

# lundin mining

## Management's Discussion and Analysis For the three months ended March 31, 2022

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This management's discussion and analysis ("MD&A") has been prepared as of April 27, 2022 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 2022. Those financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The Company's presentation currency is United States ("US") dollars. Reference herein of \$ is to United States dollars, C\$ is to Canadian dollars, CLP is to Chilean pesos, € refers to the euro, BRL is to Brazilian reais, and SEK is to Swedish krona.

### About Lundin Mining

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

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## 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; expectations and ability to complete the Josemaria Resources Inc. transaction; the Company’s integration of acquisitions and any anticipated benefits thereof, including the Josemaria Resources Inc. 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 labor; assumed and future price of copper, nickel, zinc, gold and other metals; anticipated costs; ability to achieve goals; the prompt and effective integration of acquisitions; that the political environment in which the Company operates will continue to support the development and operation of mining projects; and assumptions related to the factors set forth below. While these factors and assumptions are considered reasonable by Lundin Mining as at the date of this document in light of management’s experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information. Such factors include, but are not limited to: risks inherent in mining including but not limited to risks to the environment, industrial accidents, catastrophic equipment failures, unusual or unexpected geological formations or unstable ground conditions, and natural phenomena such as earthquakes, flooding or unusually severe weather; uninsurable risks; global financial conditions and inflation; changes in the Company’s share price, and volatility in the equity markets in general; volatility and fluctuations in metal and commodity demand and prices; changing taxation regimes; delays or the inability to obtain, retain or comply with permits; reliance on a single asset; unavailable or inaccessible infrastructure, infrastructure failures, and risks related to ageing infrastructure; risks related to negative publicity with respect to the Company or the mining industry in general; health and safety risks; pricing and availability of key supplies and services; the threat associated with outbreaks of viruses and infectious diseases, including the COVID-19 virus; the inability to currently control Josemaria Resources Inc. and the ability to satisfy the conditions and consummate the Josemaria Resources Inc. transaction on the proposed terms and expected schedule; exchange rate fluctuations; risks relating to attracting and retaining of highly skilled employees; risks inherent in and/or associated with operating in foreign countries and emerging markets; climate change; regulatory investigations, enforcement, sanctions and/or related or other litigation; existence of significant shareholders; uncertain political and economic environments, including in Brazil and Chile; risks associated with acquisitions and related integration efforts, including the ability to achieve anticipated benefits, unanticipated difficulties or expenditures relating to integration and diversion of management time on integration; indebtedness; liquidity risks and limited financial resources; funding requirements and availability of financing; exploration, development or mining results not being consistent with the Company’s expectations; risks related to the environmental regulation and environmental impact of the Company’s operations and products and management thereof; activist shareholders and proxy solicitation matters; reliance on key personnel and reporting and oversight systems, as well as third parties and consultants in foreign jurisdictions; historical environmental liabilities and ongoing reclamation obligations; information technology and cybersecurity risks; risks related to mine closure activities, reclamation obligations, and closed and historical sites; social and political unrest, including civil disruption in Chile; the inability to effectively compete in the industry; financial projections, including estimates of future expenditures and cash costs, and estimates of future production may be unreliable; actual ore mined and/or metal recoveries varying from Mineral Resource and Mineral Reserve estimates, estimates of grade, tonnage, dilution, mine plans and metallurgical and other characteristics; ore processing efficiency; risks associated with the estimation of Mineral Resources and Mineral Reserves and the geology, grade and continuity of mineral deposits including but not limited to models relating thereto; enforcing legal rights in foreign jurisdictions; community and stakeholder opposition; changes in laws, regulations or policies including but not limited to those related to mining regimes, permitting and approvals, environmental and tailings management, labor, trade relations, and transportation; risks associated with the structural stability of waste rock dumps or tailings storage facilities; dilution; risks relating to dividends; conflicts of interest; counterparty and credit risks and customer concentration; the estimation of asset carrying values; challenges or defects in title; internal controls; relationships with employees and contractors, and the potential for and effects of labor disputes or other unanticipated difficulties with or shortages of labor or interruptions in production; compliance with foreign laws; potential for the allegation of fraud and corruption involving the Company, its customers, suppliers or employees, or the allegation of improper or discriminatory employment practices, or human rights violations; compliance with environmental, health and safety regulations and laws; and other risks and uncertainties, including but not limited to those described in the “Risk and Uncertainties” section of the Company’s AIF and the “Managing Risks” section of the Company’s MD&A for the year ended December 31, 2021, which are available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company’s profile. All of the forward-looking statements made in this document are qualified by these cautionary statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, forecast or intended and readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking information. Accordingly, there can be no assurance that forward-looking information will prove to be accurate and forward-looking information is not a guarantee of future performance. Readers are advised not to place undue reliance on forward-looking information. The forward-looking information contained herein speaks only as of the date of this document. The Company disclaims any intention or obligation to update or revise forward-looking information or to explain any material difference between such and subsequent actual events, except as required by applicable law.*

## Highlights

### Operational Performance

Overall, operations performed well during the quarter and the Company remains on track to achieve overall production guidance. Operations adapted to new challenges of the fast-spreading COVID Omicron variant, which had the greatest impact on absences since the onset of the pandemic, as the Company continued to adhere to precautionary measures necessary to protect the safety of the workforce and communities. Copper and gold production exceeded the prior year quarter, while zinc production was in-line and nickel production was lower than the prior year quarter, as expected. Cash costs<sup>1</sup> for the quarter were better than the prior year quarter at all sites except Eagle and Chapada, where cash costs were in accordance with expectations.

**Candelaria (80% owned):** Candelaria produced 39,503 tonnes of copper, and approximately 22,000 ounces of gold in concentrate on a 100% basis in the quarter, in-line with expectations. Copper and gold production were higher than the prior year quarter primarily due to better grades. Copper cash cost of \$1.58/lb for the current quarter was better than the prior year quarter due mainly to positive foreign exchange effects and higher sales volumes.

**Chapada (100% owned):** Chapada produced 10,100 tonnes of copper and approximately 12,000 ounces of gold in concentrate in the quarter. First quarter production was less than planned as ore release and mining activities were impacted by abnormally high rainfall and COVID related absences necessitating a greater portion of the mill feed to be sourced from stockpile; however copper production was higher than the prior year quarter due to higher recoveries. Copper cash cost of \$1.82/lb for the quarter was higher than the prior year quarter due mainly to higher mining costs resulting from inflation.

**Eagle (100% owned):** Eagle produced 4,281 tonnes of nickel and 4,420 tonnes of copper during the quarter. While production was better than planned, it was lower than the prior year quarter, primarily due to lower head grades. Nickel cash cost of negative \$1.25/lb was unfavourable compared to the prior year quarter due to lower sales volumes, partially offset by increased by-product credits, and remained in the first quartile of industry cash cost.

**Neves-Corvo (100% owned):** Neves-Corvo produced 9,860 tonnes of copper for the quarter and 14,751 tonnes of zinc. Higher copper production in the current quarter compared to the prior year quarter resulted from better grades and throughput. Zinc production was higher in the quarter over prior year quarter largely driven by the recent start-up of the Zinc Expansion Project (“ZEP”), though partially offset by lower recoveries. A voluntary temporary suspension of operations took place following a fatal accident on March 30, 2022. Initial lessons learned from the fatality have been shared across the Company’s operations, and Lundin Mining remains committed to safe production. Copper cash cost of \$1.70/lb for the quarter was better than the prior year quarter due to favourable zinc by-product credits.

**Zinkgruvan (100% owned):** Zinc production of 17,640 tonnes was lower than the prior year comparable period but in-line with expected volumes. Lead production of 6,728 tonnes was higher than the prior year quarter due to better grades and recoveries. Zinc cash cost of \$0.27/lb was better than the prior year quarter largely due to higher by-product credits.

### Total Production

<i>(Contained metal in concentrate)</i>	2022	Total	2021			
	Q1		Q4	Q3	Q2	Q1
Copper (t) <sup>a</sup>	65,081	262,884	76,996	65,077	63,457	57,354
Zinc (t)	32,391	143,797	36,830	38,769	34,833	33,365
Gold (koz) <sup>a</sup>	34	167	46	46	41	34
Nickel (t)	4,281	18,353	4,101	4,124	4,774	5,354

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

<sup>1</sup> This is a non-GAAP measure – see page 21 of this MD&A for discussion of non-GAAP and other performance measures.

## Financial Performance

- Gross profit for the quarter ended March 31, 2022 was \$478.8 million, an increase of \$226.3 million compared to the first quarter of 2021. The increase was primarily due to higher revenues driven by higher metal prices and price adjustments (\$238.5 million) and higher sales volumes.
- Net earnings for the current quarter were \$378.1 million, a \$223.9 million increase over the first quarter of 2021 primarily attributable to higher gross profit.
- Adjusted earnings<sup>1</sup> for the quarter were \$295.6 million, compared to \$144.4 million in the prior year quarter, a reflection of higher gross profit partially offset by higher income taxes.

## Corporate Updates

- On February 17, 2022, the Company announced the retirement of Mr. Lukas Lundin as the Chair of Lundin Mining's Board of Directors, effective at the Company's 2022 Annual Shareholders Meeting.
- On February 17, 2022, the Company declared a regular dividend of C\$0.09 per share and a semi-annual performance dividend of C\$0.11, for a combined total of C\$0.20 per share of dividends declared.
- On March 30, 2022, the Company reported a fatality at its Neves-Corvo mine in Portugal. Operations were voluntarily temporarily suspended and relevant authorities were notified. Mandatory regulatory investigations were commenced and the Company continues to cooperate fully with those investigations.

## Financial Position and Financing

- Cash and cash equivalents increased by \$139.8 million during the quarter ended March 31, 2022 to \$733.9 million, with cash flow from operations of \$317.3 million exceeding capital expenditures of \$144.9 million. In connection with the definitive agreement to acquire Josemaria Resources Inc, ("Josemaria Resources") and its copper-gold project located in the San Juan province of Argentina, the Company provided a \$100.0 million bridge financing facility; during the quarter \$40.5 million was advanced to Josemaria Resources under this facility.
- Net cash<sup>1</sup> as at March 31, 2022 was \$704.9 million, an increase of \$141.8 million from the net cash balance as at December 31, 2021. The increase in net cash is attributable to the positive cash flow impacts previously described.
- As of April 27, 2022, the Company had a cash and net cash balance of approximately \$680.0 million and \$650.0 million, respectively, after paying dividends of approximately \$115.0 million on April 13, 2022.

<sup>1</sup> These are non-GAAP measures – see page 21 of this MD&A for discussion of non-GAAP and other performance measures.

## Outlook

During the quarter, continuing risks associated with global inflation as well as supply chain delivery persisted. These risks have been further heightened with the Russian-Ukraine conflict. To date, there has not been a significant impact on our operations relating to supply chain availability; however, inflationary increases on energy, fuel, contractor costs and consumables are expected to impact operating costs for the remainder of the year. The Company has implemented procurement strategies to mitigate the impact and to continue to monitor these risks.

Total copper, zinc and nickel production are all tracking above the mid-point of the Company's 2022 guidance ranges of 258,000t – 282,000t of copper, 188,000t – 203,000t of zinc, and 15,000t – 18,000t of nickel. Gold production is currently trending at the low end of the 153,000oz – 163,000oz range.

Candelaria, Neves-Corvo, Eagle and Zinkgruvan metal production are on plan and tracking well to achieve annual guidance. Opportunities to increase waste stripping to improve ore availability and production over the remainder of the year at Chapada are being evaluated and actioned; production is currently trending below the annual guidance.

Forecast cash costs remain in-line with annual guidance for Candelaria, Neves-Corvo and Zinkgruvan with expected inflationary impacts on consumables being largely offset by production volumes and by-product metal prices. Chapada's forecast copper cash cost is trending above annual guidance considering the impact of inflation on prices of consumables, the strengthening local currency and production volumes. Eagle's forecast nickel cash cost is trending positively compared to annual guidance, primarily due to copper by-product prices.

Capital expenditures at Eagle, Neves-Corvo and Zinkgruvan are all tracking well to annual guidance. Candelaria and Chapada capital expenditures are trending above annual guidance with inflationary cost increases on capitalized stripping, including diesel, explosives and other consumables.

Total exploration expenditures are on target to be \$45.0 million in 2022.

## Selected Quarterly Financial Information

	Three months ended March 31,	
	2022	2021
(\$ millions, except share and per share amounts)		
<b>Revenue</b>	<b>991.1</b>	681.5
Cost of goods sold:		
Production costs	<b>(382.4)</b>	(303.1)
Depreciation, depletion and amortization	<b>(129.8)</b>	(125.9)
<b>Gross profit</b>	<b>478.8</b>	252.5
<b>Net earnings attributable to:</b>		
Lundin Mining shareholders	<b>345.1</b>	135.2
Non-controlling interests	<b>33.0</b>	19.1
<b>Net earnings</b>	<b>378.1</b>	154.2
<b>Adjusted earnings<sup>2</sup></b>	<b>295.6</b>	144.4
<b>Adjusted EBITDA<sup>2</sup></b>	<b>587.8</b>	354.4
<b>Cash flow from operations</b>	<b>317.3</b>	158.7
<b>Adjusted operating cash flow<sup>2</sup></b>	<b>472.8</b>	279.8
<b>Free cash flow<sup>2</sup></b>	<b>186.5</b>	56.0
<b>Capital expenditures<sup>3</sup></b>	<b>144.9</b>	112.5
<b>Per share amounts:</b>		
Basic and diluted earnings per share attributable to shareholders	<b>0.47</b>	0.18
Adjusted earnings per share <sup>2</sup>	<b>0.40</b>	0.20
Adjusted operating cash flow per share <sup>2</sup>	<b>0.64</b>	0.38
Dividends declared (C\$/share)	<b>0.20</b>	0.06
	<b>March 31,</b>	December 31,
	<b>2022</b>	2021
<b>Total assets</b>	<b>7,971.8</b>	7,636.9
<b>Total debt and lease liabilities</b>	<b>29.0</b>	31.0
<b>Net cash<sup>2</sup></b>	<b>704.9</b>	563.1

## Summary of Quarterly Results<sup>1,4</sup>

(\$ millions, except per share data)	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20
Revenue	991.1	1,018.6	756.4	872.3	681.5	529.5	600.7	533.3
Gross profit	478.8	433.2	303.9	380.2	252.5	179.4	199.3	142.1
Net earnings	378.1	266.1	190.6	268.4	154.2	120.8	133.6	48.3
- attributable to shareholders	345.1	228.8	173.7	242.6	135.2	119.2	122.4	38.7
Adjusted earnings <sup>2</sup>	295.6	281.5	168.4	226.3	144.3	106.7	106.4	52.8
Adjusted EBITDA <sup>2</sup>	587.8	623.0	411.3	480.7	354.4	234.8	300.3	231.5
EPS - Basic and Diluted	0.47	0.31	0.24	0.33	0.18	0.16	0.17	0.05
Adjusted EPS <sup>2</sup>	0.40	0.38	0.23	0.31	0.20	0.15	0.14	0.07
Cash flow from operations	317.3	384.2	523.1	419.0	158.7	172.7	272.2	37.6
Adjusted operating cash flow per share <sup>2</sup>	0.64	0.65	0.40	0.58	0.38	0.24	0.36	0.24
Capital expenditures <sup>3</sup>	144.9	153.9	133.8	131.9	112.5	100.2	89.8	100.2

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

2. These are non-GAAP measures please see 21 of this MD&A for discussion of non-GAAP and other performance measures.

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

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

## Revenue Overview

### Sales Volumes by Payable Metal

(Contained metal in concentrate)	2022	2021				
	Q1	Total	Q4	Q3	Q2	Q1
<b>Copper (tonnes)</b>						
Candelaria (100%)	38,448	148,213	43,417	33,743	35,537	35,516
Chapada	12,804	47,123	13,628	13,869	12,247	7,379
Eagle	3,508	16,522	3,155	3,792	5,257	4,318
Neves-Corvo	8,484	36,618	10,668	9,071	10,314	6,565
Zinkgruvan	1,635	1,806	19	859	926	2
	<b>64,879</b>	<b>250,282</b>	<b>70,887</b>	<b>61,334</b>	<b>64,281</b>	<b>53,780</b>
<b>Zinc (tonnes)</b>						
Neves-Corvo	11,702	53,622	15,058	12,516	14,443	11,605
Zinkgruvan	15,802	64,056	18,005	16,043	14,305	15,703
	<b>27,504</b>	<b>117,678</b>	<b>33,063</b>	<b>28,559</b>	<b>28,748</b>	<b>27,308</b>
<b>Gold (000 oz)</b>						
Candelaria (100%)	21	89	25	20	23	21
Chapada	15	68	18	22	16	12
	<b>36</b>	<b>157</b>	<b>43</b>	<b>42</b>	<b>39</b>	<b>33</b>
<b>Nickel (tonnes)</b>						
Eagle	3,267	15,012	3,390	3,246	4,258	4,118
<b>Lead (tonnes)</b>						
Neves-Corvo	763	4,890	1,592	999	1,054	1,245
Zinkgruvan	4,844	19,245	4,787	4,825	4,928	4,705
	<b>5,607</b>	<b>24,135</b>	<b>6,379</b>	<b>5,824</b>	<b>5,982</b>	<b>5,950</b>
<b>Silver (000 oz)</b>						
Candelaria (100%)	447	1,281	425	297	287	272
Chapada	48	93	33	26	14	20
Eagle	7	63	23	16	9	15
Neves-Corvo	191	960	307	183	228	242
Zinkgruvan	355	1,348	346	354	356	292
	<b>1,048</b>	<b>3,745</b>	<b>1,134</b>	<b>876</b>	<b>894</b>	<b>841</b>

## Revenue Analysis

by Mine (\$ thousands)	Three months ended March 31,					Change \$
	2022		2021		Change	
	\$	%	\$	%		
Candelaria (100%)	457,546	46	351,990	52	105,556	
Chapada	159,605	16	86,218	13	73,387	
Eagle	149,869	15	118,868	17	31,001	
Neves-Corvo	134,567	14	80,760	12	53,807	
Zinkgruvan	89,492	9	43,642	6	45,850	
	<b>991,079</b>		<b>681,478</b>		<b>309,601</b>	

by Metal (\$ thousands)	Three months ended March 31,					Change \$
	2022		2021		Change	
	\$	%	\$	%		
Copper	679,075	69	478,910	70	200,165	
Zinc	107,615	11	56,577	8	51,038	
Gold	59,717	6	43,471	6	16,246	
Nickel	106,790	11	70,225	10	36,565	
Lead	11,837	1	10,002	2	1,835	
Silver	13,898	1	8,850	1	5,048	
Other	12,147	1	13,443	3	(1,296)	
	<b>991,079</b>		<b>681,478</b>		<b>309,601</b>	

Revenue for the quarter ended March 31, 2022 increased by \$309.6 million compared to the first quarter of the prior year. The increase was primarily due to higher metal prices and price adjustments (\$238.5 million), partially offset by lower nickel sales volumes.

Revenue from gold and silver for the quarter ended March 31, 2022 includes the 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 \$420/oz for gold and between \$4.20/oz and \$4.52/oz for silver.

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

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

### Provisionally valued revenue as of March 31, 2022

Metal	Payable metal	Valued at
Copper	90,575 t	\$4.71 /lb
Zinc	24,657 t	\$1.91 /lb
Gold	34 koz	\$1,950 /oz
Nickel	3,230 t	\$14.56 /lb



## Quarterly Reconciliation of Realized Prices

(\$ thousands)	Three months ended March 31, 2022				
	Copper	Zinc	Gold	Nickel	Total
Current period sales <sup>1</sup>	671,395	111,706	70,530	102,516	956,146
Prior period price adjustments	34,906	7,428	732	6,757	49,824
	706,301	119,134	71,262	109,273	1,005,970
Other metal sales					55,536
Copper stream cash effect					(7,140)
Gold stream cash effect					(21,108)
Less: Treatment & refining charges					(42,179)
<b>Total Revenue</b>					<b>991,079</b>
<b>Payable Metal</b>	<b>64,879 t</b>	<b>27,504 t</b>	<b>36 koz</b>	<b>3,267 t</b>	
Current period sales <sup>1,2</sup>	\$4.69	\$1.84	\$1,939	\$14.23	
Prior period adjustments <sup>2</sup>	0.25	0.12	20	0.94	
Realized prices <sup>2,3</sup>	\$4.94 /lb	\$1.96 /lb	\$1,959 /oz	\$15.17 /lb	

	Three months ended March 31, 2021				
	Copper	Zinc	Gold	Nickel	Total
Current period sales <sup>1</sup>	471,343	76,188	56,975	71,757	676,263
Prior period price adjustments	26,999	186	(3,669)	(1,033)	22,483
	498,342	76,374	53,306	70,724	698,746
Other metal sales					50,060
Copper stream cash effect					(4,106)
Gold stream cash effect					(19,340)
Less: Treatment & refining charges					(43,882)
<b>Total Revenue</b>					<b>681,478</b>
<b>Payable Metal</b>	<b>53,780 t</b>	<b>27,308 t</b>	<b>33 koz</b>	<b>4,118 t</b>	
Current period sales <sup>1,2</sup>	\$3.98	\$1.27	\$1,708	\$7.90	
Prior period adjustments <sup>2</sup>	0.22	-	(110)	(0.11)	
Realized prices <sup>2,3</sup>	\$4.20 /lb	\$1.27 /lb	\$1,598 /oz	\$7.79 /lb	

1. Includes provisional price adjustments on current period sales.

2. This is a non-GAAP measure – see page 21 of this MD&A for discussion of non-GAAP measures.

3. The realized price for copper inclusive of the impact of streaming agreements for 2022 is \$4.89/lb (2021: \$4.17/lb). The realized price for gold inclusive of the impact of streaming agreements for 2022 is \$1,379/oz (2021: \$1,018/oz).

## Financial Results

### Production Costs

Production costs for the quarter ended March 31, 2022 were \$382.4 million, an increase of \$79.3 million in comparison to the \$303.1 million reported in the first quarter of the prior year. This increase was primarily due to higher overall sales volumes as well as higher energy and other consumable costs resulting from inflationary increases.

### Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expense for the current quarter was in line with the prior year comparable quarter, with higher depreciation reported at Neves-Corvo with the start-up of ZEP.

Depreciation by operation (\$ thousands)	Three months ended March 31,		
	2022	2021	Change
Candelaria	68,109	73,252	(5,143)
Chapada	11,117	7,926	3,191
Eagle	16,849	20,304	(3,455)
Neves-Corvo	20,845	13,241	7,604
Zinkgruvan	12,479	10,733	1,746
Other	438	454	(16)
	129,837	125,910	3,927

### General Exploration and Business Development

General exploration and business development expenses for the current quarter were \$8.3 million, a decrease against the prior year comparable quarter by \$1.5 million due primarily to a reduction in exploration at Candelaria and Zinkgruvan. Drilling at Chapada was focused on the Saúva discovery with five drill rigs operating in the area during the quarter.

### Other Income

Net other income for the quarter ended March 31, 2022 was \$6.6 million, an increase of \$1.3 million over the net other income of \$5.3 million recorded in the first quarter of 2021. The change was primarily due to lower foreign exchange revaluations recorded in the current quarter partially offset by a tax refund received from a subsidiary sold in a prior period.

Recorded in other income are foreign exchange revaluations related to working capital denominated in foreign currencies that was held by the Company. Period end exchange rates affecting foreign exchange recorded at March 31, 2022 were:

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

## Income Taxes

Income tax expense (recovery) by mine (\$ thousands)	Three months ended March 31,		
	2022	2021	Change
Candelaria	72,969	41,360	31,609
Chapada	(27,681)	21,008	(48,689)
Eagle	13,762	7,129	6,633
Neves-Corvo	7,111	(740)	7,851
Zinkgruvan	11,265	3,640	7,625
Other	(220)	(2,495)	2,275
	<b>77,206</b>	<b>69,902</b>	<b>7,304</b>

Income taxes by classification (\$ thousands)	Three months ended March 31,		
	2022	2021	Change
Current income tax	95,538	37,480	58,058
Deferred income tax	(18,332)	32,422	(50,754)
	<b>77,206</b>	<b>69,902</b>	<b>7,304</b>

Excluding Chapada, all sites reported higher tax expense due to higher taxable earnings compared to the first quarter in the prior year. The higher tax expense in the current quarter was offset by a net deferred tax recovery of \$35.0 million resulting from foreign exchange translation on non-monetary assets at Chapada due to the strengthening BRL in the current quarter. Chapada also had lower taxable income than the comparable quarter of the prior year due to foreign exchange losses.

## Mining Operations

### Production Overview

(Contained metal in concentrate)	2022	2021				
	Q1	Total	Q4	Q3	Q2	Q1
<b>Copper (tonnes)</b>						
Candelaria (100%)	39,503	151,719	45,573	35,929	36,014	34,203
Chapada	10,100	52,019	14,870	16,050	11,258	9,841
Eagle	4,420	18,419	3,636	4,165	5,227	5,391
Neves-Corvo	9,860	37,941	12,100	8,083	10,317	7,441
Zinkgruvan	1,198	2,786	817	850	641	478
	<b>65,081</b>	<b>262,884</b>	<b>76,996</b>	<b>65,077</b>	<b>63,457</b>	<b>57,354</b>
<b>Zinc (tonnes)</b>						
Neves-Corvo	14,751	66,031	18,750	15,909	16,662	14,710
Zinkgruvan	17,640	77,766	18,080	22,860	18,171	18,655
	<b>32,391</b>	<b>143,797</b>	<b>36,830</b>	<b>38,769</b>	<b>34,833</b>	<b>33,365</b>
<b>Gold (000 oz)</b>						
Candelaria (100%)	22	91	26	20	24	21
Chapada	12	76	20	26	17	13
	<b>34</b>	<b>167</b>	<b>46</b>	<b>46</b>	<b>41</b>	<b>34</b>
<b>Nickel (tonnes)</b>						
Eagle	4,281	18,353	4,101	4,124	4,774	5,354
<b>Lead (tonnes)</b>						
Neves-Corvo	793	5,419	1,644	1,359	1,343	1,073
Zinkgruvan	6,728	22,183	5,427	6,952	5,095	4,709
	<b>7,521</b>	<b>27,602</b>	<b>7,071</b>	<b>8,311</b>	<b>6,438</b>	<b>5,782</b>
<b>Silver (000 oz)</b>						
Candelaria (100%)	495	1,420	481	341	318	280
Chapada	58	257	80	72	55	50
Eagle	27	119	34	30	25	30
Neves-Corvo	344	1,636	522	362	407	345
Zinkgruvan	577	2,018	483	658	457	420
	<b>1,501</b>	<b>5,450</b>	<b>1,600</b>	<b>1,463</b>	<b>1,262</b>	<b>1,125</b>

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

	Three months ended March 31,	
	2022	2021
<b>Candelaria</b>		
Production costs	\$152,809	\$136,941
Gross cost	1.96	1.95
By-product <sup>1</sup>	(0.38)	(0.30)
<b>Cash Cost (Cu, \$/lb)</b>	<b>1.58</b>	1.65
<b>AISC (Cu, \$/lb)<sup>2</sup></b>	<b>2.61</b>	2.59
<b>Chapada</b>		
Production costs	\$79,677	\$38,980
Gross cost	2.85	2.44
By-product	(1.03)	(1.11)
<b>Cash Cost (Cu, \$/lb)</b>	<b>1.82</b>	1.33
<b>AISC (Cu, \$/lb)</b>	<b>2.56</b>	2.11
<b>Eagle</b>		
Production costs	\$39,558	\$40,260
Gross cost	4.73	3.74
By-product	(5.98)	(5.36)
<b>Cash Cost (Ni, \$/lb)</b>	<b>(1.25)</b>	(1.62)
<b>AISC (Ni, \$/lb)</b>	<b>1.19</b>	(0.17)
<b>Neves-Corvo</b>		
Production costs	\$78,470	\$60,699
Gross cost	4.32	4.39
By-product	(2.62)	(1.78)
<b>Cash Cost (Cu, \$/lb)</b>	<b>1.70</b>	2.61
<b>AISC (Cu, \$/lb)</b>	<b>2.92</b>	3.38
<b>Zinkgruvan</b>		
Production costs	\$31,188	\$25,592
Gross cost	1.07	1.03
By-product	(0.80)	(0.27)
<b>Cash Cost (Zn, \$/lb)</b>	<b>0.27</b>	0.76
<b>AISC (Zn, \$/lb)</b>	<b>0.57</b>	1.10

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

2. All-in Sustaining Cost ("AISC") is a non-GAAP measure – see page 21 of this MD&A for discussion of non-GAAP and other performance measures.

## Capital Expenditures <sup>1</sup>

(\$ thousands)	Three months ended March 31,							
	2022				2021			
	Sustaining	Expansionary	Capitalized Interest	Total	Sustaining	Expansionary	Capitalized Interest	Total
Candelaria	82,964	-	-	82,964	70,742	-	-	70,742
Chapada	14,455	-	-	14,455	8,970	-	-	8,970
Eagle	4,460	-	-	4,460	3,529	-	-	3,529
Neves-Corvo	19,516	14,154	-	33,670	8,946	9,483	336	18,765
Zinkgruvan	9,039	-	-	9,039	10,411	-	-	10,411
Other	324	-	-	324	46	-	-	46
	130,758	14,154	-	144,912	102,644	9,483	336	112,463

1. Capital expenditures are reported on a cash basis, as presented in the consolidated statement of cash flows. Sustaining and expansionary capital expenditures are non-GAAP measures – see page 21 of this MD&A for discussion of non-GAAP and other performance measures.

## Candelaria (Chile)

### Operating Statistics

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

### Gross Profit

Candelaria recognized \$94.8 million higher gross profit for the three months ended March 31, 2022 compared to the prior year quarter as a result of higher realized copper metal prices and price adjustments and higher sales volumes.

### Production

In the first quarter of 2022, Candelaria responded to an increase in cases of the COVID-19 Omicron variant while continuing the necessary precautionary measures to protect the safety of the workforce and communities. Copper production was higher than the comparable quarter in 2021 due to higher copper grades, and gold production was also higher than the prior year quarter.

### Cash Cost

Copper cash cost for the three months ended March 31, 2022 was lower than the prior year comparable period. The higher costs for energy and consumables were offset by positive foreign exchange impacts and higher sales volumes with by-product credits further reducing cash cost.

All-in sustaining cost was higher than the prior year comparable quarter due to higher sustaining capital expenditures related to capitalized deferred stripping driven by higher mine operational costs.

Approximately 14,000 oz of gold and 304,000 oz of silver were subject to terms of a streaming agreement in which \$420/oz and \$4.20/oz were received for gold and silver, respectively.

## Chapada (Brazil)

### Operating Statistics

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

### Gross Profit

Gross profit for the three months ended March 31, 2022 was \$29.5 million higher than the prior year comparable quarter primarily due to higher net realized metal prices, combined with higher sales volumes.

### Production

Copper production in the first quarter of 2022 was higher than the prior year quarter due to better recoveries, while gold production was marginally lower. Production of both metals were lower than expected as ore release and mining activities were impacted by abnormally high rainfall and COVID related absences necessitating a greater portion of the mill feed to be sourced from the stockpile which negatively impacted mill throughput, feed grades and metal recovery rates against expectations.

### Cash Cost

Copper cash cost for the quarter ended March 31, 2022 was higher than the comparable quarter in 2021. The increase was largely attributable to inflationary increases on energy, mine consumables and contractor costs, partially offset by higher sales volumes.

AISC was higher than the prior year quarter due to higher cash cost and higher capital spending.

### Projects

The Company is continuing to evaluate options for long-term mine and plant expansion. Study work is being conducted following comprehensive exploration efforts focused on near-mine targets since acquisition. The results will be incorporated in any future expansionary plans. During the current quarter approximately 15,000 metres of drilling was completed.

## Eagle (USA)

### Operating Statistics

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

### Gross Profit

Gross profit for the three months ended March 31, 2022 was higher than the prior year comparable period by \$35.2 million. Higher realized nickel and copper metal prices were the primary drivers of the increase in the current quarter, partially offset by lower sales volumes.

### Production

Nickel and copper production in the current quarter were lower than the first quarter of 2021 largely due to lower grades, however, production was better than expected due to higher grades and recoveries for both metals.

### Cash Cost

Nickel cash cost for the three months ended March 31, 2022 was unfavourable when compared to the prior year quarter due primarily to lower sales volumes, though partially offset by strong copper by-product credits.

All-in sustaining cost for the quarter was higher than that reported in the comparable prior year period due to higher cash cost and sustaining capital expenditures.



## Neves-Corvo (Portugal)

### Operating Statistics

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

### Gross Profit

Gross profit for the three months ended March 31, 2022 was higher than the comparable period in 2021 by \$28.5 million. Gross profit was positively impacted by higher realized metal prices and price adjustments, combined with higher sales volumes.

### Production

On March 30, 2022, a fatality occurred in the underground mine and operations were voluntarily temporarily suspended and relevant authorities were notified. Mandatory regulatory investigations were commenced and the Company continues to cooperate fully with those investigations.

Copper production for the three months ended March 31, 2022 was higher than the prior year quarter due to better grades and throughput. Zinc production was in-line with the first quarter of 2021 despite a temporary shutdown for completion of the zinc plant tie-ins during the current quarter, and throughput increases driven by the recent start-up of ZEP were partially offset by lower recoveries.

### Cash Cost

Copper cash cost for the quarter ended March 31, 2022 was lower than that of the corresponding prior year quarter. Higher costs for consumables, particularly electricity, were more than offset by higher sales volumes and by-product credits.

All-in sustaining cost was lower than the prior year comparable period due to lower cash cost partially offset by higher sustaining capital spending.

## **Projects**

ZEP construction was substantially complete at year end 2021. All primary production equipment was commissioned in the first quarter of 2022, including the underground crusher and materials handling conveyors, surface grinding, flotation circuits and dewatering circuits. Several ancillary systems were also completed in the first quarter. Commissioning and production ramp up has commenced with the remaining ZEP work progressing on schedule and on budget.

A total of approximately \$14.2 million of expansionary capital expenditures was spent in the first quarter of 2022. Total pre-production capital cost estimate of \$430.0 million (€360.0 million) for the project remains unchanged.

## Zinkgruvan (Sweden)

### Operating Statistics

	2022	2021				
	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, zinc (000s tonnes)	<b>326</b>	1,200	295	279	298	328
Ore mined, copper (000s tonnes)	<b>45</b>	201	26	66	66	43
Ore milled, zinc (000s tonnes)	<b>305</b>	1,181	291	289	267	334
Ore milled, copper (000s tonnes)	<b>88</b>	178	52	52	50	24
Grade						
Zinc (%)	<b>6.5</b>	7.4	7.0	8.9	7.6	6.3
Lead (%)	<b>2.7</b>	2.4	2.3	3.1	2.4	1.8
Copper (%)	<b>1.6</b>	1.8	1.8	1.9	1.5	2.2
Recovery						
Zinc (%)	<b>88.7</b>	88.9	88.5	89.1	89.1	88.8
Lead (%)	<b>81.7</b>	78.3	80.8	77.4	78.7	76.5
Copper (%)	<b>87.3</b>	87.5	87.5	88.5	85.0	89.5
Production (contained metal)						
Zinc (tonnes)	<b>17,640</b>	77,766	18,080	22,860	18,171	18,655
Lead (tonnes)	<b>6,728</b>	22,183	5,427	6,952	5,095	4,709
Copper (tonnes)	<b>1,198</b>	2,786	817	850	641	478
Silver (000 oz)	<b>577</b>	2,018	483	658	457	420
Revenue (\$000s)	<b>89,492</b>	228,435	69,137	59,765	55,891	43,642
Production costs (\$000s)	<b>31,188</b>	102,025	28,708	21,885	25,840	25,592
Gross profit (\$000s)	<b>45,825</b>	85,296	29,249	28,630	20,100	7,317
Cash cost (\$ per pound zinc)	<b>0.27</b>	0.53	0.58	0.32	0.42	0.76
AISC (\$ per pound zinc)	<b>0.57</b>	0.86	0.94	0.61	0.76	1.10

### Gross Profit

Gross profit for the three months ended March 31, 2022 was higher than the first quarter of 2021, due to higher realized metal prices and price adjustments.

### Production

Zinc production for the current quarter was lower than the first quarter of 2021, though was consistent with expected production. Zinc grades were higher than the prior year comparable period and are expected to increase over the course of the year based on mine sequencing. Lead production for the current quarter was higher than the prior year comparable period due to higher grades and recoveries.

### Cash Cost

Zinc cash cost in the first quarter of 2022 was lower than the comparable prior year period as a result of higher by-product credits and lower treatment charges.

All-in sustaining cost was lower than the prior year comparable period, due to lower cash cost and sustaining capital spending.

## Metal Prices, LME Inventories and Smelter Treatment and Refining Charges

The average metal prices for copper, zinc, nickel and gold for the first quarter 2022 were all higher than the prior year comparable quarter and higher than the immediately preceding quarter. Average prices for the first quarter of 2022 exceeded those of the last quarter of 2021 by; 3% copper, 12% zinc, 33% nickel and 5% gold. The prices for copper, zinc, nickel and gold increased throughout the quarter on the backdrop of continuing global concerns.

(Average LME Price)		Three months ended March 31,		
		2022	2021	Change
Copper	US\$/pound	4.53	3.86	18%
	US\$/tonne	9,997	8,504	
Zinc	US\$/pound	1.70	1.25	37%
	US\$/tonne	3,754	2,750	
Gold	US\$/ounce	1,877	1,794	5%
Nickel	US\$/pound	11.97	7.97	50%
	US\$/tonne	26,395	17,570	

LME inventories for copper increased by 3% during the first quarter of 2022 while the LME inventories of zinc and nickel each decreased by 29%.

During the first three months of 2022 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 January and February of \$53 per dmt of concentrate and a spot RC of \$0.053 per lb of payable copper to a spot TC of \$68 per dmt of concentrate and a spot RC of \$0.068 per lb of payable copper during March 2022. Also, the spot terms at which Chinese copper smelters were prepared to buy increased through the quarter from a TC of \$63 per dmt of concentrate and a RC of \$0.063 per payable lb of copper over January to a TC of \$74 per dmt of concentrate and a RC of \$0.074 per payable lb of copper at the end of March. The terms for annual contracts for copper concentrates for 2022 were reached in December 2021 at a TC of \$65 per dmt with a RC of \$0.065 per payable lb of copper. This represents an improvement for the smelters compared to the 2021 annual terms at a TC of \$59.50 per dmt of concentrates and a RC of \$0.0595 per payable lb of copper.

The spot TC, delivered China, for zinc concentrates during the first three months of 2022 increased from \$115 per dmt, flat, at the beginning of the year to \$175 per dmt, flat, by the end of the first quarter, on extremely limited activity in the Chinese market due to the Lunar holiday and reductions in refined production in Europe. The 2022 annual terms for zinc concentrates were settled at \$230 per dmt of concentrate, with an upscale price escalator of 5% at a price basis of \$3,800 per mt zinc. This represents an improvement for the smelters compared to the 2021 annual terms at a TC of \$159 per dmt of concentrate, flat.

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 March 31, 2022, the Company had cash and cash equivalents of \$733.9 million. The Company expects to be able to fund all its contractual commitments and obligations through operating cash flow generated, cash on hand and available debt facilities.

Cash flow from operations for the three months ended March 31, 2022 were \$158.6 million higher than the comparative period in the prior year. The increase was primarily attributable to higher gross profit (\$226.3 million) largely due to higher realized metal prices and price adjustments. Offsetting these cash flow increases was a negative comparative change in non-cash working capital (\$34.3 million) and higher income tax.

Cash flow used in investing activities was \$61.0 million higher in the current quarter compared to the prior year quarter. In addition to increased capital expenditures, the Company funded \$40.5 million in bridge financing to Josemaria Resources.

Cash flow used in financing activities increased in the current quarter compared to the prior year quarter due to distributions paid to non-controlling interests of \$15.0 million partially offset by lower debt repayments on a net basis.

### Capital Resources

As at March 31, 2022, the Company had \$29.0 million of debt and lease liabilities.

As at March 31, 2022, the Company has no amounts drawn on its revolving credit facility, other than letters of credit totalling \$19.9 million, and had approximately \$780.1 million available for drawdown. On April 14, 2022 \$17.5 million letters of credit were cancelled.

As at March 31, 2022, the Company had equipment financing of \$27.8 million (€25.0 million) of which the balance outstanding was \$4.4 million (€4.0 million).

On April 26, 2022, the Company executed a fourth amended and restated credit agreement that increases its revolving credit facility to \$1,750.0 million (previously \$800.0 million with a \$200.0 million accordion option), reduces the cost of borrowing, and extends the term to April 2027 (previously August 2023). The credit facility bears interest on drawn funds at rates of Term Secured Overnight Financing Rate ("Term SOFR") + Credit Spread Adjustment ("CSA")+1.45% to Term SOFR+CSA+2.50% (previously LIBOR+1.75% to LIBOR+2.75%) depending on the Company's net leverage ratio. The amendment and restatement provides the Company with more favourable covenants, reduced security on assets, and includes other customary revisions.

As part of the definitive agreement with Josemaria Resources, the Company has provided a \$100.0 million bridge financing facility with drawdowns based on approved budgets. As of April 27, 2022, \$54.1 million had been advanced to Josemaria Resources under the facility.

During the current quarter and the prior year quarter, no shares were purchased under the Company's Normal Course Issuer Bid.

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

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

## Sensitivities

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

## 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 March 31, 2022	Change	Effect on Revenue (\$millions)
Copper	90,575 t	\$4.71/lb	+/- 10%	+/- \$94.1
Zinc	24,657 t	\$1.91/lb	+/- 10%	+/- \$10.4
Gold	34 koz	\$1,950/oz	+/- 10%	+/- \$6.6
Nickel	3,230 t	\$14.56/lb	+/- 10%	+/- \$10.4

## Related Party Transactions

The Company may enter 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 March 31, 2022 Condensed Interim Consolidated Financial Statements.

## Changes in Accounting Policies and Critical Accounting Estimates and Judgments

Significant accounting policies as well as any changes in accounting policies are discussed in Note 2 "Basis of Presentation and Significant Accounting Policies" of the March 31, 2022 Condensed Interim Consolidated Financial Statements.

## Non-GAAP and Other Performance Measures

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

### Net Cash

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

(\$thousands)	March 31, 2022	December 31, 2021
Cash and cash equivalents	733,876	594,069
Current portion of total debt and lease liabilities	13,488	14,617
Debt and lease liabilities	15,494	16,386
	28,982	31,003
<b>Net cash</b>	<b>704,894</b>	<b>563,066</b>

### 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.

(\$thousands, except share and per share amounts)	Three months ended March 31,	
	2022	2021
Cash provided by operating activities	317,257	158,675
Changes in non-cash working capital items	155,548	121,170
Adjusted operating cash flow	472,805	279,845
Basic weighted average number of shares outstanding	736,410,739	736,891,008
<b>Adjusted operating cash flow per share</b>	<b>0.64</b>	<b>0.38</b>

### Free Cash Flow

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

Free cash flow can be reconciled to cash provided by operating activities as follows:

(\$thousands)	Three months ended March 31,	
	2022	2021
Cash provided by operating activities	317,257	158,675
Sustaining capital expenditures	(130,758)	(102,644)
<b>Free cash flow</b>	<b>186,499</b>	<b>56,031</b>

## Adjusted EBITDA, Adjusted Earnings and Adjusted EPS

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

(\$thousands)	Three months ended March 31,	
	2022	2021
Net earnings	378,109	154,219
Add back:		
Depreciation, depletion and amortization	129,837	125,910
Finance income and costs	14,972	11,096
Income taxes	77,206	69,902
	600,124	361,127
Unrealized foreign exchange loss	7,853	962
Revaluation loss (gain) on derivative liability	3,293	(7,103)
Revaluation gain on marketable securities	(3,892)	(549)
Gain on disposal of subsidiary	(16,828)	-
Other	(2,776)	2
Total adjustments - EBITDA	(12,350)	(6,688)
<b>Adjusted EBITDA</b>	<b>587,774</b>	<b>354,439</b>

(\$thousands, except share and per share amounts)	Three months ended March 31,	
	2022	2021
Net earnings attributable to Lundin Mining shareholders	345,078	135,185
Add back:		
Total adjustments - EBITDA	(12,350)	(6,688)
Tax effect on adjustments	(2,034)	3,129
Deferred tax arising from foreign exchange translation	(34,954)	12,909
Other	(132)	(166)
Total adjustments	(49,470)	9,184
<b>Adjusted earnings</b>	<b>295,608</b>	<b>144,369</b>
Basic weighted average number of shares outstanding	736,410,739	736,891,008
Net earnings attributable to Lundin Mining shareholders	0.47	0.18
Total adjustments	(0.07)	0.02
<b>Adjusted EPS</b>	<b>0.40</b>	<b>0.20</b>

## 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 Cost and AISC can be reconciled to the Company's production costs as follows:

Three months ended March 31, 2022						
Operations (\$000s, unless otherwise noted)	Candelaria (Cu)	Chapada (Cu)	Eagle (Ni)	Neves-Corvo (Cu)	Zinkgruvan (Zn)	Total
Sales volumes (Contained metal in concentrate):						
Tonnes	38,448	12,804	3,267	8,484	15,802	
Pounds (000s)	84,763	28,228	7,202	18,704	34,837	
Production costs						382,427
Less: Royalties and other						(15,877)
						366,550
Deduct: By-product credits						(181,007)
Add: Treatment and refining						32,155
Cash cost	133,985	51,437	(8,979)	31,797	9,458	217,698
<b>Cash cost per pound (\$/lb)</b>	<b>1.58</b>	<b>1.82</b>	<b>(1.25)</b>	<b>1.70</b>	<b>0.27</b>	
Add: Sustaining capital expenditure	82,964	14,455	4,460	19,516	9,039	
Royalties	-	3,664	7,791	2,813	-	
Interest expense	1,433	1,721	401	36	22	
Leases & other	2,504	1,092	4,867	497	1,333	
All-in sustaining cost	220,886	72,369	8,540	54,659	19,852	
<b>AISC per pound (\$/lb)</b>	<b>2.61</b>	<b>2.56</b>	<b>1.19</b>	<b>2.92</b>	<b>0.57</b>	

Three months ended March 31, 2021						
Operations (\$000s, unless otherwise noted)	Candelaria (Cu)	Chapada (Cu)	Eagle (Ni)	Neves-Corvo (Cu)	Zinkgruvan (Zn)	Total
Sales volumes (Contained metal in concentrate):						
Tonnes	35,516	7,379	4,118	6,565	15,703	
Pounds (000s)	78,299	16,268	9,079	14,473	34,619	
Production costs						303,113
Less: Royalties and other						(6,505)
						296,608
Deduct: By-product credits						(125,380)
Add: Treatment and refining						28,993
Cash cost	129,071	21,699	(14,730)	37,753	26,428	200,221
<b>Cash cost per pound (\$/lb)</b>	<b>1.65</b>	<b>1.33</b>	<b>(1.62)</b>	<b>2.61</b>	<b>0.76</b>	
Add: Sustaining capital expenditure	70,742	8,970	3,529	8,946	10,411	
Royalties	-	2,073	6,846	704	-	
Interest expense	1,119	859	177	20	18	
Leases & other	2,056	669	2,591	1,546	1,381	
All-in sustaining cost	202,988	34,270	(1,587)	48,969	38,238	
<b>AISC per pound (\$/lb)</b>	<b>2.59</b>	<b>2.11</b>	<b>(0.17)</b>	<b>3.38</b>	<b>1.10</b>	

## **Managing Risks**

### **Risks and Uncertainties**

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

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

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

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

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

## **Management's Report on Internal Controls**

### **Disclosure controls and procedures ("DCP")**

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

### **Internal control over financial reporting ("ICFR")**

The Company's ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. However, due to inherent limitations ICFR may not prevent or detect all misstatements and fraud. 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 three-month period ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's financial reporting.

## **Outstanding Share Data**

As at April 27, 2022, the Company has 739,045,127 common shares issued and outstanding, 7,387,646 stock options and 1,690,979 share units outstanding under the Company's incentive 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](http://www.sedar.com)) or on the Company's website ([www.lundinmining.com](http://www.lundinmining.com)).

Condensed Interim Consolidated Financial Statements of

# **Lundin Mining Corporation**

March 31, 2022  
(Unaudited)

**LUNDIN MINING CORPORATION**

## CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited - in thousands of US dollars)

	As at	
	March 31, 2022	December 31, 2021
<b>ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 733,876	\$ 594,069
Trade and other receivables (Note 4)	776,701	602,674
Income taxes receivable	91,045	85,642
Inventories (Note 5)	247,789	227,383
Other current assets	24,839	16,817
<b>Total current assets</b>	<b>1,874,250</b>	<b>1,526,585</b>
Restricted funds	52,901	54,753
Long-term inventory (Note 5)	716,455	719,599
Other non-current assets	18,731	14,933
Mineral properties, plant and equipment (Note 6)	5,043,307	5,050,899
Investment in associate	19,779	15,083
Deferred tax assets	5,358	12,050
Goodwill	241,059	243,005
	<b>6,097,590</b>	<b>6,110,322</b>
<b>Total assets</b>	<b>\$ 7,971,840</b>	<b>\$ 7,636,907</b>
<b>LIABILITIES</b>		
Trade and other payables (Note 7)	\$ 535,907	\$ 438,602
Income taxes payable	237,924	226,293
Current portion of debt and lease liabilities (Note 8)	13,488	14,617
Current portion of deferred revenue (Note 9)	77,125	76,202
Current portion of reclamation and other closure provisions (Note 10)	37,365	31,829
<b>Total current liabilities</b>	<b>901,809</b>	<b>787,543</b>
Debt and lease liabilities (Note 8)	15,494	16,386
Deferred revenue (Note 9)	603,540	617,265
Reclamation and other closure provisions (Note 10)	421,154	414,226
Other long-term liabilities	66,484	61,688
Provision for pension obligations	7,288	8,149
Deferred tax liabilities	712,079	738,917
	<b>1,826,039</b>	<b>1,856,631</b>
<b>Total liabilities</b>	<b>2,727,848</b>	<b>2,644,174</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 11)	4,220,891	4,199,756
Contributed surplus	51,119	58,166
Accumulated other comprehensive loss	(274,444)	(249,929)
Retained earnings	665,986	437,160
<b>Equity attributable to Lundin Mining Corporation shareholders</b>	<b>4,663,552</b>	<b>4,445,153</b>
Non-controlling interests	580,440	547,580
<b>Total shareholders' equity</b>	<b>5,243,992</b>	<b>4,992,733</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 7,971,840</b>	<b>\$ 7,636,907</b>
Commitments and contingencies (Note 19)		
Subsequent event (Note 24)		

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

## LUNDIN MINING CORPORATION

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

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

	<b>Three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Revenue (Note 12)	\$ 991,079	\$ 681,478
Cost of goods sold		
Production costs (Note 13)	<b>(382,427)</b>	(303,113)
Depreciation, depletion and amortization	<b>(129,837)</b>	(125,910)
Gross profit	<b>478,815</b>	252,455
General and administrative expenses	<b>(11,502)</b>	(13,094)
General exploration and business development (Note 15)	<b>(8,282)</b>	(9,762)
Finance income (Note 16)	<b>601</b>	569
Finance costs (Note 16)	<b>(15,573)</b>	(11,665)
Income from equity investment in associate	<b>4,696</b>	373
Other income (Note 17)	<b>6,560</b>	5,245
Earnings before income taxes	<b>455,315</b>	224,121
Current tax expense	<b>(95,538)</b>	(37,480)
Deferred tax recovery (expense)	<b>18,332</b>	(32,422)
Net earnings	<b>\$ 378,109</b>	\$ 154,219
<b>Net earnings attributable to:</b>		
Lundin Mining Corporation shareholders	<b>\$ 345,078</b>	\$ 135,185
Non-controlling interests	<b>33,031</b>	19,034
Net earnings	<b>\$ 378,109</b>	\$ 154,219
Basic and diluted earnings per share attributable to Lundin Mining Corporation shareholders:	<b>\$ 0.47</b>	\$ 0.18
Weighted average number of shares outstanding (Note 11)		
Basic	<b>736,410,739</b>	736,891,008
Diluted	<b>738,172,357</b>	739,865,869

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

**LUNDIN MINING CORPORATION**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited - in thousands of US dollars)

	<b>Three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Net earnings	\$ 378,109	\$ 154,219
<b>Other comprehensive loss, net of taxes</b>		
Item that will not be reclassified to net earnings:		
Remeasurements for post-employment benefit plans	(863)	-
Item that may be reclassified subsequently to net earnings:		
Effects of foreign exchange	(23,823)	(56,235)
<b>Other comprehensive loss</b>	<b>(24,686)</b>	<b>(56,235)</b>
<b>Total comprehensive income</b>	<b>\$ 353,423</b>	<b>\$ 97,984</b>
<b>Comprehensive income attributable to:</b>		
Lundin Mining Corporation shareholders	\$ 320,563	\$ 78,950
Non-controlling interests	32,860	19,034
<b>Total comprehensive income</b>	<b>\$ 353,423</b>	<b>\$ 97,984</b>

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



## LUNDIN MINING CORPORATION

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings (deficit)	Non- controlling interests	Total
Balance, December 31, 2021	734,987,154	\$ 4,199,756	\$ 58,166	\$ (249,929)	\$ 437,160	\$ 547,580	\$ 4,992,733
Exercise of share-based awards	2,959,473	21,135	(10,243)	-	-	-	10,892
Share-based compensation	-	-	3,196	-	-	-	3,196
Dividends declared (Note 11(c))	-	-	-	-	(116,252)	-	(116,252)
Net earnings	-	-	-	-	345,078	33,031	378,109
Other comprehensive loss	-	-	-	(24,515)	-	(171)	(24,686)
Total comprehensive (loss) income	-	-	-	(24,515)	345,078	32,860	353,423
<b>Balance, March 31, 2022</b>	<b>737,946,627</b>	<b>\$ 4,220,891</b>	<b>\$ 51,119</b>	<b>\$ (274,444)</b>	<b>\$ 665,986</b>	<b>\$ 580,440</b>	<b>\$ 5,243,992</b>
Balance, December 31, 2020	736,039,350	\$ 4,201,277	\$ 52,098	\$ (177,215)	\$ (98,231)	\$ 518,600	\$ 4,496,529
Exercise of share-based awards	2,211,161	16,377	(6,019)	-	-	-	10,358
Share-based compensation	-	-	3,623	-	-	-	3,623
Dividends declared	-	-	-	-	(34,887)	-	(34,887)
Net earnings	-	-	-	-	135,185	19,034	154,219
Other comprehensive loss	-	-	-	(56,235)	-	-	(56,235)
Total comprehensive (loss) income	-	-	-	(56,235)	135,185	19,034	97,984
Balance, March 31, 2021	738,250,511	\$ 4,217,654	\$ 49,702	\$ (233,450)	\$ 2,067	\$ 537,634	\$ 4,573,607

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

**LUNDIN MINING CORPORATION**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited - in thousands of US dollars)

<b>Cash provided by (used in)</b>	<b>Three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		
Net earnings	\$ 378,109	\$ 154,219
Items not involving cash and other adjustments		
Depreciation, depletion and amortization	129,837	125,910
Share-based compensation	3,196	3,623
Foreign exchange loss	7,853	962
Finance costs, net (Note 16)	14,972	11,096
Recognition of deferred revenue (Note 9)	(20,705)	(17,643)
Deferred tax (recovery) expense	(18,332)	32,422
Income from equity investment in associate	(4,696)	(373)
Revaluation of derivative liability (Note 17)	3,293	(7,103)
Revaluation of marketable securities (Note 17)	(3,892)	(549)
Other	(15,072)	(3,840)
Reclamation payments (Note 10)	(1,747)	(342)
Other payments	(551)	(1,347)
Changes in long-term inventory	540	(17,190)
Changes in non-cash working capital items (Note 22)	(155,548)	(121,170)
	<b>317,257</b>	<b>158,675</b>
<b>Investing activities</b>		
Investment in mineral properties, plant and equipment	(144,912)	(112,463)
Cash received from disposal of subsidiary (Note 17)	16,828	-
Interest received	230	76
Josemaria bridge loan (Note 23)	(40,500)	-
Other	(4,130)	873
	<b>(172,484)</b>	<b>(111,514)</b>
<b>Financing activities</b>		
Interest paid	(1,459)	(2,495)
Principal payments of lease liabilities	(4,064)	(3,736)
Principal repayments of debt (Note 8)	(652)	(27,790)
Proceeds from debt (Note 8)	-	17,171
Proceeds from common shares issued	10,892	10,358
Distributions paid to non-controlling interests	(15,000)	-
	<b>(10,283)</b>	<b>(6,492)</b>
Effect of foreign exchange on cash balances	5,316	(794)
Increase in cash and cash equivalents during the period	<b>139,807</b>	<b>39,875</b>
Cash and cash equivalents, beginning of period	<b>594,069</b>	<b>141,447</b>
Cash and cash equivalents, end of period	\$ <b>733,876</b>	\$ <b>181,322</b>
Supplemental cash flow information (Note 22)		

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 months ended March 31, 2022 and 2021

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

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## 1. NATURE OF OPERATIONS

Lundin Mining Corporation is a diversified Canadian base metals mining company primarily producing copper, zinc, gold and nickel. The Company owns 80% of the Candelaria and Ojos del Salado mining complex ("Candelaria") located in Chile. The Company's wholly-owned operating assets include the Chapada mine located in Brazil, the Eagle mine located in the United States of America ("USA"), the Neves-Corvo mine located in Portugal, and the Zinkgruvan mine located in Sweden. On December 20, 2021, the Company announced that it had entered into a definitive agreement to acquire 100% of Josemaria Resources Inc. ("Josemaria Resources") which owns the Josemaria copper-gold project located in the San Juan Province of Argentina (Note 23).

The Company's common shares are listed on the Toronto Stock Exchange ("TSX") in Canada and the Nasdaq Stockholm Exchange in Sweden. The Company is incorporated under the Canada Business Corporations Act. The company is domiciled in Canada and its registered address is 150 King Street West, Toronto, Ontario, Canada.

## 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

### (i) Basis of presentation and measurement

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting including IAS 34 Interim financial reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which have been measured at fair value.

The Company's presentation currency is United States ("US") dollars. Reference herein of \$ or USD is to US dollars, C\$ is to Canadian dollars, SEK is to Swedish krona, € refers to the Euro, CLP refers to the Chilean peso and BRL refers to the Brazilian real.

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 April 27, 2022.

### (ii) Significant accounting policies

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2021.

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

Areas of judgment that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2021.

## LUNDIN MINING CORPORATION

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For the three months ended March 31, 2022 and 2021

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The Company continues to manage and respond to the COVID-19 pandemic and has implemented preventative measures to ensure the safety of its workforce, local communities and other key stakeholders. To date, production disruptions as a result of COVID-19 have been minimal and there has been no significant disruption in the delivery or receipt of goods at our operations. Future metal prices, exchange rates, discount rates and other key assumptions used in the Company's accounting estimates are subject to greater uncertainty given the current economic environment. Changes in these assumptions could significantly impact the Company's accounting estimates.

### 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	<b>March 31, 2022</b>	December 31, 2021
Cash	\$ 664,534	\$ 533,560
Short-term deposits	69,342	60,509
	<b>\$ 733,876</b>	<b>\$ 594,069</b>

### 4. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	<b>March 31, 2022</b>	December 31, 2021
Trade receivables	\$ 644,716	\$ 507,697
Prepaid expenses	41,067	25,972
Josemaria bridge loan (Note 23)	40,794	-
Value added tax	30,189	37,136
Other receivables	19,935	31,869
	<b>\$ 776,701</b>	<b>\$ 602,674</b>

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

### 5. INVENTORIES

Inventories are comprised of the following:

	<b>March 31, 2022</b>	December 31, 2021
Ore stockpiles	\$ 32,461	\$ 28,307
Concentrate stockpiles	58,895	56,526
Materials and supplies	156,433	142,550
	<b>\$ 247,789</b>	<b>\$ 227,383</b>

Long-term inventory is comprised of ore stockpiles. As at March 31, 2022, the Company had \$416.5 million (December 31, 2021 - \$422.3 million) and \$300.0 million (December 31, 2021 - \$297.3 million) of long-term ore stockpiles at Candelaria and Chapada, respectively.

## LUNDIN MINING CORPORATION

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### 6. MINERAL PROPERTIES, PLANT AND EQUIPMENT

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

Cost	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2020	\$ 5,059,793	\$ 3,280,374	\$ 421,697	\$ 8,761,864
Additions	22,111	3,750	53,781	79,642
Disposals and transfers	1,201	44,992	(47,630)	(1,437)
Effects of foreign exchange	(91,694)	(40,150)	(14,537)	(146,381)
As at March 31, 2021	4,991,411	3,288,966	413,311	8,693,688
Additions	244,164	44,814	224,895	513,873
Disposals and transfers	114,029	148,138	(282,859)	(20,692)
Effects of foreign exchange	(63,830)	(26,069)	(12,755)	(102,654)
As at December 31, 2021	5,285,774	3,455,849	342,592	9,084,215
Additions	83,204	8,080	63,490	154,774
Disposals and transfers	8,075	98,600	(107,178)	(503)
Effects of foreign exchange	(38,028)	(17,479)	(4,822)	(60,329)
<b>As at March 31, 2022</b>	<b>\$ 5,339,025</b>	<b>\$ 3,545,050</b>	<b>\$ 294,082</b>	<b>\$ 9,178,157</b>
Accumulated depreciation, depletion and amortization	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2020	\$ 2,382,365	\$ 1,253,888	\$ -	\$ 3,636,253
Depreciation	71,039	54,971	-	126,010
Disposals and transfers	-	(429)	-	(429)
Effects of foreign exchange	(56,449)	(20,504)	-	(76,953)
As at March 31, 2021	2,396,955	1,287,926	-	3,684,881
Depreciation	243,534	170,858	-	414,392
Disposals and transfers	19,031	(31,457)	-	(12,426)
Effects of foreign exchange	(39,324)	(14,207)	-	(53,531)
As at December 31, 2021	2,620,196	1,413,120	-	4,033,316
Depreciation	76,102	56,941	-	133,043
Disposals and transfers	(79)	(64)	-	(143)
Effects of foreign exchange	(23,293)	(8,073)	-	(31,366)
<b>As at March 31, 2022</b>	<b>\$ 2,672,926</b>	<b>\$ 1,461,924</b>	<b>\$ -</b>	<b>\$ 4,134,850</b>
Net book value	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2021	\$ 2,665,578	\$ 2,042,729	\$ 342,592	\$ 5,050,899
<b>As at March 31, 2022</b>	<b>\$ 2,666,099</b>	<b>\$ 2,083,126</b>	<b>\$ 294,082</b>	<b>\$ 5,043,307</b>

During the three months ended March 31, 2022, the Company capitalized \$1.1 million (Q1 2021 - \$3.9 million) of finance costs to assets under construction, at a weighted average interest rate of 5.5% (Q1 2021 - 4.5%).

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During the three months ended March 31, 2022, the Company capitalized \$58.9 million (Q1 2021 - \$42.7 million) of deferred stripping costs to mineral properties. The depreciation expense related to deferred stripping for the current quarter was \$27.9 million (Q1 2021 - \$28.4 million). Included in the mineral properties balance at March 31, 2022 is \$514.5 million (December 31, 2021 - \$464.6 million) related to deferred stripping at Candelaria, which is currently non-depreciable.

The Company leases various assets including buildings, rail cars, vehicles, machinery and equipment. The following table summarizes the changes in right-of-use assets within plant and equipment:

	Net book value
As at December 31, 2020	\$ 38,870
Additions	375
Depreciation	(4,366)
Effects of foreign exchange	(571)
As at March 31, 2021	34,308
Additions	10,033
Depreciation	(15,645)
Disposals	(873)
Effects of foreign exchange	(226)
As at December 31, 2021	27,597
Additions	1,546
Depreciation	(4,796)
Effects of foreign exchange	(103)
<b>As at March 31, 2022</b>	<b>\$ 24,244</b>

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.

## 7. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	March 31, 2022	December 31, 2021
Trade payables	\$ 171,659	\$ 199,545
Dividends payable	118,139	-
Unbilled goods and services	114,508	80,067
Employee benefits payable	63,055	71,078
Chapada derivative liability - current portion	24,970	24,973
Royalties payable	20,386	16,876
Distributions payable to non-controlling interests	-	15,000
Prepayment from customers	10,458	9,165
Other	12,732	21,898
	<b>\$ 535,907</b>	<b>\$ 438,602</b>

The long-term portion of the derivative liability related to the Chapada acquisition of \$45.8 million (December 31, 2021 - \$42.5 million) is included in other long-term liabilities.

## LUNDIN MINING CORPORATION

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### 8. DEBT AND LEASE LIABILITIES

Debt and lease liabilities are comprised of the following:

	March 31, 2022	December 31, 2021
Lease liabilities (a)	\$ 24,596	\$ 25,878
Line of credit (b)	4,386	5,125
Debt and lease liabilities	28,982	31,003
Less: current portion	13,488	14,617
<b>Long-term portion</b>	<b>\$ 15,494</b>	<b>\$ 16,386</b>

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

	Leases	Debt	Total
As at December 31, 2020	\$ 36,312	\$ 166,736	\$ 203,048
Additions	669	17,171	17,840
Payments	(4,067)	(27,790)	(31,857)
Interest	331	-	331
Financing fee amortization	-	160	160
Effects of foreign exchange	(1,130)	(422)	(1,552)
As at March 31, 2021	32,115	155,855	187,970
Additions	9,751	16,000	25,751
Payments	(15,302)	(168,023)	(183,325)
Disposals	(866)	-	(866)
Interest	1,163	-	1,163
Financing fee amortization	-	162	162
Financing fee reclassification	-	1,300	1,300
Effects of foreign exchange	(983)	(169)	(1,152)
As at December 31, 2021	25,878	5,125	31,003
Additions	1,544	-	1,544
Payments	(4,381)	(652)	(5,033)
Interest	317	-	317
Effects of foreign exchange	1,238	(87)	1,151
As at March 31, 2022	24,596	4,386	28,982
Less: current portion	10,929	2,559	13,488
<b>Long-term portion</b>	<b>\$ 13,667</b>	<b>\$ 1,827</b>	<b>\$ 15,494</b>

- a) Lease liabilities relate to leases on buildings, rail cars, vehicles, machinery and equipment which have remaining lease terms of one to thirteen years and interest rates of 0.8% - 7.1% over the terms of the leases.
- b) Sociedade Mineira de Neves-Corvo, S.A. ("Somincor"), a subsidiary of the Company which owns the Neves-Corvo mine, has a \$27.8 million (€25.0 million) line of credit for equipment financing. As at March 31, 2022, the balance outstanding was \$4.4 million (€4.0 million) (December 31, 2021 - \$5.1 million). Interest rates vary from a fixed rate of 0.88% to EURIBOR +0.84%, dependent on the piece of equipment, with the debt maturing throughout 2023 and 2024.

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- c) As of March 31, 2022, the Company had a secured revolving credit facility of \$800.0 million with a \$200.0 million accordion option, maturing August 2023. The credit facility bears interest on drawn funds at rates of LIBOR+1.75% to LIBOR+2.75% (or an alternative benchmark rate as selected by the administrative agent), depending on the Company's net leverage ratio. The revolving credit facility is subject to customary covenants. As at March 31, 2022, there was no balance outstanding (December 31, 2021 – nil) other than letters of credit totalling \$19.9 million (SEK 162.0 million and €2.2 million) (December 31, 2021 - \$20.4 million). The SEK denominated letter of credit was subsequently cancelled on April 14, 2022. The revolving credit facility was subsequently amended and restated on April 26, 2022 (Note 24).

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

	Leases	Debt	Total
Less than one year	\$ 11,960	\$ 2,559	\$ 14,519
One to five years	12,863	1,827	14,690
More than five years	1,878	-	1,878
<b>Total undiscounted obligations as at March 31, 2022</b>	<b>\$ 26,701</b>	<b>\$ 4,386</b>	<b>\$ 31,087</b>

### 9. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

As at December 31, 2020	\$ 739,566
Recognition of revenue	(17,643)
Finance costs	10,071
Effects of foreign exchange	(3,628)
As at March 31, 2021	728,366
Recognition of revenue	(56,424)
Variable consideration adjustment	(6,997)
Finance costs	30,254
Effects of foreign exchange	(1,732)
As at December 31, 2021	693,467
Recognition of revenue	(20,705)
Finance costs	9,477
Effects of foreign exchange	(1,574)
As at March 31, 2022	680,665
Less: current portion	77,125
<b>Long-term portion</b>	<b>\$ 603,540</b>

Consideration received under the Company's gold, silver and copper streaming agreements is deemed to be variable and can be subject to cumulative adjustments when the contractual volume to be delivered changes. In 2021, as a result of changes to the Company's Mineral Resources and Mineral Reserves estimates, an adjustment was made to the deferred revenue liability which was recognized through revenue and finance costs.



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### 10. RECLAMATION AND OTHER CLOSURE PROVISIONS

Reclamation and other closure provisions relating to the Company's mining operations are as follows:

	Reclamation provisions	Other closure provisions	Total
Balance, December 31, 2020	\$ 399,838	\$ 44,407	\$ 444,245
Accretion	2,193	-	2,193
Changes in estimate	(2,008)	(531)	(2,539)
Changes in discount rate	(32,841)	-	(32,841)
Payments	(342)	-	(342)
Effects of foreign exchange	(7,282)	(461)	(7,743)
Balance, March 31, 2021	359,558	43,415	402,973
Accretion	6,915	-	6,915
Changes in estimate	73,369	2,089	75,458
Changes in discount rate	(24,151)	-	(24,151)
Payments	(4,353)	(4,480)	(8,833)
Effects of foreign exchange	(4,372)	(1,935)	(6,307)
Balance, December 31, 2021	406,966	39,089	446,055
Accretion	3,613	-	3,613
Changes in estimate	29,317	2,749	32,066
Changes in discount rate	(20,668)	-	(20,668)
Payments	(700)	(1,047)	(1,747)
Effects of foreign exchange	(2,843)	2,043	(800)
Balance, March 31, 2022	415,685	42,834	458,519
Less: current portion	32,684	4,681	37,365
<b>Long-term portion</b>	<b>\$ 383,001</b>	<b>\$ 38,153</b>	<b>\$ 421,154</b>

The Company expects these liabilities to be settled between 2022 and 2065. The provisions are discounted using current market pre-tax discount rates which range from 0.9% to 12.2% (December 31, 2021 - 0.2% to 10.6%).

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### 11. SHARE CAPITAL

#### a) Basic and diluted weighted average number of shares outstanding

	<u>Three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Basic weighted average number of shares outstanding	<b>736,410,739</b>	736,891,008
Effect of dilutive securities	<b>1,761,618</b>	2,974,861
<b>Diluted weighted average number of shares outstanding</b>	<b>738,172,357</b>	739,865,869
Antidilutive securities	<b>574,829</b>	556,750

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

#### b) Stock options and SUs granted

	<u>Three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Stock options	<b>1,753,520</b>	1,948,000
SUs	<b>480,429</b>	556,750

#### c) Dividends

During the three months ended March 31, 2022, the Company declared dividends of C\$0.20 per share (Q1 2021 - C\$0.06 per share) for a total of \$116.3 million (Q1 2021 - \$34.9 million), which were paid on April 13, 2022.

## LUNDIN MINING CORPORATION

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### 12. REVENUE

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

	Three months ended March 31,	
	2022	2021
Revenue from contracts with customers:		
Copper	\$ 623,785	\$ 448,897
Zinc	100,208	54,853
Nickel	84,732	70,112
Gold	57,426	47,314
Silver	13,896	9,145
Lead	11,453	9,494
Other	11,059	11,839
	902,559	651,654
Provisional pricing adjustments on concentrate sales	88,520	29,824
<b>Revenue</b>	<b>\$ 991,079</b>	<b>\$ 681,478</b>

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

	Three months ended March 31,	
	2022	2021
Revenue from contracts with customers:		
Japan	\$ 325,244	\$ 164,057
Canada	124,792	112,759
Finland	103,250	57,352
Germany	80,098	44,411
Spain	65,807	115,848
China	62,953	55,411
Chile	40,765	79,921
Other	99,650	21,895
	902,559	651,654
Provisional pricing adjustments on concentrate sales	88,520	29,824
<b>Revenue</b>	<b>\$ 991,079</b>	<b>\$ 681,478</b>

### 13. PRODUCTION COSTS

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

	Three months ended March 31,	
	2022	2021
Direct mine and mill costs	\$ 339,360	\$ 272,936
Transportation	28,799	20,554
Royalties	14,268	9,623
<b>Total production costs</b>	<b>\$ 382,427</b>	<b>\$ 303,113</b>

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### 14. EMPLOYEE BENEFITS

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

	Three months ended March 31,	
	2022	2021
Production costs		
Wages and benefits	\$ 75,733	\$ 74,772
Retirement benefits	420	387
Share-based compensation	730	600
	<b>76,883</b>	75,759
General and administrative expenses		
Wages and benefits	5,842	6,335
Retirement benefits	200	205
Share-based compensation	2,336	2,985
	<b>8,378</b>	9,525
General exploration and business development		
Wages and benefits	1,243	1,332
Retirement benefits	6	10
Share-based compensation	130	38
	<b>1,379</b>	1,380
<b>Total employee benefits</b>	<b>\$ 86,640</b>	<b>\$ 86,664</b>

### 15. GENERAL EXPLORATION AND BUSINESS DEVELOPMENT

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

	Three months ended March 31,	
	2022	2021
General exploration	\$ 7,060	\$ 6,997
Project development	1,222	2,765
<b>Total general exploration and business development</b>	<b>\$ 8,282</b>	<b>\$ 9,762</b>

Project development expenses include study costs related to potential expansion projects.

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### 16. FINANCE INCOME AND COSTS

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

	Three months ended March 31,	
	2022	2021
Interest income	\$ 601	\$ 72
Deferred revenue finance costs	(8,415)	(6,541)
Accretion expense on reclamation provisions	(3,613)	(2,193)
Interest expense and bank fees	(1,310)	(2,600)
Lease liability interest	(317)	(331)
Other	(1,918)	497
<b>Total finance costs, net</b>	<b>\$ (14,972)</b>	<b>\$ (11,096)</b>
<hr/>		
Finance income	\$ 601	\$ 569
Finance costs	(15,573)	(11,665)
<b>Total finance costs, net</b>	<b>\$ (14,972)</b>	<b>\$ (11,096)</b>

### 17. OTHER INCOME AND EXPENSE

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

	Three months ended March 31,	
	2022	2021
Foreign exchange (loss) gain	\$ (10,784)	\$ 35
Gain on disposal of subsidiary	16,828	-
Revaluation of marketable securities	3,892	549
Revaluation of derivative liability	(3,293)	7,103
Other expense	(83)	(2,442)
<b>Total other income, net</b>	<b>\$ 6,560</b>	<b>\$ 5,245</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 in the first quarter of 2022 that was contingent on a historical tax assessment which has now been closed.

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### 18. 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 March 31, 2022 and December 31, 2021:

	Level	March 31, 2022		December 31, 2021	
		Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>					
Fair value through profit or loss					
Restricted funds	1	\$ 52,901	\$ 52,901	\$ 54,753	\$ 54,753
Trade receivables (provisional)	2	618,736	618,736	519,351	519,351
Marketable securities	1	14,607	14,607	10,493	10,493
		<b>\$ 686,244</b>	<b>\$ 686,244</b>	<b>\$ 584,597</b>	<b>\$ 584,597</b>
<b>Financial liabilities</b>					
Amortized cost					
Debt	3	\$ 4,386	\$ 4,386	\$ 5,125	\$ 5,125
Fair value through profit or loss					
Chapada derivative liability (Note 7)	2	\$ 70,789	\$ 70,789	\$ 67,495	\$ 67,495

Fair values of financial instruments are determined by valuation methods depending on hierarchy levels as defined below:

Level 1 – Quoted market price in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted market prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. observed prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities are not based on observable market data.

The Company calculates fair values based on the following methods of valuation and assumptions:

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

Trade receivables – The fair value of trade receivables that contain provisional pricing sales arrangements are valued using quoted forward market prices. The Company recognized positive pricing adjustments of \$88.5 million in revenue during the three months ended March 31, 2022 (Q1 2021 - \$29.8 million positive pricing adjustments).

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

Debt – The fair values approximate carrying values as the interest rates are comparable to current market rates.

The carrying values of certain financial instruments maturing in the short-term approximate their fair values. These financial instruments include cash and cash equivalents, trade and other receivables other than those provisionally priced, and trade and other payables which are classified as amortized cost.

## **LUNDIN MINING CORPORATION**

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The maximum exposure to credit risk on the Josemaria bridge loan (Note 23) is equal to the carrying amount of the instrument.

### **19. COMMITMENTS AND CONTINGENCIES**

- a) The Company has capital commitments of \$165.1 million on various initiatives, of which \$125.2 million is expected to be paid during 2022.
- b) The Company may be involved in legal proceedings arising in the ordinary course of business. The potential amount of the liability with respect to such legal proceedings is not expected to materially affect the Company's financial position.
- c) There were no significant changes to commitments and contingencies since those reported at December 31, 2021.

### **20. SEGMENTED INFORMATION**

The Company is engaged in mining, exploration and development of mineral properties, primarily in Chile, Brazil, USA, 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 March 31, 2022

	Candelaria Chile	Chapada Brazil	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	\$ 457,546	\$ 159,605	\$ 149,869	\$ 134,567	\$ 89,492	\$ -	\$ 991,079
Cost of goods sold							
Production costs	(152,809)	(79,677)	(39,558)	(78,470)	(31,188)	(725)	(382,427)
Depreciation, depletion and amortization	(68,109)	(11,117)	(16,849)	(20,845)	(12,479)	(438)	(129,837)
Gross profit (loss)	236,628	68,811	93,462	35,252	45,825	(1,163)	478,815
General and administrative expenses	-	-	-	-	-	(11,502)	(11,502)
General exploration and business development	(2,585)	(1,876)	(245)	(1,556)	(959)	(1,061)	(8,282)
Finance costs	(7,003)	(4,582)	(470)	(1,546)	(904)	(467)	(14,972)
Income from equity investment in associate	-	-	-	-	-	4,696	4,696
Other (expense) income	(4,217)	(11,076)	(320)	(150)	143	22,180	6,560
Income tax (expense) recovery	(72,969)	27,681	(13,762)	(7,111)	(11,265)	220	(77,206)
<b>Net earnings</b>	<b>\$ 149,854</b>	<b>\$ 78,958</b>	<b>\$ 78,665</b>	<b>\$ 24,889</b>	<b>\$ 32,840</b>	<b>\$ 12,903</b>	<b>\$ 378,109</b>
<b>Capital expenditures</b>	<b>\$ 82,964</b>	<b>\$ 14,455</b>	<b>\$ 4,460</b>	<b>\$ 33,670</b>	<b>\$ 9,039</b>	<b>\$ 324</b>	<b>\$ 144,912</b>



## LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three months ended March 31, 2022 and 2021

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

### For the three months ended March 31, 2021

	Candelaria Chile	Chapada Brazil	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	\$ 351,990	\$ 86,218	\$ 118,868	\$ 80,760	\$ 43,642	\$ -	\$ 681,478
Cost of goods sold							
Production costs	(136,941)	(38,980)	(40,260)	(60,699)	(25,592)	(641)	(303,113)
Depreciation, depletion and amortization	(73,252)	(7,926)	(20,304)	(13,241)	(10,733)	(454)	(125,910)
Gross profit (loss)	141,797	39,312	58,304	6,820	7,317	(1,095)	252,455
General and administrative expenses	-	-	-	-	-	(13,094)	(13,094)
General exploration and business development	(6,074)	(829)	-	(682)	(1,199)	(978)	(9,762)
Finance (costs) income	(7,586)	(4,294)	(263)	3,128	(874)	(1,207)	(11,096)
Income from equity investment in associate	-	-	-	-	-	373	373
Other income (expense)	30	4,433	(135)	(1,024)	816	1,125	5,245
Income tax (expense) recovery	(41,360)	(21,008)	(7,129)	740	(3,640)	2,495	(69,902)
Net earnings (loss)	\$ 86,807	\$ 17,614	\$ 50,777	\$ 8,982	\$ 2,420	\$ (12,381)	\$ 154,219
Capital expenditures	\$ 70,742	\$ 8,970	\$ 3,529	\$ 18,765	\$ 10,411	\$ 46	\$ 112,463

## LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three months ended March 31, 2022 and 2021

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

### 21. 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:

	<b>Three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Wages and benefits	\$ 1,366	\$ 1,534
Pension benefits	41	48
Share-based compensation	1,235	1,621
	<b>\$ 2,642</b>	<b>\$ 3,203</b>

### 22. SUPPLEMENTARY CASH FLOW INFORMATION

	<b>Three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Changes in non-cash working capital items consist of:		
Trade and income taxes receivable, inventories, and other current assets	\$ (173,872)	\$ (108,594)
Trade and income taxes payable, and other current liabilities	18,324	(12,576)
	<b>\$ (155,548)</b>	<b>\$ (121,170)</b>
Operating activities included the following cash payments:		
Income taxes paid	\$ 81,109	\$ 54,743

### 23. ARRANGEMENT AGREEMENT FOR THE ACQUISITION OF JOSEMARIA RESOURCES

On December 20, 2021, the Company announced that it had entered into a definitive agreement (the "Arrangement Agreement") with Josemaria Resources to acquire all of the issued and outstanding shares of Josemaria Resources through a plan of arrangement (the "Transaction") for an implied equity value of approximately C\$625 million (\$485 million).

The Arrangement Agreement includes a \$100 million bridge financing facility ("Josemaria bridge loan") to fund activities of Josemaria Resources between the date of the Arrangement Agreement and closing of the Transaction. The Josemaria bridge loan bears interest on drawn funds at 5.00% per annum and matures on June 30, 2022. Drawdowns are based on budgets approved by the Company, and as at March 31, 2022, \$40.5 million (December 31, 2021 - nil) had been advanced to Josemaria Resources. A further \$13.6 million was advanced to Josemaria Resources on April 26, 2022.

The Transaction is expected to close on April 28, 2022.

## **LUNDIN MINING CORPORATION**

Notes to condensed interim consolidated financial statements

For the three months ended March 31, 2022 and 2021

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

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### **24. SUBSEQUENT EVENT**

On April 26, 2022, the Company executed a fourth amended and restated credit agreement that increases its revolving credit facility to \$1,750.0 million (previously \$800.0 million with a \$200.0 million accordion option), reduces the cost of borrowing, and extends the term to April 2027 (previously August 2023).

The credit facility bears interest on drawn funds at rates of Term Secured Overnight Financing Rate ("Term SOFR") + Credit Spread Adjustment ("CSA") + 1.45% to Term SOFR+CSA+2.50% (previously LIBOR+1.75% to LIBOR+2.75%) depending on the Company's net leverage ratio. The amendment and restatement provides the Company with more favourable covenants, reduced security on assets, and includes other customary revisions.

# **lundin mining**

## Corporate Office

150 King Street West, Suite 2200, P.O. Box 38, Toronto, ON M5H 1J9

Phone: +1 416 342 5560 Fax: +1 416 348 0303

[lundinmining.com](http://lundinmining.com)