering and procurement of long-lead equipment, including securing key items for crushing and processing. While engineering is currently estimated to be 23% complete, study work is ongoing, including updating of cost estimates to be reflective of current conditions and evaluation of potential scope changes compared to plans envisaged in the 2020 Feasibility Study. Lundin Mining aims to complete an updated Technical Report for the Josemaria Project in the fourth quarter of 2022.

The initial capital expenditure estimate of the project is expected to be greater than \$4 billion. The Company intends to spend approximately \$300 million including engineering, commitments for long-lead items, pre-construction activities and drilling. As of June 30, 2022, the project has incurred \$54.9 million in capital expenditure.

As part of the updated Technical Report, Lundin Mining plans to complete a new Mineral Resource and Mineral Reserve estimate. Approximately 31,200 metres of drilling have been completed on the Project since the most recent Mineral Resource and Mineral Reserve estimate from 2020, which will be incorporated into the new estimate.

Metal Prices, LME Inventories and Smelter Treatment and Refining Charges

The average metal prices for zinc and nickel for the second quarter of 2022 were both higher than the average prices for the first quarter of 2022 by 4% zinc, 10% nickel; while the average price for copper for the second quarter of 2022 was 5% lower compared to the first quarter. The price for gold was unchanged between the two quarters. The prices for copper, zinc, nickel and gold decreased through the quarter, particularly at the end of June, on the backdrop of continuing global concerns.

(Average LME Price)		Three months ended June 30,			Six months ended June 30,		
		2022	2021	Change	2022	2021	Change
Copper	US\$/pound	4.31	4.40	-2%	4.43	4.12	8%
	US\$/tonne	9,513	9,700		9,761	9,092	
Zinc	US\$/pound	1.78	1.32	34%	1.74	1.28	36%
	US\$/tonne	3,915	2,916		3,832	2,832	
Gold	US\$/ounce	1,871	1,816	3%	1,874	1,805	4%
Nickel	US\$/pound	13.13	7.87	67%	12.54	7.92	58%
	US\$/tonne	28,940	17,359		27,636	17,466	

LME inventories for copper increased by 26% during the second quarter of 2022 while the LME inventories of zinc and nickel each decreased by 43% and 8% respectively.

During the second quarter of 2022 the treatment charges (“TC”) and refining charges (“RC”) in the spot market for copper concentrates between miners and commodity traders decreased from an average spot TC during April of \$77 per dmt of concentrate and a spot RC of \$0.077 per lb of payable copper to a spot TC of \$63 per dmt of concentrate and a spot RC of \$0.063 per lb of payable copper by the end of June. Also, the spot terms at which Chinese copper smelters were prepared to buy decreased through the quarter from a TC of \$83 per dmt of concentrate and a RC of \$0.083 per payable lb of copper over April to a TC of \$76 per dmt of concentrate and a RC of \$0.076 per payable lb of copper at the end of June. The terms for annual contracts for copper concentrates for 2022 were reached in December 2021 at a TC of \$65 per dmt with a RC of \$0.065 per payable lb of copper.

The spot TC, delivered China, for zinc concentrates during the second quarter of 2022 decreased from \$260 per dmt, flat, at the beginning of April to \$235 per dmt, flat, by the end of the quarter. The 2022 annual terms for zinc concentrates were settled at \$230 per dmt of concentrate, with an upscale price escalator of 5% from a price basis of \$3,800 per dmt zinc without a de-escalator.

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

Liquidity and Capital Resources

As at June 30, 2022, the Company had cash and cash equivalents of \$498.2 million. With the on-going COVID-19 pandemic, there is still uncertainty in the marketplace, as well as potential risks to production, inflationary impact on operating costs, supply chain, delivery of concentrates and many other variables. However, the Company continues to expect to be able to fund all its contractual commitments with its operating cash flow, cash on hand and capital resources.

Cash flow from operations for the three months ended June 30, 2022 was \$52.6 million lower than the prior year period as a result of lower gross profit before depreciation of \$323.0 million and higher current tax, partially offset by the comparative change in non-cash working capital. On a year-to-date basis cash flow from operations was \$106.0 million higher than the prior year period as lower gross profit before depreciation of \$92.7 million and higher current tax was more than offset by the comparative change in non-cash working capital.

Cash flow used in investing activities for the three and six months ended June 30, 2022 increased when compared to the prior year due to higher capital investments, particularly deferred stripping, in the current year. In addition, during the current quarter, \$126.4 million was used for the acquisition of Josemaria Resources.

During the current quarter, the Company used \$249.2 million in financing activities to repay debt (\$47.6 million), distribute dividends to shareholders (\$171.2 million) and to pay distributions to non-controlling interests (\$20.0 million). On a year-to-date basis, higher debt repaid in the prior year comparable period was more than offset by higher dividends paid to shareholders in the current period.

Capital Resources

As at June 30, 2022, the Company had \$28.3 million of debt and lease liabilities outstanding.

The Company has a revolving credit facility of \$1,750.0 million, maturing in April 2027. As at June 30, 2022, no amount has been drawn against the credit facility, other than a letter of credit totalling \$2.3 million (€2.2 million). A letter of credit of \$15.9 million was cancelled during the quarter (December 31, 2021 - nil). The credit facility bears interest on drawn funds at rates of Term SOFR+CSA+1.45% to Term SOFR+CSA+2.50% depending on the Company's net leverage ratio. The credit facility is subject to customary covenants.

The Company also has an equipment financing line of credit of \$26.0 million (€25.0 million) with an outstanding balance of \$3.5 million at June 30, 2022 (December 31, 2021 - \$5.1 million) and 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.

Included in the definitive agreement with Josemaria Resources, the Company provided a \$100 million bridge financing facility. For the six months ended June 30, 2022, \$54.1 million was advanced to Josemaria Resources under the facility. Upon acquisition, the bridge loan owed by Josemaria Resources to the Company became an intercompany loan and was eliminated on consolidation.

The Company purchased approximately 1.2 million shares under its Normal Course Issuer Bid ("NCIB") for total consideration of \$7.0 million during the three and six months ended June 30, 2022 (2021 YTD - 2.7 million shares, \$28.4 million consideration). On April 28, 2022, the Company issued 2,513,866 Lundin Mining Shares upon closing of the Josemaria Resources acquisition. For a detailed discussion of the Company's acquisition of Josemaria Resources refer to Note 3 of the Company's Condensed Interim Consolidated Financial Statements.

Contractual Obligations, Commitments and Contingencies

The Company has contractual obligations and capital commitments as described in the Note 22 "Commitments and Contingencies" in the Company's Condensed Interim Consolidated Financial Statements. From time to time, the Company may also be involved in legal proceedings that arise in the ordinary course of its business.

Financial Instruments

The Company does not currently utilize complex financial instruments in hedging metal price, foreign exchange or interest rate exposure. The Company will not hold or issue derivative instruments for speculation or trading purposes.

For a detailed discussion of the Company's financial instruments refer to Note 21 of the Company's Condensed Interim Consolidated Financial Statements.

Sensitivities

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

Market and Liquidity Risks and Sensitivities

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

Metal Prices

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

Metal	Payable Metal	Provisional price on June 30, 2022	Change	Effect on Revenue (\$millions)
Copper	94,520 t	\$3.75/lb	+/- 10%	+/- \$78.1
Zinc	35,984 t	\$1.44/lb	+/- 10%	+/- \$11.4
Gold	23 koz	\$1,805/oz	+/- 10%	+/- \$4.2
Nickel	5,378 t	\$10.29/lb	+/- 10%	+/- \$12.2

Related Party Transactions

The Company enters into related party transactions that are in the normal course of business and on an arm's length basis. Related party disclosures can be found in Note 24 of the Company's June 30, 2022 Condensed Interim Consolidated Financial Statements.

Changes in Accounting Policies and Critical Accounting Estimates and Judgments

The Company describes its significant accounting policies as well as any changes in accounting policies in Note 2 "Basis of Presentation and Summary of Significant Accounting Policies" of the June 30, 2022 Condensed Interim Consolidated Financial Statements.

Non-GAAP and Other Performance Measures

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

Net Cash

Net cash is a performance measure used by the Company to assess its financial position. Management believes that in addition to conventional performance measures prepared in accordance with IFRS, net cash is a useful indicator to some investors to evaluate the Company's financial position. Net cash is defined as cash and cash equivalents, less debt and lease liabilities, excluding deferred financing fees and can be reconciled as follows:

(\$thousands)	June 30, 2022	March 31, 2022	December 31, 2021
Cash and cash equivalents	498,243	733,876	594,069
Current portion of total debt and lease liabilities	(14,344)	(13,488)	(14,617)
Debt and lease liabilities	(13,959)	(15,494)	(16,386)
	(28,303)	(28,982)	(31,003)
Net cash	469,940	704,894	563,066

Adjusted Operating Cash Flow and Adjusted Operating Cash Flow per Share

Adjusted operating cash flow per share is a performance measure used by the Company to assess its ability to generate cash from its operations. Adjusted operating cash flow is defined as cash provided by operating activities, excluding changes in non-cash working capital items. The Company believes adjusted operating cash flow per share is a relevant measure to some investors, as it removes the impact of working capital, which can experience variability period-to-period. Adjusted operating cash flow per share can be reconciled to the Company's cash provided by operating activities as follows:

(\$thousands, except share and per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Cash provided by operating activities	366,411	418,998	683,668	577,673
Changes in non-cash working capital items	(316,665)	12,629	(161,117)	133,799
Adjusted operating cash flow	49,746	431,627	522,551	711,472
Basic weighted average number of shares outstanding	766,775,032	738,612,506	751,676,764	737,756,508
Adjusted operating cash flow per share	0.06	0.58	0.70	0.96

Free Cash Flow

The Company believes free cash flow is a relevant measure for some investors, as it is indicative of the Company's ability to generate cash from operations after consideration for required sustaining capital expenditures necessary to maintain operations. Free cash flow is defined as cash flow provided by operating activities, less sustaining capital expenditures. Free cash flow per share can be reconciled to the Company's cash provided by operating activities as follows:

(\$thousands)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Cash provided by operating activities	366,411	418,998	683,668	577,673
Sustaining capital expenditures	(151,665)	(120,100)	(282,423)	(222,744)
Free cash flow	214,746	298,898	401,245	354,929

Adjusted EBITDA, Adjusted Earnings and Adjusted EPS

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

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

(\$thousands)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net (loss) earnings	(48,626)	268,432	329,483	422,651
Add back:				
Depreciation, depletion and amortization	142,042	130,850	271,879	256,760
Finance income and costs	17,309	9,078	32,281	20,174
Income taxes	49,003	62,614	126,209	132,516
	159,728	470,974	759,852	832,101
Unrealized foreign exchange	2,721	5,296	10,574	6,258
Unrealized foreign exchange and trading gains on equity investments	(18,848)	—	(18,848)	—
Revaluation of derivative liability	(745)	5,084	2,548	(2,019)
Revaluation of marketable securities	1,626	(3,513)	(2,266)	(4,062)
Income from investment in associates	1,321	(773)	(3,375)	(1,146)
Gain on disposal of subsidiary	—	—	(16,828)	—
Other	2,840	3,659	4,760	4,034
Total adjustments - EBITDA	(11,085)	9,753	(23,435)	3,065
Adjusted EBITDA	148,643	480,727	736,417	835,166

Adjusted earnings and adjusted EPS can be reconciled to the Company’s Consolidated Statement of Earnings as follows:

(\$thousands, except share and per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net (loss) earnings attributable to Lundin Mining shareholders	(52,577)	242,643	292,501	377,828
Add back:				
Total adjustments - EBITDA	(11,085)	9,753	(23,435)	3,065
Tax effect on adjustments	5,035	(2,302)	3,001	827
Deferred tax arising from foreign exchange translation	23,091	(24,133)	(11,863)	(11,225)
Other	260	320	128	155
Total adjustments	17,301	(16,362)	(32,169)	(7,178)
Adjusted (loss) earnings	(35,276)	226,281	260,332	370,650
Basic weighted average number of shares outstanding	766,775,032	738,612,506	751,676,764	737,756,508
Net (loss) earnings attributable to Lundin Mining shareholders	(0.07)	0.33	0.39	0.51
Total adjustments	0.02	(0.02)	(0.04)	(0.01)
Adjusted EPS	(0.05)	0.31	0.35	0.50

Realized Price per Pound

Realized price per pound and price per ounce are non-GAAP ratios that are calculated using the non-GAAP financial measures of current period sales and prior period adjustments. Realized prices exclude the effects of the stream cash effects as well as TC/RCs. Management believes that measuring these prices enables investors to better understand performance based on the realized metal sales in the current and prior periods.

Capital Expenditures

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

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

Where an expenditure both maintains and expands current operations, classification would be based on the primary decision for which the expenditure is being made. Expansionary capital expenditures are reported excluding capitalized interest and therefore is a non-GAAP measure. Sustaining capital expenditure is a supplementary financial measure.

Cash Cost per Pound

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

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

All-in Sustaining Cost ("AISC") per Pound

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

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

Three months ended June 30, 2022						
Operations (\$000s, unless otherwise noted)	Candelaria (Cu)	Chapada (Cu)	Eagle (Ni)	Neves-Corvo (Cu)	Zinkgruvan (Zn)	Total
Sales volumes (Contained metal in concentrate):						
Tonnes	39,655	7,905	4,206	8,183	18,525	
Pounds (000s)	87,424	17,427	9,273	18,040	40,841	
Production costs						402,190
Less: Royalties and other						(13,657)
						388,533
Deduct: By-product credits						(134,728)
Add: Treatment and refining charges						29,960
Cash cost	162,240	51,872	8,341	43,198	18,114	283,765
Cash cost per pound (\$/lb)	1.86	2.98	0.90	2.39	0.44	
Add: Sustaining capital expenditure						
Royalties	—	2,442	10,633	(616)	—	
Interest expense	1,348	1,720	401	35	21	
Leases & other	3,392	1,254	4,913	279	1,095	
All-in sustaining cost	253,087	87,048	27,211	56,656	33,313	
AISC per pound (\$/lb)	2.89	5.00	2.93	3.14	0.82	
Three months ended June 30, 2021						
Operations (\$000s, unless otherwise noted)	Candelaria (Cu)	Chapada (Cu)	Eagle (Ni)	Neves-Corvo (Cu)	Zinkgruvan (Zn)	Total
Sales volumes (Contained metal in concentrate):						
Tonnes	35,537	12,247	4,258	10,314	14,305	
Pounds (000s)	78,346	27,000	9,387	22,738	31,537	
Production costs						361,317
Less: Royalties and other						(22,564)
						338,753
Deduct: By-product credits						(180,782)
Add: Treatment and refining charges						28,915
Cash cost	119,000	35,731	(18,827)	37,611	13,371	186,886
Cash cost per pound (\$/lb)	1.52	1.32	(2.01)	1.65	0.42	
Add: Sustaining capital expenditure						
Royalties	—	3,567	8,629	3,033	—	
Interest expense	1,165	859	177	19	18	
Leases & other	3,096	827	2,470	1,417	1,175	
All-in sustaining cost	204,834	53,445	(2,205)	53,291	23,979	
AISC per pound (\$/lb)	2.61	1.98	(0.23)	2.34	0.76	

Six months ended June 30, 2022

Operations (\$000s, unless otherwise noted)	Candelaria (Cu)	Chapada (Cu)	Eagle (Ni)	Neves-Corvo (Cu)	Zinkgruvan (Zn)	Total
Sales volumes (Contained metal in concentrate):						
Tonnes	78,103	20,709	7,473	16,667	34,327	
Pounds (000s)	172,187	45,655	16,475	36,744	75,678	
Production costs						784,617
Less: Royalties and other						(29,528)
						755,089
Deduct: By-product credits						(315,735)
Add: Treatment and refining charges						62,115
Cash cost	296,225	103,309	(638)	75,001	27,572	501,469
Cash cost per pound (\$/lb)	1.72	2.26	(0.04)	2.04	0.36	
Add: Sustaining capital expenditure	169,071	44,215	7,383	33,276	23,122	
Royalties	—	6,106	18,424	2,197	—	
Interest expense	2,781	3,441	802	71	43	
Leases & other	5,896	2,346	9,780	776	2,428	
All-in sustaining cost	473,973	159,417	35,751	111,321	53,165	
AISC per pound (\$/lb)	2.75	3.49	2.17	3.03	0.70	
(\$000s, unless otherwise noted)	2022 Revised Guidance					
Cash cost	620,000	230,000	(10,000)	140,000	80,000	
Cash cost per pound(\$/lb)	1.75	2.25	(0.25)	1.80	0.55	

Six months ended June 30, 2021

Operations (\$000s, unless otherwise noted)	Candelaria (Cu)	Chapada (Cu)	Eagle (Ni)	Neves-Corvo (Cu)	Zinkgruvan (Zn)	Total
Sales volumes (Contained metal in concentrate):						
Tonnes	71,053	19,626	8,376	16,879	30,008	
Pounds (000s)	156,645	43,268	18,466	37,212	66,156	
Production costs						664,430
Less: Royalties and other						(29,069)
						635,361
Deduct: By-product credits						(306,162)
Add: Treatment and refining charges						57,908
Cash cost	248,071	57,430	(33,557)	75,364	39,799	387,107
Cash cost per pound (\$/lb)	1.58	1.33	(1.82)	2.03	0.60	
Add: Sustaining capital expenditure	152,315	21,431	8,875	20,157	19,826	
Royalties	—	5,640	15,475	3,737	—	
Interest expense	2,284	1,718	354	39	36	
Leases & other	5,152	1,496	5,061	2,963	2,556	
All-in sustaining cost	407,822	87,715	(3,792)	102,260	62,217	
AISC per pound (\$/lb)	2.60	2.03	(0.21)	2.75	0.94	

Managing Risks

Risks and Uncertainties

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

Even though robust health and safety controls and risk mitigation measures are in place across the Company's mines, regrettably a fatal accident occurred underground at the Neves-Corvo Mine in Portugal on March 30, 2022. Every effort is made to apply the lessons learned to improve controls and eliminate the potential for future accidents of this type.

The Company is exposed to price risk related to consumables and services and has experienced impacts related to global inflation. These impacts were further exacerbated by secondary effects from the Russia invasion of Ukraine. Although the Company does not conduct business or directly operate in Russia or the Ukraine, the global impact of this conflict may have an effect on the Company.

The Company is subject to risks associated with climate change including the physical risks of climate change. In early 2022, due to much heavier than anticipated rainfall, Chapada's production was impacted. Climate-related disruptions appear to be increasing in frequency and may have increasingly significant impacts.

For additional discussion on Lundin Mining's risks, refer to the "Risks and Uncertainties" section of the Company's Annual Information Form ("AIF") for the year ended December 31, 2021 and the "Cautionary Statement on Forward-Looking Information" of this MD&A.

Management's Report on Internal Controls

Disclosure controls and procedures ("DCP")

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

Internal control over financial reporting ("ICFR")

The Company's ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. However, due to inherent limitations ICFR may not prevent or detect all misstatements and fraud.

Control Framework

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

Changes in ICFR

There have been no changes in the Company's ICFR during the quarter ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Limitations on scope of design

On April 28, 2022, the Company acquired Josemaria Resources. However, the Company has not had sufficient time during the second quarter of 2022 to fully assess the design of DCP and ICFR inherent in the organization and accordingly has limited the scope of the above assessment on the design of DCP and ICFR to exclude this entity.

Outstanding Share Data

As at July 27, 2022, the Company has 777,499,946 common shares issued and outstanding, and 8,532,358 stock options and 1,681,979 share units outstanding under the Company's plans.

Other Information

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