

Condensed Interim Consolidated Financial Statements of

Lundin Mining Corporation

September 30, 2023
(Unaudited)

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited - in thousands of US dollars)

As at

	September 30, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents (Note 4)	\$ 357,337	\$ 191,387
Trade and other receivables (Note 5)	680,658	576,178
Income taxes receivable	64,398	72,402
Inventories (Note 6)	618,858	296,710
Current portion of derivative assets (Note 21)	23,081	43,521
Other current assets	26,418	38,571
Total current assets	1,770,750	1,218,769
Restricted funds	52,103	50,195
Long-term inventory (Note 6)	798,199	641,877
Derivative assets (Note 21)	6,372	25,111
Other non-current assets	67,731	20,035
Mineral properties, plant and equipment (Note 7)	7,369,884	5,975,686
Deferred tax assets (Note 20)	394,484	3,837
Goodwill	236,670	237,294
	8,925,443	6,954,035
Total assets	\$ 10,696,193	\$ 8,172,804
LIABILITIES		
Trade and other payables (Note 8)	\$ 742,043	\$ 612,965
Income taxes payable	61,145	45,000
Current portion of derivative liabilities (Note 21)	25,958	24,423
Current portion of debt and lease liabilities (Note 9)	380,645	170,149
Current portion of deferred revenue (Note 10)	85,862	74,061
Current portion of reclamation and other closure provisions (Note 11)	15,364	23,550
Total current liabilities	1,311,017	950,148
Derivative liabilities (Note 21)	5,603	27,876
Debt and lease liabilities (Note 9)	1,130,754	27,179
Deferred revenue (Note 10)	540,893	580,045
Reclamation and other closure provisions (Note 11)	496,511	422,298
Deferred consideration and other long-term liabilities (Note 3)	126,532	24,922
Provision for pension obligations	6,800	5,613
Deferred tax liabilities (Note 20)	673,970	709,602
	2,981,063	1,797,535
Total liabilities	4,292,080	2,747,683
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	4,572,954	4,555,125
Contributed surplus	54,323	55,769
Accumulated other comprehensive loss	(343,319)	(342,287)
Retained earnings	640,646	592,425
Equity attributable to Lundin Mining Corporation shareholders	4,924,604	4,861,032
Non-controlling interests (Note 13)	1,479,509	564,089
Total shareholders' equity	6,404,113	5,425,121
Total liabilities and shareholders' equity	\$ 10,696,193	\$ 8,172,804
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 EARNINGS (LOSS)

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue (Note 14)	\$ 992,195	\$ 648,498	\$ 2,332,070	\$ 2,229,798
Cost of goods sold				
Production costs (Note 15)	(615,109)	(425,814)	(1,438,071)	(1,210,431)
Depreciation, depletion and amortization	(179,788)	(140,161)	(430,540)	(412,040)
Gross profit	197,298	82,523	463,459	607,327
General and administrative expenses	(19,444)	(14,772)	(49,452)	(37,442)
General exploration and business development (Note 17)	(12,734)	(72,446)	(41,192)	(132,259)
Finance income (Note 18)	3,767	1,112	5,939	2,596
Finance costs (Note 18)	(39,979)	(16,352)	(73,747)	(50,117)
Other (expense) income (Note 19)	(22,134)	19,456	57,472	65,108
Earnings (loss) before income taxes	106,774	(479)	362,479	455,213
Current tax (expense) recovery (Note 20)	(40,115)	9,994	(126,829)	(161,193)
Deferred tax (expense) recovery (Note 20)	(44,776)	(20,760)	12,846	24,218
Net earnings (loss)	\$ 21,883	\$ (11,245)	\$ 248,496	\$ 318,238
Net earnings (loss) attributable to:				
Lundin Mining Corporation shareholders	\$ (2,964)	\$ (11,212)	\$ 202,765	\$ 281,289
Non-controlling interests	24,847	(33)	45,731	36,949
Net earnings (loss)	\$ 21,883	\$ (11,245)	\$ 248,496	\$ 318,238
Basic and diluted (loss) earnings per share attributable to Lundin Mining Corporation shareholders:	\$ 0.00	\$ (0.01)	\$ 0.26	\$ 0.37
Weighted average number of shares outstanding (Note 12)				
Basic	773,147,920	775,563,527	772,214,160	759,726,506
Diluted	773,147,920	775,563,527	772,918,648	760,909,648

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited - in thousands of US dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net earnings (loss)	\$ 21,883	\$ (11,245)	\$ 248,496	\$ 318,238
Other comprehensive loss, net of taxes				
Item that will not be reclassified to net earnings:				
Remeasurements for post-employment benefit plans	145	553	(421)	(8)
Item that may be reclassified subsequently to net earnings:				
Effects of foreign exchange	(4,386)	(71,285)	(689)	(179,702)
Other comprehensive loss	(4,241)	(70,732)	(1,110)	(179,710)
Total comprehensive income (loss)	\$ 17,642	\$ (81,977)	\$ 247,386	\$ 138,528
Comprehensive income (loss) attributable to:				
Lundin Mining Corporation shareholders	\$ (7,236)	\$ (82,050)	\$ 201,733	\$ 101,584
Non-controlling interests	24,878	73	45,653	36,944
Total comprehensive income (loss)	\$ 17,642	\$ (81,977)	\$ 247,386	\$ 138,528

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Non- controlling interests	Total
Balance, December 31, 2022	770,746,531	\$ 4,555,125	\$ 55,769	\$ (342,287)	\$ 592,425	\$ 564,089	\$ 5,425,121
Distributions	—	—	—	—	—	(4,000)	(4,000)
Caserones Acquisition (Note 3)	—	—	—	—	—	873,767	873,767
Exercise of share-based awards	2,653,604	17,829	(7,765)	—	—	—	10,064
Share-based compensation	—	—	6,319	—	—	—	6,319
Dividends declared (Note 12(c))	—	—	—	—	(154,544)	—	(154,544)
Net earnings	—	—	—	—	202,765	45,731	248,496
Other comprehensive loss	—	—	—	(1,032)	—	(78)	(1,110)
Total comprehensive (loss) income	—	—	—	(1,032)	202,765	45,653	247,386
Balance, September 30, 2023	773,400,135	\$ 4,572,954	\$ 54,323	\$ (343,319)	\$ 640,646	\$ 1,479,509	\$ 6,404,113
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	40,031,936	369,175	13,436	—	—	—	382,611
Exercise of share-based awards	5,715,046	43,750	(20,636)	—	—	—	23,114
Share-based compensation	—	—	6,431	—	—	—	6,431
Dividends declared	—	—	—	—	(224,940)	—	(224,940)
Shares purchased	(8,900,100)	(52,516)	—	—	2,345	—	(50,171)
Accrued liability for automatic share purchase plan commitment	—	(9,189)	—	—	—	—	(9,189)
Net earnings	—	—	—	—	281,289	36,949	318,238
Other comprehensive loss	—	—	—	(179,705)	—	(5)	(179,710)
Total comprehensive (loss) income	—	—	—	(179,705)	281,289	36,944	138,528
Balance, September 30, 2022	771,834,036	\$ 4,550,976	\$ 57,397	\$ (429,634)	\$ 495,854	\$ 564,524	\$ 5,239,117

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - in thousands of US dollars)

Cash provided by (used in)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Operating activities				
Net earnings (loss)	\$ 21,883	\$ (11,245)	\$ 248,496	\$ 318,238
Items not involving cash and other adjustments				
Depreciation, depletion and amortization	179,788	140,161	430,540	412,040
Share-based compensation	1,974	896	5,995	6,431
Unrealized foreign exchange loss (gain)	9,096	14,426	(1,545)	25,000
Finance costs, net (Note 18)	36,212	15,240	67,808	47,521
Recognition of deferred revenue (Note 10)	(16,671)	(17,296)	(52,690)	(57,396)
Deferred tax expense (recovery)	44,776	20,760	(12,846)	(24,218)
Revaluation of marketable securities (Note 19)	3,449	554	(453)	(1,712)
Revaluation of foreign currency and diesel derivatives (Note 21)	34,653	—	538	—
Reversal of fair value adjustment on acquired inventory (Note 3)	32,185	—	32,185	—
Other	8,871	30,491	22,316	(11,083)
Reclamation payments (Note 11)	(3,052)	(8,712)	(8,181)	(12,619)
Other payments	(5,685)	(400)	(6,674)	(1,425)
Changes in long-term inventory	(31,012)	(3,538)	(63,318)	3,111
Changes in non-cash working capital items (Note 25)	(12,655)	(145,006)	48,360	16,111
	303,812	36,331	710,531	719,999
Investing activities				
Investment in mineral properties, plant and equipment	(243,207)	(199,488)	(769,239)	(561,668)
Acquisition of Caserones, net of cash acquired (Note 3)	(648,569)	—	(648,569)	—
Acquisition of Josemaria, net of cash acquired	—	—	—	(126,381)
Cash received from disposal of subsidiary (Note 19)	—	—	5,718	16,828
Payment of Chapada derivative liability (Note 22)	(25,000)	(25,000)	(25,000)	(25,000)
Interest received	3,541	1,078	5,709	2,483
Josemaria bridge loan	—	—	—	(54,100)
Distributions from associate, net	—	—	—	18,000
Other	4,479	(4,149)	(909)	(3,252)
	(908,756)	(227,559)	(1,432,290)	(733,090)
Financing activities				
Proceeds from debt (Note 9)	1,772,531	34,663	2,203,480	34,663
Interest paid	(14,975)	(2,629)	(25,642)	(6,154)
Principal payments of lease liabilities	(22,954)	(4,256)	(34,234)	(13,192)
Principal repayments of debt (Note 9)	(920,677)	(15,149)	(1,135,179)	(16,416)
Payment of Josemaria debentures	—	—	—	(47,000)
Dividends paid to shareholders	(51,328)	(53,019)	(155,349)	(224,251)
Shares purchased (Note 12)	—	(42,121)	—	(50,171)
Proceeds from common shares issued	2,506	2,653	10,064	23,114
Distributions paid to non-controlling interests	(4,000)	—	(4,000)	(35,000)
Net proceeds from settlement of foreign currency and diesel derivatives	13,848	—	38,248	—
Other	(1,761)	—	(4,770)	(4,954)
	773,190	(79,858)	892,618	(339,361)
Effect of foreign exchange on cash balances	(1,091)	(208)	(4,909)	(14,668)
Increase (decrease) in cash and cash equivalents during the period	167,155	(271,294)	165,950	(367,120)
Cash and cash equivalents, beginning of period	190,182	498,243	191,387	594,069
Cash and cash equivalents, end of period	\$ 357,337	\$ 226,949	\$ 357,337	\$ 226,949
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 nine months ended September 30, 2023 and 2022

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

1. NATURE OF OPERATIONS

Lundin Mining Corporation is a diversified Canadian base metals mining company primarily producing copper, zinc, gold, nickel and molybdenum. The Company owns 80% of the Candelaria and Ojos del Salado mining complex ("Candelaria") and 51% of the Caserones copper-molybdenum mine ("Caserones"), each of which are 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.

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 principal place of business is 885 West Georgia Street, Suite 2000, Vancouver, British Columbia, Canada.

2. BASIS OF PRESENTATION AND SUMMARY OF MATERIAL 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, 2022.

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 to \$ 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 November 1, 2023.

(ii) Material 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, 2022, except as discussed below.

- a. As a result of the Caserones acquisition (Note 3), the Company has amended its revenue policy to include sales of copper cathodes. The Company satisfies its performance obligations for its concentrate and copper cathode sales per specified contract terms which are generally upon shipment or delivery. Revenue from concentrate and copper cathode sales is recorded based upon forward market prices of the expected final sales price date. The Company typically receives payment shortly after vessel arrival at its destination port. All remaining policy elements of revenue recognition remain unchanged from the year ended December 31, 2022.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2023 and 2022

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

- b. As a result of the Caserones acquisition (Note 3), the Company has amended its inventories policy to include the valuation of inventory work in progress for the leaching process. Dump leach pad inventory represents ore that has been mined and placed on leach pads where a solution is applied to the surface of the heap to dissolve the gold and by-products. The resulting solution is further processed in a plant to recover the copper. The cost of leach pad inventory is derived from current mining and leaching costs and is removed at the weighted average cost per recoverable lb of copper on the leach pads as lbs of copper are recovered. Estimates of recoverable copper in the leach pads are calculated based on the quantities of ore placed on the leach pads (measured tonnes added to the leach pads), the grade of ore placed on the leach pads (based on assay data), and an estimated recovery percentage (based on estimated recovery assumptions from the block model). The nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, estimates are refined based on actual results and engineering studies over time. The final recovery of copper from leach pads will not be known until the leaching process is concluded at the end of the mine life. Ore on leach pads that is not expected to be recovered within the next twelve months is classified as non-current. All remaining policy elements of inventories remain unchanged from the year ended December 31, 2022.

(iii) New standards and interpretations adopted

In May 2021, the IASB issued amendments to IAS 12, Income Taxes. The amendments to IAS 12 narrow the scope of the initial recognition exemption so that it no longer applies to transactions which give rise to equal amounts of taxable and deductible temporary differences. The amendments require recognition of a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition for certain transactions, including leases and reclamation provisions. The amendments to IAS 12 are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The Company adopted the amendments effective January 1, 2023, with no material impact to the consolidated financial statements for 2023 or the comparative period.

In May 2023, the IASB issued amendments to IAS 12, Income Taxes. The amendments provide an exception to the requirements regarding the recognition of deferred tax assets and liabilities related to the Pillar Two global minimum tax rules. The Company has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes whilst it evaluates the impact of these income taxes on its consolidated financial statements.

(iv) Critical accounting estimates and judgments in applying the entity's accounting policies

Areas of judgment that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2022, except for those noted below.

The Company's acquisition of fifty-one percent (51%) of the issued and outstanding equity of SCM Minera Lumina Copper Chile ("Lumina Copper") (Note 3), which owns Caserones, requires each identified asset and liability to be measured at its acquisition date fair value. The excess, if any, of the fair value of consideration over the fair value of the identifiable net assets acquired and liabilities assumed is recognized in goodwill. The determination of fair values requires management to make assumptions and estimates about future events and judgements such as production profile, production and capital expenditures, metal prices and discount rates. Changes in these assumptions or estimates could affect the fair values assigned to assets acquired, liabilities assumed, and goodwill in the purchase price allocation.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2023 and 2022

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

3. BUSINESS COMBINATION

On July 13, 2023, the Company completed the acquisition of fifty-one percent (51%) of the issued and outstanding equity of Lumina Copper, which owns the Caserones copper-molybdenum mine located in Chile, from JX Metals Corporation and certain of its subsidiaries ("Caserones Acquisition").

The total cash consideration paid after adjustments was \$796.6 million, which was funded by the Company's revolving credit facility. Remaining deferred cash consideration of \$150.0 million will be payable in installments as follows: \$50.0 million to be paid in five installments of \$10.0 million on the anniversary of the transaction closing date in each of 2024, 2025, 2026, 2027, and 2028; and \$100 million shall be paid on the anniversary of the closing date in 2029. The Company also has the right to acquire up to an additional 19% interest in Lumina Copper for \$350.0 million over a five-year period commencing on the first anniversary of the date of closing ("Caserones Purchase Option").

The purchase price is as follows:

Cash consideration	\$	796,580
Fair value of additional deferred consideration		112,851
Total consideration for 51% of Caserones	\$	909,431

The fair value of the deferred consideration was calculated by discounting the required future payments using a credit adjusted risk free rate that appropriately reflects the credit risk associated with the future payments. The current portion of this liability has been recorded in Trade and Other Payables and the non-current portion has been recorded in Deferred consideration and other long-term liabilities.

Preliminary fair values of assets acquired and liabilities assumed:

Cash and cash equivalents	\$	148,011
Trade and other receivables		253,769
Inventories		324,565
Restricted funds		4,196
Long-term inventory		84,705
Other non-current assets (a)		46,994
Mineral properties, plant and equipment		1,117,672
Deferred tax assets (b)		411,503
Total assets	\$	2,391,415
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Trade and other payables	\$	256,161
Lease liability		257,655
Reclamation and other closure provisions		92,440
Other		1,961
Total liabilities	\$	608,217
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Total assets acquired and liabilities assumed, net	\$	1,783,198
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Less: Non-controlling interests	\$	873,767
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Lundin Mining Corporation's 51% share of Caserones	\$	909,431

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2023 and 2022

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

- a. The Company has assigned a fair value of \$47.0 million to its right to acquire up to an additional 19% interest in Lumina Copper for \$350.0 million. The fair value of the Caserones purchase option was determined using the arithmetic average approximation methodology which assumes a risk-free interest rate of 3.93%, expected copper price volatility of 22.8%, and a term of 5 years.
- b. The Company acquired approximately \$4.3 billion in total tax loss carryforward balances associated with Caserones. The Company has recognized deferred tax assets to the extent that the Company expects to realize sufficient taxable profit in the foreseeable future.

For the purpose of these financial statements, the preliminary fair value of assets acquired and liabilities assumed is based on management's best estimates and taking into consideration all currently available information at the time of acquisition. There may be adjustments to the estimated fair values as the valuation work is finalized, which is expected to be completed by the end of 2023.

Management primarily used a discounted cash flow model (net present value of expected future cash flows) to determine the fair value of the mine assets. Management used significant future assumptions in the model such as metal prices, production based on estimated quantities of Mineral Reserves and Resources, production and capital expenditures, and discount rate. Average copper price assumptions between 2023 and 2027 used in the valuation was \$3.80 per pound of copper with \$3.58 per pound being used as the long-term assumption. In determining the fair value of plant and equipment, management primarily used the depreciated replacement cost approach and used the sales comparison approach for certain mobile plant items where secondary market evidence was available.

Short-term inventory was valued based on assumed market price less cost to complete and a reasonable profit margin. Long-term inventory was valued on the same basis, but also considers a multi-year recovery period for the estimated payable metal contained in the dump leach.

The Company used the proportionate method in measuring non-controlling interests at the acquisition date. No goodwill has been recognized on the transaction.

Acquisition related costs of \$5.2 million are recorded in the consolidated statement of earnings as a business development cost (Note 17).

Revenue and net earnings contributed by Caserones since acquisition and included in the consolidated statement of earnings were \$284.6 million and \$38.0 million, respectively. For the three months ended September 30, 2023, \$32.2 million of metal inventories acquired at fair value were included in Cost of goods sold (production costs).

If Caserones had been consolidated from January 1, 2023, the consolidated statement of earnings for the nine months ended September 30, 2023 would show pro forma revenue of approximately \$3,108.5 million and net earnings of approximately \$453.9 million.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2023 and 2022

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

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	September 30, 2023	December 31, 2022
Cash	\$ 259,355	\$ 158,153
Short-term deposits	97,982	33,234
	\$ 357,337	\$ 191,387

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	September 30, 2023	December 31, 2022
Trade receivables	\$ 521,760	\$ 430,734
Prepaid expenses	59,898	53,767
Value added tax	66,755	65,028
Other receivables	32,245	26,649
	\$ 680,658	\$ 576,178

6. INVENTORIES

Inventories are comprised of the following:

	September 30, 2023	December 31, 2022
Materials and supplies	\$ 329,038	\$ 184,720
Ore stockpiles and dump leach	200,465	69,781
Finished goods - concentrate stockpiles	77,940	42,209
Finished goods - copper cathode	11,415	—
	\$ 618,858	\$ 296,710

Long-term inventories are comprised of the following:

	September 30, 2023	December 31, 2022
Ore stockpiles at Candelaria	\$ 430,577	\$ 394,240
Ore stockpiles at Chapada	277,367	247,637
Dump leach at Caserones	90,255	—
	\$ 798,199	\$ 641,877

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three and nine months ended September 30, 2023 and 2022

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

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

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

Cost	Mineral properties	Plant and equipment	Assets under construction ¹	Development project ²	Software intangible assets	Total
As at December 31, 2021	\$ 5,279,143	\$ 3,441,171	\$ 342,592	\$ 6,631	\$ 14,678	\$ 9,084,215
Josemaria acquisition	—	22,233	—	646,605	—	668,838
Additions	192,923	64,007	192,775	117,927	1,265	568,897
Disposals and transfers	55,596	191,145	(258,989)	(5,279)	4,418	(13,109)
Effects of foreign exchange	(281,682)	(145,453)	(19,486)	—	(744)	(447,365)
As at September 30, 2022	5,245,980	3,573,103	256,892	765,884	19,617	9,861,476
Additions	129,542	28,642	84,474	110,535	13,005	366,198
Disposals and transfers	37,509	68,285	(110,698)	—	(377)	(5,281)
Effects of foreign exchange	133,892	82,147	5,388	—	381	221,808
As at December 31, 2022	5,546,923	3,752,177	236,056	876,419	32,626	10,444,201
Caserones Acquisition (Note 3)	—	1,105,187	12,485	—	—	1,117,672
Additions	178,643	70,718	287,441	214,036	61	750,899
Disposals and transfers	84,818	18,983	(174,413)	—	2,798	(67,814)
Effects of foreign exchange	(28,844)	(11,943)	(2,086)	—	(134)	(43,007)
As at September 30, 2023	\$ 5,781,540	\$ 4,935,122	\$ 359,483	\$ 1,090,455	\$ 35,351	\$ 12,201,951

Accumulated depreciation, depletion and amortization	Mineral properties	Plant and equipment	Assets under construction ¹	Development project ²	Software intangible assets	Total
As at December 31, 2021	\$ 2,620,196	\$ 1,405,084	\$ —	\$ —	\$ 8,036	\$ 4,033,316
Depreciation	243,467	182,890	—	—	1,798	428,155
Disposals and transfers	(79)	(4,547)	—	—	(119)	(4,745)
Effects of foreign exchange	(175,965)	(65,063)	—	—	(284)	(241,312)
As at September 30, 2022	2,687,619	1,518,364	—	—	9,431	4,215,414
Depreciation	65,364	69,113	—	—	2,031	136,508
Disposals and transfers	—	(914)	—	—	—	(914)
Effects of foreign exchange	82,448	34,876	—	—	183	117,507
As at December 31, 2022	2,835,431	1,621,439	—	—	11,645	4,468,515
Depreciation	225,325	219,863	—	—	3,684	448,872
Disposals and transfers	—	(58,596)	—	—	—	(58,596)
Effects of foreign exchange	(19,469)	(7,196)	—	—	(59)	(26,724)
As at September 30, 2023	\$ 3,041,287	\$ 1,775,510	\$ —	\$ —	\$ 15,270	\$ 4,832,067

Net book value	Mineral properties	Plant and equipment	Assets under construction ¹	Development project ²	Software intangible assets	Total
As at December 31, 2022	\$ 2,711,492	\$ 2,130,738	\$ 236,056	\$ 876,419	\$ 20,981	\$ 5,975,686
As at September 30, 2023	\$ 2,740,253	\$ 3,159,612	\$ 359,483	\$ 1,090,455	\$ 20,081	\$ 7,369,884

¹ Represent assets under construction at the Company's operating mine sites which are currently non-depreciable.

² Assets relate to the Josemaria Project which are currently non-depreciable.

During the quarter ended September 30, 2023, the Company completed the Caserones acquisition (Note 3) acquiring \$1,117.7 million of plant and equipment and assets under construction.

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During the second quarter of 2022, the Company completed the Josemaria Resources Inc. acquisition acquiring \$668.8 million of mineral properties, plant and equipment related to the Josemaria Project. During the fourth quarter of 2022, the Company began to capitalize the Josemaria Project development costs.

During the three and nine months ended September 30, 2023, the Company capitalized \$5.8 million and \$13.6 million, respectively, of finance costs to the Josemaria Project at a weighted average interest rate of 5.9%. During the three and nine months ended September 30, 2022, the Company capitalized \$0.3 million and \$2.1 million, respectively, of finance costs to assets under construction at a weighted average interest rate of 5.5%.

During the three and nine months ended September 30, 2023, the Company capitalized \$65.0 million (third quarter ("Q3") 2022 - \$56.6 million) and \$160.8 million (year-to-date ("YTD") Q3 2022 - \$178.6 million), respectively, of deferred stripping costs to mineral properties. The depreciation expense related to deferred stripping for the three and nine months ended September 30, 2023, was \$23.4 million (Q3 2022 - \$37.9 million) and \$75.8 million (YTD Q3 2022 - \$104.2 million), respectively. Included in the mineral properties balance at September 30, 2023 is \$235.4 million (December 31, 2022 - \$681.7 million) related to deferred stripping at Candelaria and Caserones, which is currently non-depreciable.

The Company leases various assets including power line infrastructure, buildings and storage facilities, 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, 2021	\$ 27,597
Josemaria acquisition	32
Additions	16,625
Depreciation	(15,454)
Effects of foreign exchange	(618)
As at September 30, 2022	28,182
Additions	5,446
Depreciation	(5,834)
Disposals	(75)
Effects of foreign exchange	204
As at December 31, 2022	27,923
Caserones Acquisition (Note 3)	257,655
Additions	38,284
Depreciation	(31,355)
Disposals	(5,363)
Effects of foreign exchange	254
As at September 30, 2023	\$ 287,398

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8. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	September 30, 2023	December 31, 2022
Trade payables	\$ 353,461	\$ 315,948
Unbilled goods and services	173,442	122,390
Employee benefits payable	104,557	88,086
Pricing provisions on concentrate sales	21,099	8,484
Sinkhole provision	30,658	38,000
Royalties payable	25,305	16,283
Deferred consideration, current portion (Note 3)	10,000	—
Other	23,521	23,774
	\$ 742,043	\$ 612,965

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

The sinkhole provision relates to expected remediation costs and potential fines directly related to the sinkhole near the Company's Ojos del Salado operations.

The deferred consideration relates to the current portion of the remaining deferred cash consideration arising from the Caserones Acquisition (Note 3), payable in installments over the next six years. The long-term portion of \$104.5 million has been reported in Other Long-Term Liabilities.

9. DEBT AND LEASE LIABILITIES

Debt and lease liabilities are comprised of the following:

	September 30, 2023	December 31, 2022
Revolving credit facility (a)	\$ 159,190	\$ 13,730
Term loan (b)	798,396	—
Candelaria and Chapada term loans (c)	169,298	127,400
Lease liabilities (d)	277,982	27,166
Commercial paper (e)	105,973	26,665
Line of credit	560	2,367
Debt and lease liabilities	1,511,399	197,328
Less: current portion	380,645	170,149
Long-term portion	\$ 1,130,754	\$ 27,179

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

	Leases	Debt	Total
As at December 31, 2021	\$ 25,878	\$ 5,125	\$ 31,003
Josemaria acquisition	38	47,000	47,038
Additions	16,625	34,663	51,288
Payments	(14,239)	(63,416)	(77,655)
Disposals	(2)	—	(2)
Interest	1,047	—	1,047
Effects of foreign exchange	(2,191)	(1,148)	(3,339)
As at September 30, 2022	27,156	22,224	49,380
Additions	4,573	248,275	252,848
Payments	(7,412)	(97,408)	(104,820)
Disposals	(24)	—	(24)
Interest	387	—	387
Financing fee amortization	—	656	656
Financing fee reclassification	—	(4,926)	(4,926)
Effects of foreign exchange	2,486	1,341	3,827
As at December 31, 2022	27,166	170,162	197,328
Caserones Acquisition (Note 3)	257,655	—	257,655
Additions	38,217	2,203,480	2,241,697
Payments	(34,234)	(1,135,179)	(1,169,413)
Disposals	(6,221)	—	(6,221)
Interest	6,609	—	6,609
Financing fee amortization	—	764	764
Deferred financing fee	—	(2,908)	(2,908)
Effects of foreign exchange	(11,210)	(2,902)	(14,112)
As at September 30, 2023	277,982	1,233,417	1,511,399
Less: current portion	51,873	328,772	380,645
Long-term portion	\$ 226,109	\$ 904,645	\$ 1,130,754

- a) The Company has a revolving credit facility of \$1,750.0 million. On April 26, 2023, the credit facility was amended, extending the term by one year to April 2028 and bearing interest on drawn funds at rates of Term Secured Overnight Financing Rate (“Term SOFR”) + Credit Spread Adjustment (“CSA”) of 0.10% + 1.45% to Term SOFR + 0.10% + 2.50%, depending on the Company’s net leverage ratio. The revolving credit facility is subject to customary covenants. During the three and nine months ended September 30, 2023, the Company drew down \$873.0 million (Q3 2022 - \$nil) and \$1.044 billion (YTD Q3 2022 - \$nil), respectively, and repaid \$885.0 million and \$898.0 million, respectively (September 30, 2022 - \$nil and \$nil). Amounts drawn down from the revolving credit facility in the three months ended September 30, 2023 were used to fund the upfront cash consideration for the Caserones Acquisition (Note 3). As at September 30, 2023, a principal balance of \$164.0 million (December 31, 2022 - \$18.0 million) was outstanding, with unamortized deferred financing fees of \$4.8 million (December 31, 2022 - \$4.3 million) netted against borrowings.

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- (b) In July 2023, the Company obtained a term loan of a principal amount of \$800.0 million with an additional \$400.0 million accordion option, maturing July 2026. The term loan bears interest at an annual rate equal to Term SOFR + CSA + an applicable margin of 1.60% to 2.65%, depending on the Company's net leverage ratio. Principal is payable at maturity. The term loan is unsecured, save and except for a charge over certain assets in the USA, and has similar covenants to the Company's existing \$1,750.0 million revolving credit facility. The Company used the term loan to refinance the drawdown under the existing \$1,750.0 million revolving credit facility used to fund the upfront cash consideration of \$796.6 million for the Caserones acquisition (Note 3). As at September 30, 2023, a principal balance of \$800 million was outstanding, with unamortized deferred financing fees of \$1.6 million netted against borrowings.
- c) During 2022, Candelaria obtained an unsecured fixed term loan in the amount of \$50.0 million which remains outstanding as at September 30, 2023 (December 31, 2022 - \$50.0 million). The loan matures on December 20, 2023 and accrues interest at a rate of 6.13% per annum, with interest payable upon maturity.

Mineração Maracá Indústria e Comércio S/A ("Chapada"), a subsidiary of the Company which owns the Chapada mine, obtained a series of unsecured fixed term loans totalling \$55.3 million (Q3 2022 - \$nil) and \$185.8 million (YTD Q3 2022 - \$nil) during the three and nine months ended September 30, 2023, respectively. Chapada repaid \$35.1 million (Q3 2022 - \$nil) and \$143.9 million (YTD Q3 2022 - \$nil) of the outstanding term loans during the three and nine months ended September 30, 2023, respectively.

As at September 30, 2023, there were twenty-eight term loans outstanding at Chapada totalling \$119.3 million (December 31, 2022 - nine term loans totalling \$77.4 million). These outstanding term loans accrue interest at rates ranging from 6.67% to 7.24% per annum with interest payable upon maturity. The maturity dates range from October 2023 to March 2024.

- d) Lease liabilities relate to leases on power line infrastructure, buildings and storage facilities, rail cars, vehicles, machinery and equipment which have remaining lease terms of one to fourteen years and interest rates of 0.8% - 10.4% over the terms of the leases. Additionally, 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.
- e) Sociedade Mineira de Neves-Corvo, S.A. ("Somincor"), a subsidiary of the Company which owns the Neves-Corvo mine, has a commercial paper program ("Commercial Paper Program 1") which matures in May 2025. The \$26.5 million (€25.0 million) program bears interest on drawn funds at EURIBOR+0.50%. As at December 31, 2022, the Commercial Paper Program 1 was fully drawn at \$26.7 million (€25.0 million). In June and July 2023, Somincor entered into a second and third commercial paper program ("Commercial Paper Program 2") and ("Commercial Paper Program 3"), respectively. Commercial Paper Program 2 has a borrowing capacity of \$53.0 million (€50.0 million), matures in June 2028, and bears interest on drawn funds at EURIBOR+0.50%. Commercial Program 3 has a borrowing capacity of \$42.4 million (€40.0 million), matures in July 2028, and bears interest on drawn funds at EURIBOR+0.30%.

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During the three and nine months ended September 30, 2023 and 2022, Somincor made the following withdrawals and payments from the respective programs:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Commercial Paper Program 1				
Withdrawals	—	\$34,663 (€35 million)	\$86,060 (€80 million)	\$34,663 (€35 million)
Payments	—	\$14,856 (€15 million)	\$ 91,444 (€85 million)	\$14,856 (€15 million)
Commercial Paper Program 2				
Withdrawals	\$11,058 (€10 million)	—	\$54,417 (€50 million)	—
Payments	—	—	—	—
Commercial Paper Program 3				
Withdrawals	\$33,174 (€30 million)	—	\$33,174 (€30 million)	—
Payments	—	—	—	—

As at September 30, 2023, Commercial Paper Program 1, Commercial Paper Program 2, and Commercial Paper Program 3 remain drawn at \$21.2 million (€20 million), \$53.0 million (€50.0 million), and \$31.8 million (€30.0 million), respectively.

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

	Leases		Debt		Total
Less than one year	\$	68,699	\$	328,772	\$ 397,471
One to five years		163,413		911,059	1,074,472
More than five years		158,983		—	158,983
Total undiscounted obligations as at September 30, 2023	\$	391,095	\$	1,239,831	\$ 1,630,926

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10. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

As at December 31, 2021	\$	693,467
Recognition of revenue		(57,396)
Finance costs		28,224
Effects of foreign exchange		(10,922)
As at September 30, 2022		653,373
Recognition of revenue		(16,337)
Variable consideration adjustment		3,492
Finance costs		9,397
Effects of foreign exchange		4,181
As at December 31, 2022		654,106
Recognition of revenue		(52,690)
Finance costs		26,967
Effects of foreign exchange		(1,628)
As at September 30, 2023		626,755
Less: current portion		85,862
Long-term portion	\$	540,893

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 2022, 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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11. 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, 2021	\$ 406,966	\$ 39,089	\$ 446,055
Accretion	10,679	—	10,679
Changes in estimate	12,766	8,675	21,441
Changes in discount rate	(44,822)	—	(44,822)
Payments	(8,892)	(3,727)	(12,619)
Effects of foreign exchange	(18,773)	(5,494)	(24,267)
Balance, September 30, 2022	357,924	38,543	396,467
Accretion	3,665	—	3,665
Changes in estimate	33,000	2,699	35,699
Changes in discount rate	1,155	—	1,155
Payments	(2,283)	(1,001)	(3,284)
Effects of foreign exchange	7,559	4,587	12,146
Balance, December 31, 2022	401,020	44,828	445,848
Acquisition of Caserones (Note 3)	92,440	—	92,440
Accretion	16,791	—	16,791
Changes in estimate	(23,309)	7,639	(15,670)
Changes in discount rate	(14,314)	—	(14,314)
Payments	(6,436)	(1,745)	(8,181)
Effects of foreign exchange	(2,183)	(2,856)	(5,039)
Balance, September 30, 2023	464,009	47,866	511,875
Less: current portion	10,206	5,158	15,364
Long-term portion	\$ 453,803	\$ 42,708	\$ 496,511

The Company expects these liabilities to be settled between 2023 and 2065. The reclamation provisions are discounted using current market pre-tax discount rates which range from 3.0% to 11.4% (December 31, 2022 - 2.0% to 13.5%).

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12. SHARE CAPITAL

a) Basic and diluted weighted average number of shares outstanding

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Basic weighted average number of shares outstanding	773,147,920	775,563,527	772,214,160	759,726,506
Effect of dilutive securities (i)	—	—	704,488	1,183,142
Diluted weighted average number of shares outstanding	773,147,920	775,563,527	772,918,648	760,909,648
Antidilutive securities	45,300	751,450	77,475	472,000

(i) As a result of the Company's net loss position for the three months ended September 30, 2023, 1,013,385 shares (Q3 2022 - 675,079 shares) that would have been dilutive had the Company been in a net earnings position were excluded from diluted weighted average number of shares outstanding.

The effect of dilutive securities relates to in-the-money outstanding stock options and share units ("SUs").

Upon closing the Josemaria Resources Inc. acquisition in April 2022, the Company issued 40,031,936 common shares to the former shareholders of Josemaria Resources Inc. with a fair value of \$369.2 million.

b) Stock options and SUs granted/issued

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Stock options	38,100	76,500	1,918,763	1,830,020
Replacement Options	—	—	—	2,513,866
SUs	45,300	27,150	1,306,803	507,579

In April 2022, the Company issued 2,513,866 Replacement Options upon the acquisition of Josemaria Resources Inc.

c) Dividends

During the three and nine months ended September 30, 2023, the Company declared dividends in the amount of \$52.2 million (Q3 2022 - \$54.0 million) or C\$0.09 per share (Q3 2022 - C\$0.09), and \$154.5 million (YTD Q3 2022 - \$224.9 million) or C\$0.27 per share (YTD Q3 2022 - C\$0.38), respectively.

d) Normal course issuer bid

For the three and nine months ended September 30, 2023, no common shares were purchased by the Company's broker under the automatic share purchase plan ("ASPP") or at management's discretion pursuant to its normal course issuer bid ("NCIB").

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

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13. NON-CONTROLLING INTERESTS

The continuity of the Company's non-wholly owned subsidiaries with material non-controlling interest ("NCI") is as follows:

	Candelaria mine 20%	Ojos mine 20%	Caserones mine 49 %	Total
NCI in subsidiary at September 30, 2023				
As at December 31, 2021	\$ 511,326	\$ 36,254	\$ —	\$ 547,580
Share of net comprehensive income (loss)	31,713	5,231	—	36,944
Distributions	(10,000)	(10,000)	—	(20,000)
As at September 30, 2022	533,039	31,485	—	564,524
Share of net comprehensive income (loss)	6,312	(6,747)	—	(435)
Distributions	—	—	—	—
As at December 31, 2022	539,351	24,738	—	564,089
Caserones Acquisition (Note 3)	—	—	873,767	873,767
Share of net comprehensive income (loss)	26,274	455	18,924	45,653
Distributions	(4,000)	—	—	(4,000)
As at September 30, 2023	\$ 561,625	\$ 25,193	\$ 892,691	\$ 1,479,509

Summarized financial information for the Company's non-wholly owned subsidiaries on a 100% basis, before inter-company eliminations is as follows:

Summarized Balance Sheets

	Candelaria mine		Ojos mine		Caserones	
	As at Sep. 30, 2023	As at Dec. 31, 2022	As at Sep. 30, 2023	As at Dec. 31, 2022	As at Sep. 30, 2023	As at Dec. 31, 2022
Total current assets	\$ 441,686	\$ 557,565	\$ 76,279	\$ 77,177	\$ 741,552	\$ —
Total non-current assets	\$ 2,964,039	\$ 2,818,053	\$ 168,884	\$ 169,985	\$ 1,624,846	\$ —
Total current liabilities	\$ 258,699	\$ 299,605	\$ 72,943	\$ 83,083	\$ 268,794	\$ —
Total non-current liabilities	\$ 575,373	\$ 564,228	\$ 40,596	\$ 39,463	\$ 276,526	\$ —

Summarized Statements of Earnings and Comprehensive Income (Loss)

	Candelaria mine		Ojos mine		Caserones	
	2023	2022	2023	2022	2023	2022
For the nine months ended September 30,						
Total revenue	\$ 1,010,419	\$ 1,012,242	\$ 106,290	\$ 143,795	\$ 284,556	\$ —
Net earnings (loss)	\$ 104,932	\$ 152,110	\$ 7,008	\$ 26,155	\$ 37,801	\$ —
Net comprehensive income (loss)	\$ 104,854	\$ 152,105	\$ 7,008	\$ 26,155	\$ 37,801	\$ —

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14. REVENUE

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue from contracts with customers:				
Copper	\$ 707,347	\$ 452,223	\$ 1,628,489	\$ 1,588,878
Nickel	75,701	73,770	236,813	267,037
Zinc	85,292	87,780	234,613	290,124
Gold	53,602	63,450	156,953	167,064
Molybdenum	48,142	—	48,142	—
Lead	21,863	13,554	45,166	44,506
Silver	13,983	7,745	33,084	32,766
Other	10,832	14,142	27,147	37,668
	1,016,762	712,664	2,410,407	2,428,043
Provisional pricing adjustments on concentrate sales	(24,567)	(64,166)	(78,337)	(198,245)
Revenue	\$ 992,195	\$ 648,498	\$ 2,332,070	\$ 2,229,798

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue from contracts with customers:				
China	\$ 315,910	\$ 49,992	\$ 511,192	\$ 166,173
Spain	188,542	125,503	449,259	321,103
Japan	100,830	145,536	428,576	629,696
Canada	105,759	108,400	321,589	387,277
Finland	81,907	90,792	189,564	240,870
Sweden	48,518	35,935	117,510	130,754
Germany	37,299	68,688	111,013	199,958
Other	137,997	87,818	281,704	352,212
	1,016,762	712,664	2,410,407	2,428,043
Provisional pricing adjustments on concentrate sales	(24,567)	(64,166)	(78,337)	(198,245)
Revenue	\$ 992,195	\$ 648,498	\$ 2,332,070	\$ 2,229,798

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15. PRODUCTION COSTS

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Direct mine and mill costs	\$ 559,989	\$ 387,806	\$ 1,311,151	\$ 1,084,687
Transportation	36,988	30,461	92,117	91,470
Royalties	18,132	7,547	34,803	34,274
Total production costs	\$ 615,109	\$ 425,814	\$ 1,438,071	\$ 1,210,431

16. EMPLOYEE BENEFITS

The Company's employee benefits recognized in the consolidated statement of earnings are comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Production costs				
Wages and benefits	\$ 97,307	\$ 65,904	\$ 255,615	\$ 211,094
Retirement benefits	468	407	1,529	1,244
Share-based compensation	441	517	1,421	1,789
	98,216	66,828	258,565	214,127
General and administrative expenses				
Wages and benefits	7,641	4,991	19,208	16,048
Retirement benefits	192	228	793	680
Share-based compensation	1,508	307	4,351	4,366
Termination benefits	3,813	1,891	7,011	1,891
	13,154	7,417	31,363	22,985
General exploration and business development				
Wages and benefits	1,033	2,442	3,933	6,855
Retirement benefits	6	12	29	25
Share-based compensation	15	72	213	276
Termination benefits	—	—	313	—
	1,054	2,526	4,488	7,156
Total employee benefits	\$ 112,424	\$ 76,771	\$ 294,416	\$ 244,268

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For the three and nine months ended September 30, 2023 and 2022

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

17. GENERAL EXPLORATION AND BUSINESS DEVELOPMENT

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
General exploration	\$ 11,613	\$ 9,080	\$ 32,568	\$ 26,340
Corporate development	37	36	5,228	36
Project development	1,084	63,330	3,396	105,883
Total general exploration and business development	\$ 12,734	\$ 72,446	\$ 41,192	\$ 132,259

For the three and nine months ended September 30, 2023, corporate development expenses include \$nil and \$5.2 million, respectively, in transaction costs incurred related to the Caserones Acquisition (Note 3).

Project development expenses include study costs related to potential expansion projects at the Company's operating sites. During the fourth quarter of 2022, the Company began to capitalize the Josemaria Project development costs.

18. FINANCE INCOME AND COSTS

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Interest income	\$ 3,767	\$ 1,112	\$ 5,939	\$ 2,596
Interest expense and bank fees	(18,142)	(2,525)	(31,339)	(6,594)
Deferred revenue finance costs	(6,983)	(9,030)	(17,508)	(26,146)
Accretion expense on reclamation provisions	(6,314)	(3,541)	(16,791)	(10,679)
Lease liability interest	(5,876)	(363)	(6,609)	(1,047)
Other	(2,664)	(893)	(1,500)	(5,651)
Total finance costs, net	\$ (36,212)	\$ (15,240)	\$ (67,808)	\$ (47,521)
Finance income	\$ 3,767	\$ 1,112	\$ 5,939	\$ 2,596
Finance costs	(39,979)	(16,352)	(73,747)	(50,117)
Total finance costs, net	\$ (36,212)	\$ (15,240)	\$ (67,808)	\$ (47,521)

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19. OTHER INCOME AND EXPENSE

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Foreign exchange and trading gains on debt and equity investments (a)	\$ 14,963	\$ 38,602	\$ 67,708	\$ 67,695
Realized gains on derivative contracts (Note 21)	12,851	—	40,703	—
Foreign exchange gain (loss)	7,943	(4,297)	10,388	(4,926)
Gain on disposal of subsidiary (b)	—	—	5,718	16,828
Revaluation of marketable securities	(3,449)	(554)	453	1,712
Unrealized losses on derivative contracts (Note 21)	(47,504)	—	(41,241)	—
Ojos del Salado sinkhole expenses (c)	1,247	(11,405)	(15,235)	(11,405)
Revaluation of Chapada derivative liability	(370)	1,558	(2,166)	(990)
(Loss) income from equity investment in associate	(6)	(78)	(60)	3,297
Other expense	(7,809)	(4,370)	(8,796)	(7,103)
Total other (expense) income, net	\$ (22,134)	\$ 19,456	\$ 57,472	\$ 65,108

- a) Foreign exchange and trading gains on debt and equity investments include the changes in fair value of debt and equity instruments supporting capital funding for the Josemaria Project.
- b) 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 during the first quarter of 2022, and a further \$5.7 million payment in the first quarter of 2023, which were contingent on historical tax assessments which have now been closed.
- c) Ojos del Salado sinkhole expenses include idle costs, maintenance, and remediation work related to the sinkhole near the Company's Ojos del Salado operations. For the three and nine months ended September 30, 2022, sinkhole expenses included a \$3.6 million write-down of mineral properties, plant and equipment.

20. INCOME TAXES

The new mining royalty law in Chile, which includes a 1% ad-valorem tax on sales, was enacted in the third quarter of 2023 and will become effective January 1, 2024 for Candelaria and January 1, 2028 for Caserones when their respective tax invariability agreements expire.

In addition to the ad-valorem tax, both operations in Chile are expected to pay mining tax of approximately 8% - 15% on net mining income (currently approximately 5%). The deferred mining tax liability has been revalued using the enacted rates, resulting in additional deferred mining tax expense of \$25.7 million.

Caserones has approximately \$4.3 billion in net operating losses which can be applied to future taxable income over the mine life. A deferred tax asset has been recognized to the extent that the Company expects to realize sufficient taxable profit in the foreseeable future.

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21. FINANCIAL INSTRUMENTS

Derivative instruments

From time to time, the Company uses derivative contracts as part of its risk management strategy to mitigate exposure to foreign currencies and commodities.

During 2022, the Company entered into EUR, BRL, CLP, SEK and CAD foreign currency options and forward contracts intended to limit the foreign exchange exposure of its forecasted foreign currency denominated after-tax attributable operating and capital expenditures. The foreign exchange contracts have not been designated as hedges for purposes of hedge accounting and are measured at fair value with changes in fair value recognized in the consolidated statement of earnings.

During the third quarter of 2023, the Company entered into SEK forward contracts in the total amount of SEK 845.7 million at prices ranging from USD:SEK 10.76 to USD:SEK 10.92, expiring in the remainder of 2023 through 2025. Additionally, the Company entered into zero cost collar contracts in the total amounts of SEK 396 million, CLP 303 billion and BRL 206 million with collar ranges of SEK 10.35 to SEK 11.15, CLP 800 to CLP 1,035, and BRL 5.00 to BRL 6.00, respectively. The contracts expire throughout 2023 to 2025. The following table shows the foreign exchange contract positions and their expiry dates:

Foreign currency forward contracts	Expired in	Expiring throughout:		
	2023	remainder of 2023	2024	2025
EUR/USD forwards				
Average contract price	1.01	1.01	1.02	—
Position (EUR millions)	187	62	155	—
USD/SEK forwards				
Average contract price	11.1	11.0	10.9	10.8
Position (SEK millions)	960	342	922	758
Foreign currency zero cost collar contracts	Expired in	Expiring throughout:		
	2023	remainder of 2023	2024	2025
USD/BRL collars				
Average contract price	5.00/6.40	5.00/6.40	5.00/6.40	5.00/6.00
Position (BRL millions)	857	286	974	206
USD/CLP collars				
Average contract price	895/1,043	865/1,016	859/1,016	808/969
Position (CLP millions)	193,743	92,244	253,947	152,584
USD/CAD collars				
Average contract price	1.34/1.38	1.33/1.38	1.30/1.40	—
Position (CAD millions)	27	9	19	—
USD/SEK collars				
Average contract price	—	—	10.35/11.15	—
Position (SEK millions)	—	—	396	—

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Subsequent to September 30, 2023, the Company entered into BRL 185 million of BRL zero cost collar contracts with a collar range of BRL 5.10 to BRL 6.12 expiring throughout 2025.

In April 2023, the Company entered into forward swap contracts intended to limit exposure to changes in the price of diesel fuel purchases at Candelaria.

Diesel forward swap contracts	Expired in	Expiring throughout:	
	2023	remainder of 2023	2024
Average contract price (\$/L)	0.690	0.690	0.667
Position (USD millions)	18	10	27

The Company's net unrealized and realized (loss)/gain on foreign currency and diesel derivative contracts are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Unrealized (loss)/gain on derivative financial instruments:				
Foreign currency contracts	\$ (55,425)	\$ —	\$ (45,974)	\$ —
Diesel forward swap contracts	7,921	—	4,733	—
	(47,504)	—	(41,241)	—
Realized gain on derivative financial instruments:				
Foreign currency contracts	11,310	—	39,795	—
Diesel forward swap contracts	1,541	—	908	—
	12,851	—	40,703	—
Total unrealized and realized (loss)/gain on derivative contracts:	\$ (34,653)	\$ —	\$ (538)	\$ —

A summary of the fair values of unsettled derivative contracts recorded on the consolidated balance sheet is as follows:

	September 30, 2023	December 31, 2022
Foreign currency contracts:		
Current asset position	\$ 18,809	\$ 43,521
Non-current asset position	5,911	25,111
Current liability position	2,017	—
Non-current liability position	5,603	5,524
Diesel forward swap contracts:		
Current asset position	4,272	—
Non-current asset position	461	—
Other contracts:		
Chapada derivative current liability	23,941	24,423
Chapada derivative non-current liability	—	22,352

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Fair values of financial instruments

The Company's financial assets and financial liabilities have been classified into categories that determine their basis of measurement. The following table shows the carrying values, fair values and fair value hierarchy of the Company's financial instruments as at September 30, 2023 and December 31, 2022:

	Level	September 30, 2023		December 31, 2022	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Fair value through profit or loss					
Restricted funds	1	\$ 52,103	\$ 52,103	\$ 50,195	\$ 50,195
Trade receivables (provisional)	2	490,967	490,967	403,300	403,300
Marketable securities, and debt & equity investments	1	12,520	12,520	12,075	12,075
Foreign currency contracts	2	24,720	24,720	68,632	68,632
Diesel forward swap contracts	2	4,733	4,733	—	—
Caserones purchase option (Note 3)	3	46,994	46,994	—	—
		\$ 632,037	\$ 632,037	\$ 534,202	\$ 534,202
Financial liabilities					
Amortized cost					
Debt	3	\$ 1,233,417	\$ 1,233,417	\$ 170,162	\$ 170,162
Fair value through profit or loss					
Pricing provisions on concentrate sales	2	\$ 12,761	\$ 12,761	\$ 5,006	\$ 5,006
Chapada derivative liability	2	23,941	23,941	46,775	46,775
Caserones deferred consideration (Note 3)	2	114,530	114,530	—	—
Foreign currency contracts	2	7,620	7,620	5,524	5,524
		\$ 158,852	\$ 158,852	\$ 57,305	\$ 57,305

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/debt and equity investments/restricted funds – The fair value of investments in shares and bonds 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 \$24.6 million in revenue during the three months ended September 30, 2023 (Q3 2022 - \$64.2 million negative pricing adjustments) and negative pricing adjustments of \$78.3 million in revenue during the nine months ended September 30, 2023 (YTD Q3 2022 - \$198.2 million negative pricing adjustments).

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Foreign currency and diesel forward swap contracts – The fair value of these derivatives are determined by the counterparties to the contracts and are assessed by Management using pricing models based on active market prices.

Caserones purchase option – The fair value of the Caserones purchase option is determined using a valuation model that incorporates such factors as the mine's discounted cash flow projections, metal price volatility, expiry date, and risk-free interest rate.

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

Caserones deferred consideration – The fair value of the Caserones deferred consideration has been discounted at the estimated credit adjusted risk free rate applicable to future payments.

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.

Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents, restricted funds, and debt facilities. Certain debt facilities include a variable rate component such as references to Term SOFR on various term loans and credit facilities, as well as applicable credit spreads depending on the Company's net leverage ratio. The Somincor commercial paper programs additionally reference EURIBOR. As at September 30, 2023, holding all other variables constant, a 1% change in the interest rate would result in an approximate \$1.8 million change in interest expense over the nine months ended September 30, 2023 (September 30, 2022 - nil).

22. COMMITMENTS AND CONTINGENCIES

- a) The Company has capital commitments of \$479.6 million on various initiatives, of which \$129.8 million is expected to be paid during 2023.
- b) The Company may be involved in legal proceedings arising in the ordinary course of business, including the action described below. The potential amount of the liabilities with respect to such legal proceedings is not expected to materially affect the Company's financial position.
- c) Significant changes to commitments and contingencies, since those reported at December 31, 2022, are described below:
 - i. In August 2023, the Company paid \$25.0 million under the Chapada gold price contingent consideration structure. The maximum contingent consideration has since been reduced to \$25.0 million.
 - ii. With respect to the Ontario class action, the Ontario Court of Appeal overturned the decision of the Ontario Superior Court of Justice on May 24, 2023, and allowed the plaintiff's appeal and granted the leave application. The Company filed an application for leave to appeal to the Supreme Court of Canada in August 2023.

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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 September 30, 2023

	Candelaria	Caserones	Chapada	Eagle	Josemaria	Neves-Corvo	Zinkgruvan	Other	Total
	Chile	Chile	Brazil	USA	Argentina	Portugal	Sweden		
Revenue	\$ 299,745	\$ 284,556	\$ 111,897	\$ 102,505	\$ —	\$ 111,202	\$ 82,290	\$ —	\$ 992,195
Cost of goods sold									
Production costs	(175,468)	(188,982)	(78,854)	(52,497)	—	(82,137)	(37,183)	12	(615,109)
Depreciation, depletion and amortization	(70,368)	(38,307)	(12,813)	(14,326)	—	(31,353)	(12,380)	(241)	(179,788)
Gross profit (loss)	53,909	57,267	20,230	35,682	—	(2,288)	32,727	(229)	197,298
General and administrative expenses	—	—	—	—	—	—	—	(19,444)	(19,444)
General exploration and business development	(2,341)	(237)	(3,940)	(2,212)	(255)	(2,387)	(550)	(812)	(12,734)
Finance (costs) income	(8,842)	(4,031)	(5,536)	(1,080)	5,373	(3,439)	(1,063)	(17,594)	(36,212)
Other (expense) income	(11,434)	15,110	(10,191)	545	15,788	(8,762)	1,797	(24,987)	(22,134)
Income tax (expense) recovery	(39,727)	(30,122)	(11,380)	(569)	—	2,295	(6,850)	1,462	(84,891)
Net (loss) earnings	\$ (8,435)	\$ 37,987	\$ (10,817)	\$ 32,366	\$ 20,906	\$ (14,581)	\$ 26,061	\$ (61,604)	\$ 21,883
Capital expenditures	\$ 86,693	\$ 28,849	\$ 16,716	\$ 4,989	\$ 63,194	\$ 27,357	\$ 12,350	\$ 3,059	\$ 243,207

For the nine months ended September 30, 2023

	Candelaria	Caserones	Chapada	Eagle	Josemaria	Neves-Corvo	Zinkgruvan	Other	Total
	Chile	Chile	Brazil	USA	Argentina	Portugal	Sweden		
Revenue	\$ 970,576	\$ 284,556	\$ 317,736	\$ 277,175	\$ —	\$ 309,219	\$ 172,808	\$ —	\$ 2,332,070
Cost of goods sold									
Production costs	(548,405)	(188,982)	(227,601)	(143,681)	—	(243,943)	(83,874)	(1,585)	(1,438,071)
Depreciation, depletion and amortization	(198,439)	(38,307)	(39,883)	(38,147)	(38)	(89,152)	(25,380)	(1,194)	(430,540)
Gross profit (loss)	223,732	57,267	50,252	95,347	(38)	(23,876)	63,554	(2,779)	463,459
General and administrative expenses	—	—	—	—	—	—	—	(49,452)	(49,452)
General exploration and business development	(11,293)	(237)	(8,511)	(4,241)	(255)	(5,720)	(2,524)	(8,411)	(41,192)
Finance (costs) income	(25,138)	(4,031)	(17,252)	(3,250)	12,178	(5,152)	(3,250)	(21,913)	(67,808)
Other (expense) income	(14,231)	15,110	6,473	(458)	67,320	(5,809)	(3,658)	(7,275)	57,472
Income tax (expense) recovery	(86,006)	(30,122)	9,833	(4,115)	(678)	11,640	(13,115)	(1,420)	(113,983)
Net earnings (loss)	\$ 87,064	\$ 37,987	\$ 40,795	\$ 83,283	\$ 78,527	\$ (28,917)	\$ 41,007	\$ (91,250)	\$ 248,496
Capital expenditures	\$ 300,796	\$ 28,849	\$ 52,433	\$ 15,653	\$ 245,842	\$ 74,551	\$ 42,812	\$ 8,303	\$ 769,239
Total non-current assets¹	\$ 3,124,467	\$ 1,187,661	\$ 1,386,502	\$ 208,040	\$ 1,086,540	\$ 1,125,232	\$ 248,608	\$ 37,703	\$ 8,404,753

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

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For the three months ended September 30, 2022

	Candelaria Chile	Chapada Brazil	Eagle USA	Josemaria Argentina	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	\$ 255,330	\$ 118,734	\$ 106,715	\$ —	\$ 102,865	\$ 64,854	\$ —	\$ 648,498
Cost of goods sold								
Production costs	(168,602)	(88,665)	(47,736)	—	(94,572)	(25,709)	(530)	(425,814)
Depreciation, depletion and amortization	(74,772)	(12,218)	(21,650)	(335)	(25,299)	(5,442)	(445)	(140,161)
Gross profit (loss)	11,956	17,851	37,329	(335)	(17,006)	33,703	(975)	82,523
General and administrative expenses	—	—	—	—	—	—	(14,772)	(14,772)
General exploration and business development	(4,005)	(3,564)	(1,515)	(60,965)	(1,306)	(295)	(796)	(72,446)
Finance costs	(6,644)	(4,524)	(480)	(620)	(1,153)	(719)	(1,100)	(15,240)
Other (expense) income	(10,995)	1,066	(83)	29,278	(261)	3,410	(2,959)	19,456
Income tax recovery (expense)	379	(7,565)	(1,461)	1,181	8,150	(11,408)	(42)	(10,766)
Net (loss) earnings	\$ (9,309)	\$ 3,264	\$ 33,790	\$ (31,461)	\$ (11,576)	\$ 24,691	\$ (20,644)	\$ (11,245)
Capital expenditures	\$ 103,486	\$ 19,197	\$ 3,062	\$ 43,264	\$ 19,362	\$ 8,415	\$ 2,702	\$ 199,488

For the nine months ended September 30, 2022

	Candelaria Chile	Chapada Brazil	Eagle USA	Josemaria Argentina	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	\$ 974,875	\$ 335,599	\$ 363,412	\$ —	\$ 330,970	\$ 224,942	\$ —	\$ 2,229,798
Cost of goods sold								
Production costs	(489,575)	(239,849)	(142,422)	—	(250,830)	(85,963)	(1,792)	(1,210,431)
Depreciation, depletion and amortization	(218,792)	(31,808)	(60,403)	(623)	(70,123)	(28,951)	(1,340)	(412,040)
Gross profit (loss)	266,508	63,942	160,587	(623)	10,017	110,028	(3,132)	607,327
General and administrative expenses	—	—	—	—	—	—	(37,442)	(37,442)
General exploration and business development	(10,286)	(8,349)	(2,439)	(101,243)	(5,110)	(2,015)	(2,817)	(132,259)
Finance costs	(20,539)	(13,622)	(1,421)	(785)	(5,303)	(2,462)	(3,389)	(47,521)
Other (expense) income	(9,413)	(2,900)	(73)	53,547	1,873	10,776	11,298	65,108
Income tax (expense) recovery	(78,011)	(7,149)	(17,619)	199	3,444	(34,659)	(3,180)	(136,975)
Net earnings (loss)	\$ 148,259	\$ 31,922	\$ 139,035	\$ (48,905)	\$ 4,921	\$ 81,668	\$ (38,662)	\$ 318,238
Capital expenditures	\$ 272,557	\$ 63,412	\$ 10,445	\$ 98,198	\$ 77,461	\$ 31,537	\$ 8,058	\$ 561,668
Total non-current assets ¹	\$ 2,903,931	\$ 1,355,447	\$ 253,991	\$ 793,336	\$ 1,039,626	\$ 222,431	\$ 25,212	\$ 6,593,974

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

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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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Wages and salaries	\$ 1,947	\$ 2,064	\$ 5,368	\$ 5,323
Pension benefits	28	49	105	136
Share-based compensation	816	55	2,282	2,192
Termination benefits	3,966	1,891	5,760	1,891
	\$ 6,757	\$ 4,059	\$ 13,515	\$ 9,542

- c) **Other related parties** - For the three and nine months ended September 30, 2023, the Company incurred \$0.8 million (Q3 2022 - \$nil) and \$1.5 million (YTD Q3 2022 - \$nil), respectively, for services provided by a company owned by a member of key management personnel.

25. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Changes in non-cash working capital items consist of:				
Trade and income taxes receivable, inventories, and other current assets	\$ 67,696	\$ (125,790)	\$ 125,405	\$ 37,218
Trade and income taxes payable, and other current liabilities	(80,351)	(19,216)	(77,045)	(21,107)
	\$ (12,655)	\$ (145,006)	\$ 48,360	\$ 16,111
Operating activities included the following cash payments:				
Income taxes paid	\$ 21,247	\$ 58,250	\$ 94,187	\$ 271,587