

lundin mining

Management's Discussion and Analysis For the three and six months ended June 30, 2023

This management's discussion and analysis ("MD&A") has been prepared as of August 2, 2023 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2023. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting. 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 and Financing	2
Outlook	3
Selected Quarterly Financial Information	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	17
Neves-Corvo	18
Zinkgruvan	19
Josemaria Project	20
Metal Prices, LME Inventories, and Smelter Treatment and Refining Charges	21
Liquidity and Capital Resources	22
Related Party Transactions	23
Changes in Accounting Policies and Critical Accounting Estimates and Judgements	23
Non-GAAP and Other Performance Measures	24
Managing Risks	30
Management's Report on Internal Controls	30
Outstanding Share Data	30

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, including the Caserones transaction; 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 labour; 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: global financial conditions, market volatility and inflation, including pricing and availability of key supplies and services; 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; project financing risks, liquidity risks and limited financial resources; volatility and fluctuations in metal and commodity demand and prices; delays or the inability to obtain, retain or comply with permits; significant reliance on a single asset; reputation risks related to negative publicity with respect to the Company or the mining industry in general; health and safety risks; risks relating to the development of the Josemaria Project; inability to attract and retain highly skilled employees; risks associated with climate change; compliance with environmental, health and safety laws and regulations; unavailable or inaccessible infrastructure, infrastructure failures, and risks related to ageing infrastructure; risks inherent in and/or associated with operating in foreign countries and emerging markets, including with respect to foreign exchange and capital controls; economic, political and social instability and mining regime changes in the Company’s operating jurisdictions, including but not limited to those related to permitting and approvals, environmental and tailings management, labour, trade relations, and transportation; risks relating to indebtedness; the inability to effectively compete in the industry; 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, including with respect to the Caserones transaction; changing taxation regimes; risks related to mine closure activities, reclamation obligations, environmental liabilities and closed and historical sites; reliance on key personnel and reporting and oversight systems, as well as third parties and consultants in foreign jurisdictions; information technology and cybersecurity risks; 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; 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; community and stakeholder opposition; financial projections, including estimates of future expenditures and cash costs, and estimates of future production may not be reliable; enforcing legal rights in foreign jurisdictions; environmental and regulatory risks associated with the structural stability of waste rock dumps or tailings storage facilities; activist shareholders and proxy solicitation matters; risks relating to dilution; regulatory investigations, enforcement, sanctions and/or related or other litigation; risks relating to payment of dividends; counterparty and customer concentration risks; the estimation of asset carrying values; risks associated with the use of derivatives; relationships with employees and contractors, and the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; conflicts of interest; existence of a significant shareholder; exchange rate fluctuations; challenges or defects in title; internal controls; 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; the threat associated with outbreaks of viruses and infectious diseases; risks relating to minor elements contained in concentrate products; and other risks and uncertainties, including but not limited to those described in the “Risk and Uncertainties” section of the Company’s Annual Information Form and the “Managing Risks” section of the Company’s MD&A for the year ended December 31, 2022, 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

For the quarter ended June 30, 2023 the Company generated revenue of \$588.5 million (Q2 2022 - \$590.2 million), gross profit of \$52.8 million (Q2 2022 - \$46.0 million) and adjusted EBITDA¹ of \$162.2 million (Q2 2022 - \$148.6 million).

Overall, the operations performed well during the second quarter of 2023 and the Company remains on track to achieve production guidance.

Operational Performance

Candelaria (80% owned): Candelaria produced 36,952 tonnes of copper, and approximately 21,000 ounces of gold in concentrate on a 100% basis in the quarter. Copper production was lower than the prior year quarter due to grades partially offset by higher throughput. Gold production was lower than the prior year quarter due to recoveries. Current quarter production costs and copper cash cost¹ of \$2.14/lb were higher than the prior year quarter largely owing to higher contractor and maintenance costs. Cash cost was further impacted by lower sales volumes.

Chapada (100% owned): Chapada produced 10,697 tonnes of copper and approximately 13,000 ounces of gold in concentrate in the quarter. Copper production was higher than the prior year quarter primarily due to higher recoveries in the quarter. Current quarter production for both metals was better than the first quarter of 2023, due to higher grades and recoveries. In aggregate, production costs were higher than the prior year comparable quarter due to higher sales volumes achieved, while the higher sales volumes also led to improvement on a unit basis with a copper cash cost of \$2.69/lb for the quarter.

Eagle (100% owned): During the quarter Eagle produced 4,686 tonnes of nickel and 3,881 tonnes of copper which were lower than the prior year quarter due to lower grades and lower throughput. Production costs were lower than the comparable prior year quarter due to lower consumable costs. Nickel cash cost in the quarter of \$1.88/lb was higher than the prior year quarter due primarily to lower by-product copper price and lower sales volumes.

Neves-Corvo (100% owned): Neves-Corvo produced 7,610 tonnes of copper for the quarter and 24,177 tonnes of zinc. Copper production was lower than the prior year comparable quarter, due to lower grades, while zinc production was higher primarily due to increased throughput and recoveries driven by the ramp-up of the Zinc Expansion Project ("ZEP"). Production costs were comparable to the prior year quarter. Copper cash cost of \$3.99/lb was higher than the prior year quarter due primarily to lower copper sales volumes.

Zinkgruvan (100% owned): Zinc production of 11,938 tonnes and lead production of 3,816 tonnes were lower than the prior year quarter due to lower throughput due to a shut-down of the mill to perform the planned implementation of the sequential flotation circuit. Copper production of 917 tonnes was higher than the prior year quarter due to higher grades. Production costs were lower than the prior year quarter due to lower mine and mill costs. Zinc cash cost of \$0.24/lb was lower than the prior year quarter due to lower production costs.

Total Production^a

(contained metal)	YTD	2023		2022				
		Q2	Q1	Total	Q4	Q3	Q2	Q1
Copper (t) ^b	121,519	60,057	61,462	249,659	56,552	63,930	64,096	65,081
Zinc (t)	84,668	36,115	48,553	158,938	44,308	40,327	41,912	32,391
Gold (koz) ^b	70	34	36	154	36	45	39	34
Nickel (t)	8,410	4,686	3,724	17,475	4,096	4,379	4,719	4,281

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

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

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

Corporate Updates

- On July 10, 2023, the Company published its 2022 Sustainability Report.
- On July 13, 2023, the Company announced the closing of the acquisition of 51% of the issued and outstanding equity of SCM Minera Lumina Copper Chile ("Lumina Copper"), which owns the Caserones copper-molybdenum mine ("Caserones") located in Chile. The Company paid an aggregate of approximately \$800 million in cash consideration at closing. Remaining deferred cash consideration of \$150 million will be payable in installments over the six-year period following the closing date. Lundin Mining also has the right to acquire up to an additional 19% interest in Lumina Copper for \$350 million over a five-year period commencing on the first anniversary of the date of closing. A technical report for the Caserones mine titled "Caserones Mining Operation, Chile, NI 43-101 Technical Report on the Caserones Mining Operation" was filed under the Company's profile.
- On July 27, 2023, the Company announced it had obtained a three-year term loan ("Term Loan") in a principal amount of \$800 million with an additional \$400 million accordion and closing of up to an additional 19% interest in Lumina Copper.

Financial Performance

- Gross profit for the quarter ended June 30, 2023 was \$52.8 million, an increase of \$6.8 million and largely comparable to the prior year quarter. On a year-to-date basis, gross profit for the period ended June 30, 2023 was \$266.2 million and was lower than the prior year period due to lower sales volumes and lower metal prices.
- For the three months ended June 30, 2023, net earnings of \$61.3 million were \$109.9 million higher than the prior year quarter due primarily to lower general exploration and business development costs and lower income taxes. On a year-to-date basis net earnings of \$226.6 million were lower than the prior year period due to lower gross profit resulting from lower realized prices, partially offset by lower taxes.
- Adjusted earnings¹ for the three months ended June 30, 2023, of \$16.0 million were \$51.3 million higher than the adjusted loss of the prior year quarter due to the same factors as the change in net earnings described above. On a year-to-date basis adjusted earnings of \$141.7 million were lower than the prior year period due to lower gross profit partially offset by lower income taxes.

Financial Position and Financing

- Cash and cash equivalents as at June 30, 2023 was \$190.2 million. Cash flow from operations of \$194.8 million was used to fund investing activities of \$283.5 million. Cash from financing activities was \$99.9 million which was comprised primarily of the proceeds from debt on a net basis partially offset by dividends paid to shareholders. Cash and cash equivalents remained relatively unchanged during the six months ended June 30, 2023.
- As at June 30, 2023, the Company had a net debt¹ balance of \$229.8 million.
- As at August 2, 2023, the Company had cash and net debt balances of approximately \$270.0 million and \$930.0 million, respectively. The net debt increase was attributable to debt financing of the acquisition of Caserones.

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

Outlook

Overall, the operations performed well during the second quarter of 2023. The Company is currently tracking to the midpoint or higher for copper, gold and nickel guidance and the lower end for zinc. Production continues to be weighted to the second half of the year. Candelaria and Eagle production is forecast to be modestly weighted to the second half of the year, primarily owing to mine sequencing and the resultant grade profiles. Chapada production is forecast to be weighted to the second half of the year due to the first half seasonal operating considerations and forecast grade and recovery profiles.

Expected cash costs remain consistent with reported guidance for Candelaria, Caserones and Neves-Corvo. Chapada's cash cost guidance range has been improved to \$2.35 - \$2.55/lb of copper, reflecting lower pricing of consumables. Eagle's forecast nickel cash cost guidance has been increased to \$2.30 - \$2.45/lb of nickel. While Eagle's overall operating costs remain consistent with the Company's previous expectations, nickel cash cost guidance has been increased primarily driven by lower by-product credits, mainly pricing. Zinkgruvan's cash cost guidance has been improved to \$0.45 - \$0.50/lb of zinc, reflecting greater by-product credits.

A reduction in capital expenditure guidance is expected for the remainder of the year as timing of several projects at Candelaria have been deferred into next year. At Josemaria, foreign exchange, a delay in planned equipment deliveries and reduced activities have lowered capital spend guidance.

2023 Production and Cash Cost Guidance

(contained metal)		Guidance ^a		Revised Guidance	
		Production	Cash Cost (\$/lb) ^b	Production	Cash Cost (\$/lb) ^b
Copper (t)	Candelaria (100%)	145,000 – 155,000	1.80 – 1.95 ^c	145,000 – 155,000	1.80 – 1.95 ^c
	Caserones (100%) ^e	60,000 – 65,000	2.30 – 2.45	60,000 – 65,000	2.30 – 2.45
	Chapada	43,000 – 48,000	2.55 – 2.75 ^d	43,000 – 48,000	2.35 – 2.55^d
	Eagle	12,000 – 15,000		12,000 – 15,000	
	Neves-Corvo	33,000 – 38,000	2.10 – 2.30 ^c	33,000 – 38,000	2.10 – 2.30 ^c
	Zinkgruvan	3,000 – 4,000		3,000 – 4,000	
	Total	296,000 – 325,000		296,000 – 325,000	
Zinc (t)	Neves-Corvo	100,000 – 110,000		100,000 – 110,000	
	Zinkgruvan	80,000 – 85,000	0.60 – 0.65 ^c	80,000 – 85,000	0.45 – 0.50^c
	Total	180,000 – 195,000		180,000 – 195,000	
Molybdenum (t)	Caserones (100%) ^e	1,500 – 2,000		1,500 – 2,000	
Gold (koz)	Candelaria (100%)	85 – 90		85 – 90	
	Chapada	55 – 60		55 – 60	
	Total	140 – 150		140 – 150	
Nickel (t)	Eagle	13,000 – 16,000	1.50 – 1.65	13,000 – 16,000	2.30 – 2.45

a. Guidance as outlined in the MD&A for the year ended December 31, 2022 and for Caserones as outlined in the news release "Lundin Mining Announces Closing of the Acquisition of Majority Interest in Caserones Copper-Molybdenum Mine in Chile and Commitments for New \$800 Million Term Loan" provided on July 13, 2023.

b. Cash costs are based on various assumptions and estimates, including but not limited to: production volumes, commodity prices (Cu: \$3.75/lb, Zn: \$1.30/lb, Mo: \$20.00/lb, Pb: \$0.90/lb, Au: \$1,850/oz), foreign exchange rates (€/USD:1.00, USD/SEK:10.50, USD/CLP:800, USD/BRL:5.00) and production costs for the remainder of 2023.

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 \$425/oz gold and \$4.25/oz to \$4.57/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.

e. Caserones guidance is for the entire second half of 2023.

2023 Capital Expenditure Guidance^b

(\$ millions)	Guidance ^a	Revisions	Revised Guidance
Candelaria (100% basis)	400	(25)	375
Caserones (100% basis) ^c	110	—	110
Chapada	70	—	70
Eagle	20	—	20
Neves-Corvo	130	—	130
Zinkgruvan	70	—	70
Other	10	—	10
Total Sustaining	810	(25)	785
Expansionary - Josemaria	400	(50)	350
Total Capital Expenditures	1,210	(75)	1,135

a. Guidance as outlined in the MD&A for the year ended December 31, 2022 and for Caserones as outlined in the news release "Lundin Mining Announces Closing of the Acquisition of Majority Interest in Caserones Copper-Molybdenum Mine in Chile and Commitments for New \$800 Million Term Loan" provided on July 13, 2023.

b. Sustaining capital expenditure is a supplementary financial measure and expansionary capital expenditure is a non-GAAP measure – see Section "Non-GAAP and Other Performance Measures" of this MD&A for discussion.

c. Caserones guidance is for entire second half of 2023.

2023 Exploration Investment Guidance

Total exploration expenditures are on target to be \$45.0 million in 2023, unchanged from previous guidance.

Selected Quarterly Financial Information¹

	Three months ended		Six months ended	
	June 30,		June 30,	
(\$ millions, except share and per share amounts)	2023	2022	2023	2022
Revenue	588.5	590.2	1,339.9	1,581.3
Costs of goods sold:				
Production costs	(405.2)	(402.2)	(823.0)	(784.6)
Depreciation, depletion and amortization	(130.5)	(142.0)	(250.8)	(271.9)
Gross profit	52.8	46.0	266.2	524.8
Net earnings (loss) attributable to:				
Lundin Mining shareholders	59.1	(52.6)	205.7	292.5
Non-controlling interests	2.2	4.0	20.9	37.0
Net earnings (loss)	61.3	(48.6)	226.6	329.5
Adjusted earnings (loss)³	16.0	(35.3)	141.7	260.3
Adjusted EBITDA³	162.2	148.6	499.1	736.4
Cash flow from operations	194.8	366.4	406.7	683.7
Adjusted operating cash flow³	110.6	49.7	345.7	522.6
Free cash flow from operations	20.7	266.3	91.8	461.1
Free cash flow³	(84.6)	149.1	(118.8)	321.5
Capital expenditures⁴	279.9	217.3	526.0	362.2
Per share amounts:				
Basic and diluted earnings (loss) per share ("EPS") attributable to shareholders	0.08	(0.07)	0.27	0.39
Adjusted EPS	0.02	(0.05)	0.18	0.35
Adjusted operating cash flow per share ³	0.14	0.06	0.45	0.70
Dividends declared (C\$/share)	0.09	0.09	0.18	0.29
			June 30, 2023	December 31, 2022
Total assets			8,441.8	8,172.8
Total debt and lease liabilities			415.0	197.3
Net debt ³			(229.8)	(10.9)

Summary of Quarterly Results^{1,2,5}

(\$ millions, except per share data)	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21
Revenue	588.5	751.3	811.4	648.5	590.2	991.1	1,018.6	756.4
Gross profit	52.8	213.3	155.2	82.5	46.0	478.8	433.2	303.9
Net earnings (loss)	61.3	165.3	145.3	(11.2)	(48.6)	378.1	266.1	190.6
- attributable to shareholders	59.1	146.6	145.6	(11.2)	(52.6)	345.1	228.8	173.7
Adjusted earnings (loss)³	16.0	125.7	191.5	30.9	(35.3)	295.6	281.5	168.4
Adjusted EBITDA³	162.2	336.9	353.7	202.4	148.6	587.8	623.0	411.3
EPS - Basic and Diluted	0.08	0.19	0.19	(0.01)	(0.07)	0.47	0.31	0.24
Adjusted EPS³	0.02	0.16	0.25	0.04	(0.05)	0.40	0.38	0.23
Cash flow from operations	194.8	211.9	156.9	36.3	366.4	317.3	384.2	523.1
Adjusted operating cash flow per share³	0.14	0.30	0.38	0.23	0.06	0.64	0.65	0.40
Capital expenditures⁴	279.9	246.1	281.2	199.5	217.3	144.9	153.9	133.8

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.

⁵ Variability in revenues and net earnings is largely driven by metal prices and sales volumes. In recent quarters, net earnings has also been impacted by inflation factors. For further metal price trending discussion, refer to page 21 of this MD&A.

Revenue Overview

Sales Volumes by Payable Metal

(Contained metal)	2023			2022				
	YTD	Q2	Q1	Total	Q4	Q3	Q2	Q1
Copper (t)								
Candelaria (100%)	71,917	36,347	35,570	147,251	33,561	35,587	39,655	38,448
Chapada	19,236	10,164	9,072	45,563	12,037	12,817	7,905	12,804
Eagle	5,736	2,951	2,785	14,060	2,672	3,721	4,159	3,508
Neves-Corvo	14,201	6,170	8,031	31,592	6,351	8,574	8,183	8,484
Zinkgruvan	1,870	1,001	869	4,428	886	1,570	337	1,635
	112,960	56,633	56,327	242,894	55,507	62,269	60,239	64,879
Zinc (t)								
Neves-Corvo	43,667	20,125	23,542	66,966	20,205	18,770	16,289	11,702
Zinkgruvan	25,986	9,374	16,612	65,684	17,635	13,722	18,525	15,802
	69,653	29,499	40,154	132,650	37,840	32,492	34,814	27,504
Gold (koz)								
Candelaria (100%)	45	23	22	83	20	20	22	21
Chapada	22	11	11	65	17	23	10	15
	67	34	33	148	37	43	32	36
Nickel (t)								
Eagle	6,594	3,859	2,735	14,427	3,239	3,715	4,206	3,267
Lead (t)								
Neves-Corvo	1,920	881	1,039	2,908	673	654	818	763
Zinkgruvan	10,422	4,944	5,478	30,163	7,654	7,502	10,163	4,844
	12,342	5,825	6,517	33,071	8,327	8,156	10,981	5,607
Silver (koz)								
Candelaria (100%)	628	333	295	1,442	278	305	412	447
Chapada	60	29	31	156	50	32	26	48
Eagle	10	4	6	34	9	9	9	7
Neves-Corvo	329	158	171	552	92	117	152	191
Zinkgruvan	730	331	399	2,088	551	532	650	355
	1,757	855	902	4,272	980	995	1,249	1,048

Revenue Analysis

by Mine (\$ thousands)	Three months ended June 30,					Six months ended June 30,				
	2023		2022		Change	2023		2022		Change
	\$	%	\$	%	\$	\$	%	\$	%	\$
Candelaria (100%)	290,426	50	261,999	44	28,427	670,831	50	719,545	46	(48,714)
Chapada	94,721	16	57,260	10	37,461	205,839	15	216,865	14	(11,026)
Eagle	105,250	18	106,828	18	(1,578)	174,670	13	256,697	16	(82,027)
Neves-Corvo	68,614	12	93,538	16	(24,924)	198,017	15	228,105	14	(30,088)
Zinkgruvan	29,520	5	70,596	12	(41,076)	90,518	7	160,088	10	(69,570)
	588,531		590,221		(1,690)	1,339,875		1,581,300		(241,425)

by Metal (\$ thousands)	Three months ended June 30,					Six months ended June 30,				
	2023		2022		Change	2023		2022		Change
	\$	%	\$	%	\$	\$	%	\$	%	\$
Copper	390,953	66	350,911	59	40,042	920,634	69	1,029,986	65	(109,352)
Zinc	34,801	6	87,693	15	(52,892)	133,952	10	195,308	12	(61,356)
Gold	51,007	9	43,072	7	7,935	108,075	8	102,789	7	5,286
Nickel	80,302	14	70,876	12	9,426	122,261	9	177,666	11	(55,405)
Lead	11,049	2	17,383	3	(6,334)	22,508	2	29,220	2	(6,712)
Silver	9,652	2	10,003	2	(351)	18,888	1	23,901	2	(5,013)
Other	10,767	1	10,283	2	484	13,557	1	22,430	1	(8,873)
	588,531		590,221		(1,690)	1,339,875		1,581,300		(241,425)

Revenue for the quarter ended June 30, 2023 amounted to \$588.5 million which was comparable to the prior year quarter. On a year-to-date basis revenue was lower than the prior year period primarily as a result of lower sales volumes (\$126.6 million) and realized metal prices (\$88.9 million).

Revenue from gold and silver for the three and six months ended June 30, 2023 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 \$425/oz for gold and between \$4.25/oz and \$4.57/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 the copper sold under the streams.

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.

Provisionally Valued Revenue as of June 30, 2023

Metal	Payable metal	Valued at
Copper	82,405 t	\$3.77 /lb
Zinc	27,637 t	\$1.08 /lb
Gold	35 koz	\$1,929 /oz
Nickel	1,668 t	\$9.25 /lb

Quarterly Reconciliation of Realized Prices

(\$ thousands)	Three months ended June 30, 2023				
	Copper	Zinc	Gold	Nickel	Total
Current period sales ¹	473,543	74,219	65,401	78,486	691,649
Prior period price adjustments	(53,338)	(20,341)	(2,949)	2,039	(74,589)
	420,205	53,878	62,452	80,525	617,060
Other metal sales					46,124
Copper stream cash effect					(4,253)
Gold stream cash effect					(20,923)
Less: Treatment & refining charges					(49,477)
Total Revenue					588,531
Payable Metal	56,633 t	29,499 t	34 koz	3,859 t	
Current period sales ^{1,2}	\$3.79	\$1.14	\$1,929	\$9.23	
Prior period adjustments ²	(0.42)	(0.31)	(87)	0.24	
Realized prices ^{2,3}	\$3.37 /lb	\$0.83 /lb	\$1,842 /oz	\$9.47 /lb	

	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	

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 the three months ended June 30, 2023 is \$3.34/lb (2022: \$2.78/lb). The realized price for gold inclusive of the impact of streaming agreements for the three months ended June 30, 2023 is \$1,225/oz (2022: \$1,023/oz).

Year-to-Date Reconciliation of Realized Prices

(\$ thousands)	Six months ended June 30, 2023				
	Copper	Zinc	Gold	Nickel	Total
Current period sales ¹	949,919	176,090	128,960	143,244	1,398,213
Prior period price adjustments	28,168	1,160	1,145	(18,322)	12,151
	978,087	177,250	130,105	124,922	1,410,364
Other metal sales					87,177
Copper stream cash effect					(10,763)
Gold stream cash effect					(41,519)
Less: Treatment & refining charges					(105,384)
Total Revenue					1,339,875
Payable Metal	112,960 t	69,653 t	66 koz	6,594 t	
Current period sales ^{1,2}	\$3.81	\$1.15	\$1,939	\$9.85	
Prior period adjustments ²	0.12	0.00	17	(1.26)	
Realized prices ^{2, 3}	\$3.93 /lb	\$1.15 /lb	\$1,956 /oz	\$8.59 /lb	

	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	

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 2023 is \$3.89/lb (2022: \$3.88/lb). The realized price for gold inclusive of the impact of streaming agreements for 2023 is \$1,332/oz (2022: \$1,212/oz).

Financial Results

Production Costs

Production costs for the quarter ended June 30, 2023 were \$405.2 million and were largely comparable to the prior year quarter. On a year-to-date basis, production costs of \$823.0 million was an increase of \$38.3 million over the prior year comparable period primarily due to increased contractor and maintenance costs at Candelaria.

Depreciation, Depletion and Amortization

For the three and six months ended June 30, 2023 depreciation, depletion and amortization expense decreased compared to the prior year comparative periods, primarily attributable to an extended life of mine at Eagle and reduced Candelaria deferred stripping amortization.

Depreciation, depletion & amortization (\$ thousands)	Three months ended June 30,			Six months ended June 30,		
	2023	2022	Change	2023	2022	Change
Candelaria	69,696	75,911	(6,215)	128,071	144,020	(15,949)
Chapada	14,989	8,473	6,516	27,070	19,590	7,480
Eagle	12,670	21,904	(9,234)	23,821	38,753	(14,932)
Josemaria	—	288	(288)	38	—	38
Neves-Corvo	27,719	23,979	3,740	57,799	44,824	12,975
Zinkgruvan	4,913	11,030	(6,117)	13,000	23,509	(10,509)
Other	518	457	61	953	895	58
	130,505	142,042	(11,537)	250,752	271,591	(20,839)

General Exploration and Business Development

Total general exploration and business development expenses for the quarter and the six months ended June 30, 2023 were lower than the comparable prior year periods due mainly to project investigation costs incurred in 2022 related to the Josemaria Project.

During the current quarter, exploration costs were spent primarily on in-mine and near-mine targets at the Company's operations. Geophysical surveys were conducted at Chapada, Eagle and Zinkgruvan. Drilling at Candelaria was divided between Ojos district and Candelaria Underground with six rigs. Exploration drilling at Neves-Corvo and Zinkgruvan was primarily focused along near-mine mineralized trends; Drilling at Chapada has primarily focused on Saúva and the Chapada District with four drill rigs operating during the quarter. Drilling at Eagle commenced during the second quarter with geophysical targeting support which will continue into the third quarter.

Other Income

Net other income for the quarter and six months ended June 30, 2023 increased compared to the prior year comparable periods due to foreign exchange, trading gains on debt and equity investments and gains on foreign currency contracts. This was partially offset by Ojos del Salado sinkhole expenses and a comparatively lower gain on disposal in the current year related to a subsidiary sold in a prior period.

Foreign exchange gains and losses recorded in other income 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, 2023 were:

	June 30, 2023	March 31, 2023	December 31, 2022
Brazilian Real (USD:BRL)	4.82	5.08	5.22
Chilean Peso (USD:CLP)	803	789	860
Euro (USD:€)	0.92	0.92	0.94
Swedish Kronor (USD:SEK)	10.85	10.35	10.44
Argentine Peso (USD:ARS)	256	209	177

Income Taxes

Income tax (recovery) expense (\$ thousands)	Three months ended June 30,			Six months ended June 30,		
	2023	2022	Change	2023	2022	Change
Candelaria	3,732	5,421	(1,689)	46,279	78,390	(32,111)
Chapada	(15,864)	27,265	(43,129)	(21,213)	(416)	(20,797)
Eagle	3,539	2,396	1,143	3,546	16,158	(12,612)
Josemaria	678	982	(304)	678	982	(304)
Neves-Corvo	(10,617)	(2,405)	(8,212)	(9,345)	4,706	(14,051)
Zinkgruvan	2,286	11,986	(9,700)	6,265	23,251	(16,986)
Other	(3,355)	3,358	(6,713)	2,882	3,138	(256)
	(19,601)	49,003	(68,604)	29,092	126,209	(97,117)

Income taxes by classification (\$ thousands)	Three months ended June 30,			Six months ended June 30,		
	2023	2022	Change	2023	2022	Change
Current income tax	27,213	75,649	(48,436)	86,714	171,187	(84,473)
Deferred income tax recovery	(46,814)	(26,646)	(20,168)	(57,622)	(44,978)	(12,644)
	(19,601)	49,003	(68,604)	29,092	126,209	(97,117)

Income tax (recovery) expense for the three and six months ended June 30, 2023 was lower than the prior year comparable periods due primarily to lower taxable earnings. Included in Chapada's income taxes for the current quarter was a \$16.0 million recovery and \$22.0 million recovery on a year-to-date basis recorded for deferred tax on revaluation of non-monetary assets and translation of deferred taxes (Q2 2022 – \$23.1 million expense, YTD 2022 - \$11.9 million recovery).

Mining Operations

Production Overview

(Contained metal in concentrate)	2023			2022				
	YTD	Q2	Q1	Total	Q4	Q3	Q2	Q1
Copper (t)								
Candelaria (100%)	76,119	36,952	39,167	152,042	34,398	37,192	40,949	39,503
Chapada	20,561	10,697	9,864	45,739	11,306	13,988	10,345	10,100
Eagle	7,021	3,881	3,140	15,895	3,081	3,994	4,400	4,420
Neves-Corvo	15,184	7,610	7,574	31,906	7,160	7,019	7,867	9,860
Zinkgruvan	2,634	917	1,717	4,077	607	1,737	535	1,198
	121,519	60,057	61,462	249,659	56,552	63,930	64,096	65,081
Zinc (t)								
Neves-Corvo	51,970	24,177	27,793	82,435	24,523	22,514	20,647	14,751
Zinkgruvan	32,698	11,938	20,760	76,503	19,785	17,813	21,265	17,640
	84,668	36,115	48,553	158,938	44,308	40,327	41,912	32,391
Gold (koz)								
Candelaria (100%)	45	21	24	86	20	21	23	22
Chapada	25	13	12	68	16	24	16	12
	70	34	36	154	36	45	39	34
Nickel (t)								
Eagle	8,410	4,686	3,724	17,475	4,096	4,379	4,719	4,281
Lead (t)								
Neves-Corvo	2,123	951	1,172	3,306	845	743	925	793
Zinkgruvan	11,223	3,816	7,407	30,517	7,619	7,046	9,124	6,728
	13,346	4,767	8,579	33,823	8,464	7,789	10,049	7,521
Silver (koz)								
Candelaria (100%)	713	366	347	1,595	306	337	457	495
Chapada	118	62	56	258	65	75	60	58
Eagle	28	11	17	93	20	20	26	27
Neves-Corvo	843	407	436	1,383	370	323	346	344
Zinkgruvan	1,006	374	632	2,621	663	642	739	577
	2,708	1,220	1,488	5,950	1,424	1,397	1,628	1,501

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

(\$ thousands)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Candelaria				
Production costs	\$184,958	\$168,164	\$372,937	\$320,973
Gross cost	2.51	2.08	2.54	2.02
By-product ¹	(0.37)	(0.22)	(0.36)	(0.30)
Cash Cost (Cu, \$/lb)	2.14	1.86	2.18	1.72
AISC (Cu, \$/lb)²	3.76	2.89	3.60	2.75
Chapada				
Production costs	\$80,113	\$71,507	\$148,747	\$151,184
Gross cost	3.72	4.12	3.63	3.33
By-product	(1.03)	(1.14)	(1.09)	(1.07)
Cash Cost (Cu, \$/lb)	2.69	2.98	2.54	2.26
AISC (Cu, \$/lb)	3.80	5.00	3.62	3.49
Eagle				
Production cost	\$45,735	\$55,128	\$91,184	\$94,686
Gross cost	4.81	4.78	5.71	4.76
By-product	(2.93)	(3.88)	(3.60)	(4.80)
Cash Cost (Ni, \$/lb)	1.88	0.90	2.11	(0.04)
AISC (Ni, \$/lb)	3.34	2.93	4.09	2.17
Neves-Corvo				
Production costs	\$76,080	\$77,788	\$161,806	\$156,258
Gross cost	5.96	4.61	5.45	4.47
By-product	(1.97)	(2.22)	(2.76)	(2.43)
Cash Cost (Cu, \$/lb)	3.99	2.39	2.69	2.04
AISC (Cu, \$/lb)	5.73	3.14	4.35	3.03
Zinkgruvan				
Production costs	\$17,786	\$29,066	\$46,691	\$60,254
Gross cost	1.13	0.93	1.07	0.99
By-product	(0.89)	(0.49)	(0.64)	(0.63)
Cash Cost (Zn, \$/lb)	0.24	0.44	0.43	0.36
AISC (Zn, \$/lb)	1.06	0.82	1.00	0.70

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,							
	2023				2022			
	Sustaining	Expansionary	Capitalized Interest	Total	Sustaining	Expansionary	Capitalized Interest	Total
Candelaria	123,417	—	—	123,417	86,107	—	—	86,107
Chapada	19,690	—	—	19,690	29,760	—	—	29,760
Eagle	3,562	—	—	3,562	2,923	—	—	2,923
Josemaria	—	91,650	443	92,093	—	54,934	—	54,934
Neves-Corvo	22,133	—	—	22,133	13,760	10,669	—	24,429
Zinkgruvan	15,994	—	—	15,994	14,083	—	—	14,083
Other	3,024	—	—	3,024	5,032	—	—	5,032
	187,820	91,650	443	279,913	151,665	65,603	—	217,268

(\$ thousands)	Six months ended June 30,							
	2023				2022			
	Sustaining	Expansionary	Capitalized Interest	Total	Sustaining	Expansionary	Capitalized Interest	Total
Candelaria	214,103	—	—	214,103	169,071	—	—	169,071
Chapada	35,717	—	—	35,717	44,215	—	—	44,215
Eagle	10,664	—	—	10,664	7,383	—	—	7,383
Josemaria	—	182,169	479	182,648	—	54,934	—	54,934
Neves-Corvo	47,194	—	—	47,194	33,276	24,823	—	58,099
Zinkgruvan	30,462	—	—	30,462	23,122	—	—	23,122
Other	5,244	—	—	5,244	5,356	—	—	5,356
	343,384	182,169	479	526,032	282,423	79,757	—	362,180

1. Capital expenditures are reported on a cash basis, as presented in the condensed interim 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)	2023			2022				
	YTD	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	12,796	6,194	6,602	22,666	4,993	6,239	6,362	5,072
Ore milled (000s tonnes)	14,126	6,924	7,202	26,725	6,593	6,642	6,847	6,643
Grade								
Copper (%)	0.59	0.59	0.59	0.62	0.57	0.60	0.64	0.65
Gold (g/t)	0.14	0.14	0.15	0.14	0.13	0.14	0.14	0.14
Recovery								
Copper (%)	91.9	91.1	92.6	92.7	92.7	93.3	93.0	91.9
Gold (%)	69.6	68.8	70.3	73.9	74.0	74.6	73.8	73.0
Production (contained metal)								
Copper (tonnes)	76,119	36,952	39,167	152,042	34,398	37,192	40,949	39,503
Gold (000 oz)	45	21	24	86	20	21	23	22
Silver (000 oz)	713	366	347	1,595	306	337	457	495
Revenue (\$000s)	670,831	290,426	380,405	1,317,223	342,348	255,330	261,999	457,546
Production costs (\$000s)	372,937	184,958	187,979	697,171	207,596	168,602	168,164	152,809
Gross profit (\$000s)	169,823	35,772	134,051	335,793	69,285	11,956	17,924	236,628
Cash cost (\$ per pound copper)	2.18	2.14	2.21	1.96	2.52	1.97	1.86	1.58
AISC (\$ per pound copper)	3.60	3.76	3.44	3.22	4.19	3.34	2.89	2.61

Gross Profit

Gross profit for the three months ended June 30, 2023 was higher than the prior year quarter, primarily due to higher net price adjustments for both copper and gold, partially offset by higher production costs. Year-to-date, gross profit was lower than the prior year period due to higher production costs and lower sales volumes.

Production

Copper production for the three and six months ended June 30, 2023 was lower than the prior year quarter and year-to-date period due to lower grades from the open pit, partially offset by higher throughput. Gold production in the current quarter was below the prior year quarter, due to lower recoveries and on a year-to-date basis, gold production was comparable to the prior year period. Annual copper and gold production are on track to achieve guidance.

Production Costs and Cash Cost

Production costs and copper cash cost for the three and six months ended June 30, 2023 were higher than the prior year quarter, mainly due to higher contractor services and higher maintenance costs partially mitigated by contracted lower energy costs. Cash cost was further impacted by lower copper sales volumes. Annual copper cash cost guidance has remained unchanged from previous guidance. AISC for the three and six months ended June 30, 2023 were higher than the prior year periods due to higher cash cost and higher sustaining capital expenditures.

For the six months ended June 30, 2023, approximately 29,000 oz of gold and 426,000 oz of silver were subject to terms of a streaming agreement from which approximately \$425/oz of gold and \$4.25/oz of silver will be received.

Chapada (Brazil)

Operating Statistics

(100% Basis)	2023			2022				
	YTD	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	13,643	7,522	6,121	26,319	7,801	7,404	4,875	6,239
Ore milled (000s tonnes)	11,183	5,207	5,976	22,752	5,296	6,345	5,670	5,441
Grade								
Copper (%)	0.24	0.26	0.23	0.26	0.25	0.28	0.25	0.23
Gold (g/t)	0.14	0.14	0.13	0.16	0.16	0.19	0.17	0.13
Recovery								
Copper (%)	76.8	80.3	73.3	78.6	83.4	78.8	72.9	79.6
Gold (%)	50.9	54.1	48.0	56.0	59.5	58.3	50.6	55.3
Production (contained metal)								
Copper (tonnes)	20,561	10,697	9,864	45,739	11,306	13,988	10,345	10,100
Gold (000 oz)	25	13	12	68	16	24	16	12
Silver (000 oz)	118	62	56	258	65	75	60	58
Revenue (\$000s)	205,839	94,721	111,118	477,927	142,328	118,734	57,260	159,605
Production costs (\$000s)	148,747	80,113	68,634	324,096	84,247	88,665	71,507	79,677
Gross (loss) profit (\$000s)	30,022	(381)	30,403	41,420	(22,522)	17,851	(22,720)	68,811
Cash cost (\$ per pound copper)	2.54	2.69	2.37	2.08	1.95	1.92	2.98	1.82
AISC (\$ per pound copper)	3.62	3.80	3.42	3.36	3.73	2.80	5.00	2.56

Gross (Loss) Profit

Gross loss in the second quarter improved over the prior year quarter, largely due to higher copper price and price adjustments, partially offset by lower sales volumes and higher production costs. Year-to-date, gross profit was lower than the prior year period, due to higher depreciation expense.

Production

Copper production for the three and six months ended June 30, 2023 was higher than the prior year periods due to higher recoveries in the second quarter of 2023. Gold production in the quarter and year-to-date was lower than the prior year periods due to lower grades. Production of both metals in the current quarter were higher than production in the first quarter. Both metals are on track to meet annual production guidance.

Production Costs and Cash Cost

Current quarter production costs were higher than the prior year quarter due primarily to higher volumes sold. Year-to-date, production costs are comparable to the prior year period.

Copper cash cost in the second quarter was better than the prior year quarter due to higher sales volumes. Year-to-date, cash cost was higher than 2022 due to lower sales volumes. Annual cash cost guidance has improved from \$2.55 - \$2.75/lb to \$2.35 - \$2.55/lb of copper due lower pricing of consumables. AISC was lower in the current quarter and higher year-to-date, attributable to cash cost movements described above.

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 or optimization plans. During the second quarter, approximately 12,700 metres of exploration drilling were completed, primarily on Saúva area targets.

Eagle (USA)

Operating Statistics

(100% Basis)	2023			2022				
	YTD	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	345	189	156	718	165	190	181	182
Ore milled (000s tonnes)	342	181	161	718	170	187	182	179
Grade								
Nickel (%)	2.8	2.9	2.6	2.8	2.7	2.7	3.0	2.8
Copper (%)	2.1	2.2	2.0	2.3	1.9	2.2	2.5	2.5
Recovery								
Nickel (%)	88.7	88.8	88.5	86.6	88.6	85.5	87.3	85.3
Copper (%)	97.1	97.0	97.2	97.2	96.8	96.5	97.7	97.6
Production (contained metal)								
Nickel (tonnes)	8,410	4,686	3,724	17,475	4,096	4,379	4,719	4,281
Copper (tonnes)	7,021	3,881	3,140	15,895	3,081	3,994	4,400	4,420
Revenue (\$000s)	174,670	105,250	69,420	520,472	157,060	106,715	106,828	149,869
Production costs (\$000s)	91,184	45,735	45,449	193,003	50,581	47,736	55,128	39,558
Gross profit (\$000s)	59,665	46,845	12,820	247,946	87,359	37,329	29,796	93,462
Cash cost (\$ per pound nickel)	2.11	1.88	2.43	0.79	2.40	1.05	0.90	(1.25)
AISC (\$ per pound nickel)	4.09	3.34	5.16	3.01	5.23	2.77	2.93	1.19

Gross Profit

Gross profit for the quarter ended June 30, 2023 was higher than the prior year quarter, primarily due to positive nickel price adjustments as well as lower depreciation expense. Year-to-date, gross profit was lower than the comparable period in 2022, as a result of lower nickel prices and price adjustments and sales volumes.

Production

Nickel and copper production in the current quarter and year-to-date were lower than the prior year comparable periods, due to lower grades and throughput. Production of both metals is trending higher in the current quarter over the first quarter of 2023 and on a year-to-date basis in accordance with expectations. Both metals are on track to meet full year production guidance.

Production Costs and Cash Cost

Production costs in the second quarter and year-to-date were lower than the prior year periods due to lower costs for consumables and royalties. Nickel cash cost in the quarter and year-to-date was higher than the prior year periods due to lower sales volumes and lower copper by-products. Annual cash cost guidance has increased from \$1.50 - \$1.65/lb to \$2.30 - \$2.45/lb of nickel due mainly to lower by-product credits. AISC in the second quarter and year-to-date were higher than the prior year periods, due to higher cash cost.

Neves-Corvo (Portugal)

Operating Statistics

(100% Basis)	2023			2022				
	YTD	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, copper (000s tonnes)	1,225	622	603	2,501	611	598	610	682
Ore mined, zinc (000s tonnes)	981	470	511	1,632	462	447	426	297
Ore milled, copper (000s tonnes)	1,232	628	604	2,499	607	596	606	690
Ore milled, zinc (000s tonnes)	975	465	510	1,633	465	449	420	299
Grade								
Copper (%)	1.6	1.6	1.6	1.7	1.6	1.6	1.7	1.8
Zinc (%)	6.7	6.6	6.7	6.9	6.9	6.9	6.9	7.0
Recovery								
Copper (%)	77.4	77.0	77.7	76.1	75.1	73.0	77.0	78.7
Zinc (%)	77.8	76.8	78.7	70.2	74.3	70.3	68.4	66.1
Production (contained metal)								
Copper (tonnes)	15,184	7,610	7,574	31,906	7,160	7,019	7,867	9,860
Zinc (tonnes)	51,970	24,177	27,793	82,435	24,523	22,514	20,647	14,751
Lead (tonnes)	2,123	951	1,172	3,306	845	743	925	793
Silver (000 oz)	843	407	436	1,383	370	323	346	344
Revenue (\$000s)	198,017	68,614	129,403	433,486	102,516	102,865	93,538	134,567
Production costs (\$000s)	161,806	76,080	85,726	329,232	78,402	94,572	77,788	78,470
Gross (loss) profit (\$000s)	(21,588)	(35,185)	13,597	2,447	(7,570)	(17,006)	(8,229)	35,252
Cash cost (\$ per pound copper)	2.69	3.99	1.69	2.27	2.32	2.69	2.39	1.70
AISC (\$ per pound copper)	4.35	5.73	3.29	3.40	4.22	3.51	3.14	2.92

Gross (Loss) Profit

Gross loss was higher on a quarter and year-to-date basis compared to 2022, due to lower net zinc prices.

Production

Copper production for the three and six months ended June 30, 2023, was lower than the prior year comparable periods due to lower grades. Zinc production in the quarter and year-to-date was higher than the prior year periods, attributable to higher throughput and better recoveries from the ZEP ramp up. Both metals are expected to achieve annual guidance and are as planned.

Production Costs and Cash Cost

Production costs for the three months ended June 30, 2023, were comparable to the prior year quarter. Year-to-date, production costs were higher than the six months ended June 30, 2022 primarily due to higher zinc sales volumes.

Copper cash cost for the three and six months were higher than the prior year comparable periods due to lower copper sales volumes and higher treatment and refining charges and lower zinc by-product credits in the current quarter. Annual copper cash cost guidance remains unchanged. AISC for the three and six months ended June 30, 2023 were higher than the prior year quarter due to higher cash cost and higher sustaining capital expenditures from mine development.

Zinkgruvan (Sweden)

Operating Statistics

(100% Basis)	2023			2022				
	YTD	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, zinc (000s tonnes)	578	268	310	1,209	325	260	298	326
Ore mined, copper (000s tonnes)	106	51	55	192	48	61	38	45
Ore milled, zinc (000s tonnes)	526	211	315	1,234	309	293	327	305
Ore milled, copper (000s tonnes)	112	34	78	225	26	84	27	88
Grade								
Zinc (%)	7.1	6.6	7.4	7.0	7.3	6.9	7.3	6.5
Lead (%)	2.7	2.4	2.9	3.0	3.0	2.9	3.3	2.7
Copper (%)	2.6	3.1	2.4	2.1	2.6	2.4	2.3	1.6
Recovery								
Zinc (%)	87.8	86.3	88.7	88.4	88.3	87.5	89.1	88.7
Lead (%)	80.0	76.2	82.1	82.4	82.2	82.5	83.1	81.7
Copper (%)	88.9	86.1	90.5	87.1	89.0	86.1	87.7	87.3
Production (contained metal)								
Zinc (tonnes)	32,698	11,938	20,760	76,503	19,785	17,813	21,265	17,640
Lead (tonnes)	11,223	3,816	7,407	30,517	7,619	7,046	9,124	6,728
Copper (tonnes)	2,634	917	1,717	4,077	607	1,737	535	1,198
Silver (000 oz)	1,006	374	632	2,621	663	642	739	577
Revenue (\$000s)	90,518	29,520	60,998	292,120	67,178	64,854	70,596	89,492
Production costs (\$000s)	46,691	17,786	28,905	115,553	29,590	25,709	29,066	31,188
Gross profit (\$000s)	30,827	6,821	24,006	139,828	29,800	33,703	30,500	45,825
Cash cost (\$ per pound)	0.43	0.24	0.54	0.32	0.32	0.18	0.44	0.27
AISC (\$ per pound)	1.00	1.06	0.97	0.68	0.77	0.50	0.82	0.57

Gross Profit

Gross profit for the three and six months ended June 30, 2023, was lower than the prior year periods due to lower net zinc price combined with lower sales volumes.

Production

Production of zinc and lead in the three and six months ended June 30, 2023 was below the prior year periods, impacted by lower throughput as a result of a shut-down of the mill to perform the planned implementation of the sequential flotation system. In the current quarter, zinc and lead production were also impacted by lower grades and recoveries. Copper production in the current quarter and year-to-date was higher than the prior year periods, due to higher grades. Annual zinc and copper production guidance remains unchanged.

Production Costs and Cash Cost

Production costs for the quarter were lower than the prior year comparable periods due to mainly to lower sales volumes. Year-to-date production costs also benefitted from foreign exchange. Zinc cash cost was lower than the prior year quarter due to lower mine and mill costs. On a year-to-date basis cash cost was higher due to lower sales volumes partially offset by lower production costs and favourable foreign exchange. Full year cash cost guidance has improved from \$0.60 - \$0.65/lb to \$0.45 - \$0.50/lb of zinc due to higher by-product credits. AISC for the quarter and year-to-date were higher than the prior year periods due to higher sustaining capital expenditures.

Josemaria Project (Argentina)

Project Development

The Josemaria Project continues to advance in several areas of pre-construction in reducing risks and enhancing the project, for example by advancing government agreements, evaluating inflation and currency devaluation impacts, enhancing mining and production plans and further water, geotechnical and exploration drilling planned for the remainder of 2023.

At Josemaria, the construction of the Phase 1 camp is substantially complete with the exception of the installation of the power supply system and subsequent commissioning of the kitchen. Internal roadwork has also been completed. Site work is now focused on drilling for additional water resources and after the winter in the fourth quarter exploration drilling will commence. The long lead grinding mills started to arrive in Argentina and are scheduled to be moved to San Juan in July with deliveries continuing throughout the remainder of 2023 and into 2024.

Negotiation continues on the San Juan infrastructure agreements for the royalty offset funding of the access road and the power line capital costs with signing of these agreements scheduled after the change in provincial governor determined by the recent July 2nd election. Agreements for the Guandacol access road bypass and road maintenance agreements are nearing completion and work will be proceeding imminently.

Additionally, a work plan was prepared for the remainder of 2023 focusing on de-risking the project and adding value to Josemaria as well as advancing project financing and execution readiness activities. This work involves eight work streams in the categories of mine optimization, throughput and concentrator recovery, concentrate shipping, infrastructure optimization, commercial reviews and project financing, execution readiness and project permitting and government agreements.

During the current quarter, the Company spent \$50.6 million, inclusive of foreign exchange and trading gains on debt and equity investments of \$30.7 million (Q2 2022 - \$29.1 million). Capital expenditures during the current quarter were \$91.7 million (Q2 2022 - \$54.9 million). On a year-to-date basis the Company spent \$141.1 million in project development costs.

Annual capital guidance has been reduced from \$400.0 million to \$350.0 million to reflect foreign exchange, a delay in planned equipment deliveries and reduced activities.

Josemaria Mineral Resources and Mineral Reserves remain unchanged since the 2020 estimates.

Metal Prices, LME Inventories and Smelter Treatment and Refining Charges

Overall, the average metal prices for quarter and the year-to-date 2023 were lower than the respective comparative periods with the exception of gold. The average metal prices for copper, zinc and nickel for the second quarter of 2023 were all lower than the average prices for the first quarter of 2023 by; 5% copper, 19% zinc and 14% nickel while the average price for gold for the second quarter of 2023 was 5% higher compared to the first quarter.

(Average LME Price)		Three months ended June 30,			Six months ended June 30,		
		2023	2022	Change	2023	2022	Change
Copper	US\$/pound	3.84	4.31	-11%	3.95	4.43	-11%
	US\$/tonne	8,464	9,513		8,703	9,761	
Zinc	US\$/pound	1.15	1.78	-35%	1.29	1.74	-26%
	US\$/tonne	2,526	3,915		2,835	3,832	
Gold	US\$/ounce	1,976	1,871	6%	1,932	1,874	3%
Nickel	US\$/pound	10.12	13.13	-23%	10.98	12.54	-12%
	US\$/tonne	22,308	28,940		24,205	27,636	

LME inventories for copper and zinc increased by 13% and 79%, respectively, during the second quarter of 2023 while the LME inventories of nickel decreased by 12%.

During the second quarter of 2023 the treatment charges (“TC”) and refining charges (“RC”) in the spot market for copper concentrates between miners and commodity traders increased from an average spot TC during April of \$71 per dmt of concentrate and a spot RC of \$0.071 per lb of payable copper to a spot TC of \$84 per dmt of concentrate and a spot RC of \$0.084 per lb of payable copper during June. Also, the spot terms at which Chinese copper smelters were prepared to buy increased 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 \$91 per dmt of concentrate and a RC of \$0.091 per payable lb of copper in June. The terms for annual contracts for copper concentrates for 2023 were reached in December 2022 at a TC of \$88 per dmt with a RC of \$0.088 per payable lb of copper.

The spot TC, delivered China, for zinc concentrates during the second quarter of 2023 decreased from \$225 per dmt, flat, in April to \$200 per dmt, flat, in June. The 2023 annual terms for zinc concentrates were settled at \$274 per dmt of concentrate, with an upscale price escalator of 6% from a price basis of \$3,000 per dmt zinc without 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, 2023, the Company had cash and cash equivalents of \$190.2 million and a net debt balance of \$229.8 million.

Cash flow from operations for the three months ended June 30, 2023 amounted to \$194.8 million and was \$171.6 million lower than the prior year quarter due mainly to a lower comparative change in non-cash working capital, partially offset by lower income tax and higher foreign exchange and trading gains on debt and equity investments. On a year-to-date basis, cash flow from operations was \$406.7 million and was \$276.9 million lower than the prior year comparable period as a result of lower gross profit before depreciation partially offset by lower income taxes.

Cash flow used in investing activities for the three and six months ended June 30, 2023 amounted to \$283.5 million and \$523.5 million respectively. Cash flow used in investing activities during the current quarter was lower than the prior year quarter due to higher expansionary capex in the current period partially offset by the Josemaria acquisition costs and bridge loan payments. On a year-to-date basis cash flow used in investing activities was comparable to the prior year period.

During the current quarter, the Company used \$99.9 million for financing activities which was lower than the amount used in the prior year quarter due primarily to the payment of a performance dividend in 2022. On a year-to-date basis, there was cash flow of \$119.4 million from financing activities compared to \$259.5 million used in the prior year comparable period. This change was due to higher net proceeds from debt partially offset with lower dividends paid in the current period.

Capital Resources

The Company continues to expect to be able to fund all its contractual commitments with its operating cash flow, cash on hand and available capital resources.

As at June 30, 2023, the Company had \$386.5 million of debt and \$28.5 million of lease liabilities outstanding.

As at June 30, 2023, the Company has a revolving Credit Facility of \$1,750.0 million with \$176.0 million outstanding (December 31, 2022 - \$13.7 million). The Credit Facility bears interest on drawn funds at rates of Term Secured Overnight Financing Rate ("Term SOFR") + Credit Spread Adjustment ("CSA") + 1.45% to Term SOFR + CSA + 2.50% depending on the Company's net leverage ratio. The Credit Facility is subject to customary covenants. On April 26, 2023, the Credit Facility was amended extending the term to April 2028 and reducing the CSA to 0.10%.

The Company also has equipment financing with an outstanding balance of \$1.2 million as at June 30, 2023 (December 31, 2022 - \$2.4 million) and a commercial paper program of \$27.2 million (€25.0 million) which matures in May 2025. In June the Company entered into an additional commercial paper program of \$54.3 million (€50.0 million) which matures in June 2028. The amounts outstanding related to both commercial paper programs as at June 30, 2023 was \$65.2 million (€60.0 million) (December 31, 2022 - \$26.7 million). As at June 30, 2023, the Company had outstanding short-term unsecured term loans of \$149.1 million (December 31, 2022 - \$127.4 million).

In July 2023, the Company entered into a third commercial paper program ("Commercial Paper Program 3") which matures in July 2028. The \$43.5 million (€40.0 million) program bears interest on drawn funds at EURIBOR+0.30%. In July 2023, the Company drew down €30.0 million on Commercial Paper Program 3 and €10.0 million under the second commercial paper program.

On July 27, 2023, the Company announced that it had received a new term loan in a principal amount of \$800 million, which the Company will use to refinance the drawdown under the Company's existing \$1,750.0 million revolving credit facility which was used to fund the upfront cash consideration of the Caserones Acquisition. The term loan has a term of three years and provides for an additional \$400 million non-committed accordion, which would become available upon receipt of additional binding commitments and closing of up to an additional nineteen percent (19%) interest in Caserones. The term loan bears interest on US dollar denominated drawn funds at an annual rate equal to Term SOFR+CSA+1.60% to 2.65%, depending on the Company's net leverage ratio. 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.

During the three and six months ended June 30, 2023, no shares were purchased under the Company's Normal Course Issuer Bid (Q2 2022 and YTD 2022 - 1,189,200 shares, \$8.1 million consideration).

Contractual Obligations, Commitments and Contingencies

The Company has contractual obligations and capital commitments as described in Note 19 "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 has entered into derivative contracts consisting of foreign currency forward and option contracts as well as diesel swap forward contracts. The option contracts consist of put and call contracts in a collar structure. The Company does not currently utilize financial instruments in hedging metal price or interest rate exposure.

For a detailed discussion of the Company's financial instruments refer to Note 18 of the Company's Condensed Interim Consolidated Financial Statements.

Sensitivities

Revenue, cost of goods sold and capital expenditures are affected by certain external factors including fluctuations in metal prices and changes in exchange rates between the €, the SEK, the CLP, the BRL, the ARS and the \$. Foreign exchange changes may be limited by the cash flow hedges previously described.

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, 2023	Change	Effect on Revenue (\$millions)
Copper	82,405 t	\$3.77/lb	+/- 10%	+/- \$68.5
Zinc	27,637 t	\$1.08/lb	+/- 10%	+/- \$6.6
Gold	35 koz	\$1,929/oz	+/- 10%	+/- \$6.8
Nickel	1,668 t	\$9.25/lb	+/- 10%	+/- \$3.4

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 21 of the Company's June 30, 2023 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, 2023 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 Debt

Net debt 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 debt is a useful indicator to some investors to evaluate the Company's financial position. Net debt 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, 2023	December 31, 2022
Cash and cash equivalents	190,182	191,387
Current portion of total debt and lease liabilities	(284,656)	(170,149)
Debt and lease liabilities	(130,359)	(27,179)
	(415,015)	(197,328)
Deferred financing fees (netted in above)	(4,998)	(4,926)
	(420,013)	(202,254)
Net debt	(229,831)	(10,867)

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		Six months ended	
	June 30, 2023	2022	June 30, 2023	2022
Cash provided by operating activities	194,844	366,411	406,719	683,668
Changes in non-cash working capital items	(84,207)	(316,665)	(61,015)	(161,117)
Adjusted operating cash flow	110,637	49,746	345,704	522,551
Basic weighted average number of shares outstanding	772,255,656	766,775,032	771,739,532	751,676,764
Adjusted operating cash flow per share	0.14	0.06	0.45	0.70

Free Cash Flow from Operations and Free Cash Flow

The Company believes free cash flow from operations and free cash flow are relevant measures for investors. Free cash flow from operations is indicative of the Company's ability to generate cash from operations, after consideration of required sustaining capital expenditures necessary to maintain operations. Free cash flow is a relevant measure for some investors, as it is indicative of the Company's available cash generated.

Free cash flow from operations is defined as cash flow provided by operating activities, excluding exploration and project investigation costs and less sustaining capital expenditures. Free cash flow is defined as free cash flow from operations less expansionary capex and exploration and project investigation costs.

The Company has redefined free cash flow so that it encompasses all capital expenditures, including both sustaining and expansionary, to more fully represent available cash generation. Free cash flow from operations and free cash flow can be reconciled as follows:

(\$thousands)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Cash provided by operating activities	194,844	366,411	406,719	683,668
General exploration and business development	13,693	51,531	28,458	59,813
Sustaining capital expenditures	(187,820)	(151,665)	(343,384)	(282,423)
Free cash flow from operations	20,717	266,277	91,793	461,058
General exploration and business development	(13,693)	(51,531)	(28,458)	(59,813)
Expansionary capital expenditures	(91,650)	(65,603)	(182,169)	(79,757)
Free cash flow	(84,626)	149,143	(118,834)	321,488

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 cash flow 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 Condensed Interim Consolidated Statement of Earnings as follows:

(\$thousands)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Net earnings (loss)	61,302	(48,626)	226,613	329,483
Add back:				
Depreciation, depletion and amortization	130,505	142,042	250,752	271,879
Finance income and costs	15,897	17,309	31,596	32,281
Income taxes	(19,601)	49,003	29,092	126,209
	188,103	159,728	538,053	759,852
Unrealized foreign exchange	(19,285)	2,721	(10,641)	10,574
Revaluation gain on derivatives	(14,783)	(19,593)	(34,033)	(16,300)
Sinkhole costs	11,900	—	16,482	—
Revaluation gain on marketable securities	(3,464)	1,626	(3,902)	(2,266)
Gain on disposal of subsidiary	—	—	(5,718)	(16,828)
Other	(283)	4,161	(1,110)	1,385
Total adjustments - EBITDA	(25,915)	(11,085)	(38,922)	(23,435)
Adjusted EBITDA	162,188	148,643	499,131	736,417

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

(\$thousands, except share and per share amounts)	Three months ended		Six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Net earnings (loss) attributable to Lundin Mining shareholders	59,109	(52,577)	205,729	292,501
Add back:				
Total adjustments - EBITDA	(25,915)	(11,085)	(38,922)	(23,435)
Tax effect on adjustments	(554)	5,035	(3,180)	3,001
Deferred tax arising from foreign exchange translation	(15,989)	23,091	(21,996)	(11,863)
Other	(634)	260	69	128
Total adjustments	(43,092)	17,301	(64,029)	(32,169)
Adjusted earnings	16,017	(35,276)	141,700	260,332
Basic weighted average number of shares outstanding	772,255,656	766,775,032	771,739,532	751,676,764
Net earnings (loss) attributable to Lundin Mining shareholders	0.08	(0.07)	0.27	0.39
Total adjustments	(0.06)	0.02	(0.09)	(0.04)
Adjusted EPS	0.02	(0.05)	0.18	0.35

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, 2023						
Operations	Candelaria	Chapada	Eagle	Neves-Corvo	Zinkgruvan	Total
(\$000s, unless otherwise noted)	(Cu)	(Cu)	(Ni)	(Cu)	(Zn)	
Sales volumes (Contained metal in concentrate):						
Tonnes	36,347	10,164	3,859	6,170	9,374	
Pounds (000s)	80,132	22,408	8,507	13,603	20,666	
Production costs						405,198
Less: Royalties and other						(7,969)
						397,229
Deduct: By-product credits						(122,636)
Add: Treatment and refining charges						32,514
Cash cost	171,520	60,351	15,990	54,271	4,975	307,107
Cash cost per pound (\$/lb)	2.14	2.69	1.88	3.99	0.24	
Add: Sustaining capital expenditure	123,417	19,690	3,562	22,133	15,994	
Royalties	—	2,029	4,920	83	—	
Reclamation and other closure accretion and depreciation	2,444	1,847	3,011	1,296	739	
Leases and other	3,654	1,171	897	148	100	
All-in sustaining cost	301,035	85,088	28,380	77,931	21,808	
AISC per pound (\$/lb)	3.76	3.80	3.34	5.73	1.06	
(\$000s, unless otherwise noted) 2023 Guidance						
Cash cost	620,000	260,000	90,000	180,000	90,000	
Cash cost per pound(\$/lb)	1.80 – 1.95	2.35 – 2.55	2.30 – 2.45	2.10 – 2.30	0.45 – 0.50	

Three months ended June 30, 2022						
Operations	Candelaria	Chapada	Eagle	Neves-Corvo	Zinkgruvan	Total
(\$000s, unless otherwise noted)	(Cu)	(Cu)	(Ni)	(Cu)	(Zn)	
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	86,107	29,760	2,923	13,760	14,083	
Royalties	—	2,442	10,633	(616)	—	
Reclamation and other closure accretion and depreciation	2,082	1,865	4,683	120	956	
Leases and other	2,658	1,110	631	194	160	
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	

Six months ended June 30, 2023

Operations	Candelaria	Chapada	Eagle	Neves-Corvo	Zinkgruvan	Total
(\$000s, unless otherwise noted)	(Cu)	(Cu)	(Ni)	(Cu)	(Zn)	
Sales volumes (Contained metal in concentrate):						
Tonnes	71,917	19,236	6,594	14,201	25,986	
Pounds (000s)	158,550	42,408	14,537	31,308	57,289	
Production costs						822,962
Less: Royalties and other						(20,055)
						802,907
Deduct: By-product credits						(279,601)
Add: Treatment and refining charges						69,129
Cash cost	345,212	107,669	30,630	84,163	24,761	592,435
Cash cost per pound (\$/lb)	2.18	2.54	2.11	2.69	0.43	
Add: Sustaining capital expenditure	214,103	35,717	10,664	47,194	30,462	
Royalties	—	4,252	10,606	1,813	—	
Reclamation and other closure accretion and depreciation	4,751	3,648	5,969	2,620	1,800	
Leases and other	6,797	2,137	1,644	306	202	
All-in sustaining cost	570,863	153,423	59,513	136,096	57,225	
AISC per pound (\$/lb)	3.60	3.62	4.09	4.35	1.00	

Six months ended June 30, 2022

Operations	Candelaria	Chapada	Eagle	Neves-Corvo	Zinkgruvan	Total
(\$000s, unless otherwise noted)	(Cu)	(Cu)	(Ni)	(Cu)	(Zn)	
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	—	
Reclamation and other closure accretion and depreciation	4,051	3,749	9,300	451	2,073	
Leases and other	4,626	2,039	1,282	396	398	
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	

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.

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, 2022 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 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. Management will continue to monitor the effectiveness of its ICFR and may make modifications from time to time as considered necessary.

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, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's financial reporting.

Outstanding Share Data

As at August 2, 2023, the Company has 773,066,071 common shares issued and outstanding, and 6,932,668 stock options and 1,896,028 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).