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

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

About Lundin Mining

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

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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; the Company's integration of acquisitions and any anticipated benefits thereof; and expectations for other economic, business, and/or competitive factors. Words such as "believe", "expect", "anticipate", "contemplate", "target", "plan", "goal", "aim", "intend", "continue", "budget", "estimate", "may", "will", "can", "could", "should", "schedule" and similar expressions identify forward-looking statements.

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

Highlights

Operational Performance

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

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

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

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

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

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

Total Production[a]

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

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

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

Corporate Updates

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

- On April 28, 2022, the Company completed the previously announced plan of arrangement (the "Arrangement") to acquire all of the issued and outstanding shares of Josemaria Resources Inc. ("Josemaria Resources"). Under the terms of the Arrangement, Josemaria Resources shareholders were provided with the right to elect to receive 0.1487 of a common share of Lundin Mining ("Lundin Mining Share") per Josemaria Resources common share ("Josemaria Resources Share") plus C$0.11 for each whole Lundin Mining Share issued to such shareholder or C$1.60 in cash for each Josemaria Resources Share or any combination thereof, subject to pro-ration of a total maximum number of Lundin Mining Shares and cash consideration.

- On May 12, 2022, at the Annual Meeting, the Company announced the appointment of Mr. Adam Lundin as the Chair of the Board of Directors following the retirement of Mr. Lukas Lundin.

Financial Performance

- Gross profit for the quarter ended June 30, 2022 was $46.0 million, a decrease of $334.2 million in comparison to the prior year quarter due to lower metal prices net of price adjustments ($256.7 million) and higher production costs due to inflationary price increases. On a year-to-date basis, gross profit was also lower than the prior year comparative period due to the same impacts.

- For the three and six months ended June 30, 2022, net loss of $48.6 million and net earnings of $329.5 million were $317.1 million and $93.2 million lower than the prior year comparable periods, respectively. Lower net earnings were attributable to lower gross profit, partially offset by favourable foreign exchange.

- Adjusted loss[1] of $35.3 million and adjusted earnings of $260.3 million for the three and six months ended June 30, 2022, respectively, and were lower than the prior year comparable periods due to lower net earnings.

Financial Position and Financing

- Cash and cash equivalents as at June 30, 2022 were $498.2 million, a decrease during the quarter of $235.6 million. Cash flow from operations of $366.4 million was used to fund investing activities of $333.0 million which includes the Josemaria Resources acquisition. In addition, financing activities included shareholder dividends of $171.2 million, distributions of $20.0 million to non-controlling interests and $47.0 million in Josemaria debentures which were paid in the quarter.

- On a year-to-date basis, cash and cash equivalents decreased by $95.8 million. Cash flow from operations of $683.7 million was used to fund investing activities of $505.5 million and financing activities described above.

- As at June 30, 2022, the Company had a net cash[1] balance of $469.9 million. As at July 27, 2022, the Company had cash and net cash balances of approximately $485.0 million and $460.0 million, respectively.

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

Outlook

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

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

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

2022 Production and Cash Cost Guidance

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

a. Guidance as outlined in the MD&A for the year ended December 31, 2021.
b. Cash costs are based on various assumptions and estimates, including but not limited to: production volumes, commodity prices (Cu: $3.75/lb, Zn: $1.50/lb, Pb: $0.90/lb, Au: $1,850/oz), foreign exchange rates (€/USD:1.10, USD/SEK:9.00, USD/CLP:900, USD/BRL:5.00) and production costs.
c. 68% of Candelaria's total gold and silver production are subject to a streaming agreement and silver production at Zinkgruvan and Neves-Corvo are also subject to streaming agreements. Cash costs are calculated based on receipt of approximately $420/oz gold and $4.20/oz to $4.52/oz silver.
d. Chapada cash cost is calculated on a by-product basis and does not include the effects of its copper stream agreements. Effects of the copper stream agreements are reflected in copper revenue and will impact realized price per pound.

2022 Capital Expenditure

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

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

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

Josemaria Project Guidance

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

2022 Exploration Investment Guidance

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

Selected Quarterly Financial Information[1]

($ millions, except share and per share amounts)	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenue	**590.2**	872.3	**1,581.3**	1,553.8
Costs of goods sold:				
Production costs	**(402.2)**	(361.3)	**(784.6)**	(664.4)
Depreciation, depletion and amortization	**(142.0)**	(130.9)	**(271.9)**	(256.8)
Gross profit	**46.0**	380.2	**524.8**	632.6
Net (loss) earnings attributable to:				
Lundin Mining shareholders	**(52.6)**	242.6	**292.5**	377.8
Non-controlling interests	**4.0**	25.8	**37.0**	44.8
Net (loss) earnings	**(48.6)**	268.4	**329.5**	422.7
Adjusted (loss) earnings[3]	**(35.3)**	226.3	**260.3**	370.7
Adjusted EBITDA[3]	**148.6**	480.7	**736.4**	835.2
Cash flow from operations	**366.4**	419.0	**683.7**	577.7
Adjusted operating cash flow[3]	**49.7**	431.6	**522.6**	711.5
Free cash flow[3]	**214.7**	298.9	**401.2**	354.9
Capital expenditures[4]	**217.3**	131.9	**362.2**	244.4
Per share amounts:				
Basic and diluted (loss) earnings per share ("EPS") attributable to shareholders	**(0.07)**	0.33	**0.39**	0.51
Adjusted EPS	**(0.05)**	0.31	**0.35**	0.50
Adjusted operating cash flow per share[3]	**0.06**	0.58	**0.70**	0.96
Dividends declared (C$/share)	**0.09**	0.06	**0.29**	0.12

	June 30, 2022	December 31, 2021
Total assets	**8,067.2**	7,636.9
Total debt and lease liabilities	**28.3**	31.0
Net cash[3]	**469.9**	563.1

Summary of Quarterly Results[1,2]

($ millions, except per share data)	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20
Revenue	590.2	991.1	1,018.6	756.4	872.3	681.5	529.5	600.7
Gross profit	46.0	478.8	433.2	303.9	380.2	252.5	179.4	199.3
Net (loss) earnings	(48.6)	378.1	266.1	190.6	268.4	154.2	120.8	133.6
- attributable to shareholders	(52.6)	345.1	228.8	173.7	242.6	135.2	119.2	122.4
Adjusted (loss) earnings[3]	(35.3)	295.6	281.5	168.4	226.3	144.3	106.7	106.4
Adjusted EBITDA[3]	148.6	587.8	623.0	411.3	480.7	354.4	234.8	300.3
EPS - Basic and Diluted	(0.07)	0.47	0.31	0.24	0.33	0.18	0.16	0.17
Adjusted EPS[3]	(0.05)	0.40	0.38	0.23	0.31	0.20	0.15	0.14
Cash flow from operations	366.4	317.3	384.2	523.1	419.0	158.7	172.7	272.2
Adjusted operating cash flow per share[3]	0.06	0.64	0.65	0.40	0.58	0.38	0.24	0.24
Capital expenditures[4]	217.3	144.9	153.9	133.8	131.9	112.5	100.2	89.8

1 Except where otherwise noted, financial data has been prepared in accordance with IFRS as issued by the IASB.
2 The sum of quarterly amounts may differ from year-to-date results due to rounding.
3 This is a non-GAAP measure - see the "Non-GAAP and Other Performance Measures" section of this MD&A for discussion.
4 Capital expenditures are reported on a cash basis, as presented in the consolidated statement of cash flows.

Revenue Overview

Sales Volumes by Payable Metal

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

Revenue Analysis

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

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

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

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

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

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

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

Provisionally Valued Revenue as of June 30, 2022

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

Quarterly Reconciliation of Realized Prices

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

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

1. Includes provisional price adjustments on current period sales.
2. This is a non-GAAP measure – see the "Non-GAAP and Other Performance Measures" section of this MD&A for discussion.
3. The realized price for copper inclusive of the impact of streaming agreements for 2022 is $2.78/lb (2021: $4.56/lb). The realized price for gold inclusive of the impact of streaming agreements for 2022 is $1,023/oz (2021: $1,291/oz).

Year-to-Date Reconciliation of Realized Prices

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

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

1. Includes provisional price adjustments on current period sales.

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

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

Financial Results

Production Costs

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

Depreciation, Depletion and Amortization

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

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

General Exploration and Business Development

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

Income from Equity Investment in Associate

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

Other Income

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

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

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

Income Taxes

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

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

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

Mining Operations

Production Overview

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

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

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

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

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

Capital Expenditures[1]

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

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

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

Candelaria (Chile)

Operating Statistics

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

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

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

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

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

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

Chapada (Brazil)

Operating Statistics

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

Gross (Loss) Profit

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

Production

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

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

Production Costs and Cash Cost

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

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

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

Projects

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

Eagle (USA)

Operating Statistics

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

Gross Profit

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

Production

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

Production Costs and Cash Cost

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

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

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

Neves-Corvo (Portugal)

Operating Statistics

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

Gross (Loss) Profit

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

Production

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

Production Costs and Cash Cost

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

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

Projects

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

Zinkgruvan (Sweden)

Operating Statistics

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

Gross Profit

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

Production

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

Production Costs and Cash Cost

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

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

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

Josemaria Project (Argentina)

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

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

Project Development

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

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

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

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

Metal Prices, LME Inventories and Smelter Treatment and Refining Charges

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

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

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

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

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

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

Liquidity and Capital Resources

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

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

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

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

Capital Resources

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

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

The Company also has an equipment financing line of credit of $26.0 million (€25.0 million) with an outstanding balance of $3.5 million at June 30, 2022 (December 31, 2021 - $5.1 million) and a commercial paper program which matures in May 2025. The $26.0 million (€25.0 million) program bears interest at EURIBOR+0.50%. As at June 30, 2022, there was no balance outstanding.

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

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

Contractual Obligations, Commitments and Contingencies

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

Financial Instruments

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

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

Sensitivities

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

Market and Liquidity Risks and Sensitivities

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

Metal Prices

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

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

Related Party Transactions

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

Changes in Accounting Policies and Critical Accounting Estimates and Judgments

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

Non-GAAP and Other Performance Measures

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

Net Cash

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

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

Adjusted Operating Cash Flow and Adjusted Operating Cash Flow per Share

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

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

Free Cash Flow

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

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

Adjusted EBITDA, Adjusted Earnings and Adjusted EPS

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

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

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

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

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

Realized Price per Pound

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

Capital Expenditures

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

- **Sustaining capital expenditures –** Expenditures which maintain existing operations and sustain production levels.

- **Expansionary capital expenditures –** Expenditures which increase current or future production capacity, cash flow or earnings potential.

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

Cash Cost per Pound

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

- **Cash cost per pound, gross –** Total cash costs directly attributable to mining operations, excluding any allocation of upfront streaming proceeds or capital expenditures for deferred stripping, are divided by the sales volume of the primary metal to arrive at gross cash cost per pound. As this measure is not impacted by fluctuations in sales of by-product metals, it is generally more consistent across periods.

- **Cash cost per pound, net of by-products –** Credits for by-products sales are deducted from total cash costs directly attributable to mining operations. By-product revenue is adjusted for the terms of streaming agreements, but excludes any deferred revenue from the allocation of upfront cash received. The net cash costs are divided by the sales volume of the primary metal to arrive at net cash cost per pound. The inclusion of by-product credits provides a broader economic measurement, incorporating the benefit of other metals extracted in the production of the primary metal.

All-in Sustaining Cost (“AISC”) per Pound

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

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

Three months ended June 30, 2022						
Operations	**Candelaria**	**Chapada**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	39,655	7,905	4,206	8,183	18,525	
Pounds (000s)	87,424	17,427	9,273	18,040	40,841	
Production costs						402,190
Less: Royalties and other						(13,657)
						388,533
Deduct: By-product credits						(134,728)
Add: Treatment and refining charges						29,960
Cash cost	162,240	51,872	8,341	43,198	18,114	283,765
Cash cost per pound ($/lb)	**1.86**	**2.98**	**0.90**	**2.39**	**0.44**	
Add: Sustaining capital expenditure	86,107	29,760	2,923	13,760	14,083	
Royalties	—	2,442	10,633	(616)	—	
Interest expense	1,348	1,720	401	35	21	
Leases & other	3,392	1,254	4,913	279	1,095	
All-in sustaining cost	253,087	87,048	27,211	56,656	33,313	
AISC per pound ($/lb)	**2.89**	**5.00**	**2.93**	**3.14**	**0.82**	

Three months ended June 30, 2021						
Operations	**Candelaria**	**Chapada**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	35,537	12,247	4,258	10,314	14,305	
Pounds (000s)	78,346	27,000	9,387	22,738	31,537	
Production costs						361,317
Less: Royalties and other						(22,564)
						338,753
Deduct: By-product credits						(180,782)
Add: Treatment and refining charges						28,915
Cash cost	119,000	35,731	(18,827)	37,611	13,371	186,886
Cash cost per pound ($/lb)	**1.52**	**1.32**	**(2.01)**	**1.65**	**0.42**	
Add: Sustaining capital expenditure	81,573	12,461	5,346	11,211	9,415	
Royalties	—	3,567	8,629	3,033	—	
Interest expense	1,165	859	177	19	18	
Leases & other	3,096	827	2,470	1,417	1,175	
All-in sustaining cost	204,834	53,445	(2,205)	53,291	23,979	
AISC per pound ($/lb)	**2.61**	**1.98**	**(0.23)**	**2.34**	**0.76**	

Six months ended June 30, 2022						
Operations	**Candelaria**	**Chapada**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	78,103	20,709	7,473	16,667	34,327	
Pounds (000s)	172,187	45,655	16,475	36,744	75,678	
Production costs						784,617
Less: Royalties and other						(29,528)
						755,089
Deduct: By-product credits						(315,735)
Add: Treatment and refining charges						62,115
Cash cost	296,225	103,309	(638)	75,001	27,572	501,469
Cash cost per pound ($/lb)	**1.72**	**2.26**	**(0.04)**	**2.04**	**0.36**	
Add: Sustaining capital expenditure	169,071	44,215	7,383	33,276	23,122	
Royalties	—	6,106	18,424	2,197	—	
Interest expense	2,781	3,441	802	71	43	
Leases & other	5,896	2,346	9,780	776	2,428	
All-in sustaining cost	473,973	159,417	35,751	111,321	53,165	
AISC per pound ($/lb)	**2.75**	**3.49**	**2.17**	**3.03**	**0.70**	

($000s, unless otherwise noted)	**2022 Revised Guidance**				
Cash cost	620,000	230,000	(10,000)	140,000	80,000
Cash cost per pound($/lb)	**1.75**	**2.25**	**(0.25)**	**1.80**	**0.55**

Six months ended June 30, 2021						
Operations	**Candelaria**	**Chapada**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	71,053	19,626	8,376	16,879	30,008	
Pounds (000s)	156,645	43,268	18,466	37,212	66,156	
Production costs						664,430
Less: Royalties and other						(29,069)
						635,361
Deduct: By-product credits						(306,162)
Add: Treatment and refining charges						57,908
Cash cost	248,071	57,430	(33,557)	75,364	39,799	387,107
Cash cost per pound ($/lb)	**1.58**	**1.33**	**(1.82)**	**2.03**	**0.60**	
Add: Sustaining capital expenditure	152,315	21,431	8,875	20,157	19,826	
Royalties	—	5,640	15,475	3,737	—	
Interest expense	2,284	1,718	354	39	36	
Leases & other	5,152	1,496	5,061	2,963	2,556	
All-in sustaining cost	407,822	87,715	(3,792)	102,260	62,217	
AISC per pound ($/lb)	**2.60**	**2.03**	**(0.21)**	**2.75**	**0.94**	

Managing Risks

Risks and Uncertainties

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

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

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

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

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

Management's Report on Internal Controls

Disclosure controls and procedures ("DCP")

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

Internal control over financial reporting ("ICFR")

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

Control Framework

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

Changes in ICFR

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

Limitations on scope of design

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

Outstanding Share Data

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

Other Information

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

Condensed Interim Consolidated Financial Statements of

Lundin Mining Corporation

June 30, 2022
(Unaudited)

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited - in thousands of US dollars)

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

Commitments and contingencies (Note 22)

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS

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

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

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(Unaudited - in thousands of US dollars)

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

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings (deficit)	Non-controlling interests	Total
Balance, December 31, 2021	734,987,154	$ 4,199,756	$ 58,166	$ (249,929)	$ 437,160	$ 547,580	$ 4,992,733
Distributions	—	—	—	—	—	(20,000)	(20,000)
Josemaria acquisition (Note 3)	40,031,936	369,175	13,436	—	—	—	382,611
Exercise of share-based awards	4,922,141	36,869	(16,408)	—	—	—	20,461
Share-based compensation	—	—	5,535	—	—	—	5,535
Dividends declared (Note 14(c))	—	—	—	—	(170,941)	—	(170,941)
Share purchase (Note 14(d))	(1,189,200)	(7,016)	—	—	(1,034)	—	(8,050)
Accrued liability for automatic share purchase plan commitment (Note 14(d))	—	(10,431)	—	—	—	—	(10,431)
Net earnings	—	—	—	—	292,501	36,982	329,483
Other comprehensive loss	—	—	—	(108,867)	—	(111)	(108,978)
Total comprehensive (loss) income	—	—	—	(108,867)	292,501	36,871	220,505
Balance, June 30, 2022	**778,752,031**	**$ 4,588,353**	**$ 60,729**	**$ (358,796)**	**$ 557,686**	**$ 564,451**	**$ 5,412,423**
Balance, December 31, 2020	736,039,350	$ 4,201,277	$ 52,098	$ (177,215)	$ (98,231)	$ 518,600	$ 4,496,529
Distributions	—	—	—	—	—	(16,000)	(16,000)
Exercise of share-based awards	3,028,945	21,851	(7,367)	—	—	—	14,484
Share-based compensation	—	—	6,636	—	—	—	6,636
Dividends declared	—	—	—	—	(70,773)	—	(70,773)
Share purchase	(2,721,000)	(15,588)	—	—	(12,816)	—	(28,404)
Net earnings	—	—	—	—	377,828	44,823	422,651
Other comprehensive loss	—	—	—	(39,469)	—	—	(39,469)
Total comprehensive (loss) income	—	—	—	(39,469)	377,828	44,823	383,182
Balance, June 30, 2021	736,347,295	$ 4,207,540	$ 51,367	$ (216,684)	$ 196,008	$ 547,423	$ 4,785,654

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - in thousands of US dollars)

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

Supplemental cash flow information (Note 25)

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

1. NATURE OF OPERATIONS

Lundin Mining Corporation ("Lundin Mining" or the "Company") is a diversified Canadian base metals mining company primarily producing copper, zinc, gold and nickel. The Company owns 80% of the Candelaria and Ojos del Salado mining complex ("Candelaria") located in Chile. The Company's wholly-owned operating assets include the Chapada mine located in Brazil, the Eagle mine located in the United States of America ("USA"), the Neves-Corvo mine located in Portugal, and the Zinkgruvan mine located in Sweden. In addition, the Company owns the large scale copper-gold Josemaria project ("Josemaria Project"), located in Argentina (Note 3).

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of presentation and measurement

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

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

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

Balance sheet items are classified as current if receipt or payment is due within twelve months. Otherwise, they are presented as non-current.

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on July 27, 2022.

(ii) Significant accounting policies

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

Accounting for equity investments

As part of the capital funding process for ongoing activities at the Josemaria Project, the Company purchases equity instruments via a third-party investment broker. The equity instruments are transferred from the parent to the Argentinian subsidiary and held for a pre-determined period and then sold. The Company only purchases equity instruments with high trading volumes and low volatilities. The equity instruments are designated as held-for-trading, and as such all changes in the fair value of the underlying equity instruments are recognized through profit and loss.

Upon receipt of the transferred equity instruments by the local investment broker, the Company realizes an immediate foreign exchange impact. This foreign exchange impact is incurred directly as a result of holding equity instruments with the intention of trading, and as such the foreign exchange impact is also recognized through profit and loss.

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

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

The Company continues to experience risks associated with COVID-19, supply chain and more recently, global inflation. To date, there have been no significant impacts on our operations relating to COVID-19 or supply chain availability; however, inflationary increases on costs, including diesel, electricity, and contractor costs have impacted costs to date and are expected to continue for the remainder of the year. The Company has implemented procurement strategies to try to mitigate the impacts and continues to monitor these risks. Further, near term metal prices, exchange rates, discount rates and other key assumptions used in the Company's accounting estimates are subject to greater uncertainty given the current economic environment. Changes in these assumptions could significantly impact the Company's accounting estimates.

Josemaria Resources Inc. acquisition

Management determined that the Company's acquisition of Josemaria Resources Inc. ("Josemaria Resources") (Note 3), which owns the copper-gold project in the San Juan Province of Argentina, did not meet the definition of a business combination under IFRS 3.

The assets acquired included plant and equipment, and Mineral Resources and Mineral Reserves. They did not include sufficient infrastructure or workforce to create substantial output, as the plant and equipment acquired only supports the engineering, procurement and preparation for early works construction. In addition, the Company is still securing sectoral permits, advancing the commercial agreements, and updating cost estimates that will enable a construction decision to be made. Accordingly, the acquisition has been accounted for as the purchase of individual assets in accordance with IAS 16 – Property, Plant and Equipment.

The identifiable assets and liabilities acquired are measured at their relative fair values as at the date of acquisition. The excess of the consideration paid for the identifiable assets and liabilities acquired was attributed to the mineral properties of the Josemaria Project. The determination of the relative fair values requires management to make assumptions and estimates on the future production profile, construction costs, metal prices, discount rates, and exchange rates. Changes in the assumptions or estimates could affect the relative fair values of the assets acquired and liabilities assumed in the purchase price allocation.

3. ACQUISITION OF JOSEMARIA

On April 28, 2022 the Company completed the acquisition of Josemaria Resources through a plan of arrangement (the "Transaction") for a purchase price of $539.7 million. On closing of the Transaction, each former Josemaria Resources shareholder received either (i) C$1.60 in cash or (ii) 0.1487 ("Exchange Ratio") Lundin Mining shares plus C$0.11 cash for each whole Lundin Mining share issued, or a combination of cash and shares, subject to proration. This resulted in total cash consideration paid of $144.4 million and the issuance of 40,031,936 Lundin Mining common shares to Josemaria Resources shareholders. In addition, outstanding Josemaria Resources stock options were converted to Lundin Mining stock options at the Exchange Ratio, resulting in the issuance of 2,513,866 Lundin Mining stock options (the "Replacement Options").

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

The purchase price is as follows:

Cash consideration	$	144,412
Fair value of 40,031,936 common shares issued by the Company (a)		369,175
Fair value of 2,513,866 Replacement Options issued by the Company (b)		13,436
Transaction costs		9,321
Lundin Mining's previously held shares in Josemaria Resources		3,343
Total purchase price	**$**	**539,687**

Assets acquired and liabilities assumed:

Cash and cash equivalents	$	26,534
Receivables and other assets		1,584
Mineral properties, plant and equipment (Note 8)		675,477
Total assets		703,595
Trade and other payables		(62,770)
Debentures (c)		(47,000)
Bridge loan (d)		(54,100)
Lease liabilities		(38)
Total liabilities		(163,908)
Total assets acquired and liabilities assumed, net	**$**	**539,687**

a) The fair value of the common shares issued was determined using the Company's share price of C$11.83 and foreign exchange rate of USD/CAD: 1.283 at the close of business on April 28, 2022 (Note 14).

b) Each Replacement Option gives the holder the fully-vested right to acquire common shares of the Company. The exercise price of the Replacement Options was determined by dividing the exercise price of the Josemaria Resources stock options by the Exchange Ratio. The full option value of the Replacement Options was accounted for as consideration, and no future compensation expense will be recorded with respect to the Replacement Options.

   The fair value of the Replacement Options was determined using the Black-Scholes option pricing model which assumed a dividend yield of 3.04%, risk-free interest rate of 2.21%, expected life of 0.07 years to 2.83 years, and expected price volatility of 48%. On issuance, the weighted average fair value of the Replacement Options was C$6.75.

c) Subsequent to the Transaction closing, the Company settled in full the principal on the existing debentures totaling $47.0 million (Note 11).

d) The $54.1 million bridge loan owed by Josemaria Resources to the Company became an intercompany loan with the closing of the Transaction and was eliminated on consolidation.

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

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

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

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

		June 30, 2022		December 31, 2021
Trade receivables	**$**	**394,865**	$	507,697
Value added tax		**46,554**		37,136
Prepaid expenses		**55,602**		25,972
Other receivables		**12,952**		31,869
	$	**509,973**	$	602,674

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

6. INVENTORIES

Inventories are comprised of the following:

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

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

7. OTHER CURRENT ASSETS

Other current assets are comprised of the following:

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

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

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

8. MINERAL PROPERTIES, PLANT AND EQUIPMENT

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

Cost		Mineral properties		Plant and equipment		Assets under construction		Total
As at December 31, 2020	$	5,059,793	$	3,280,374	$	421,697	$	8,761,864
Additions		82,663		23,075		125,460		231,198
Disposals and transfers		16,369		49,718		(79,020)		(12,933)
Effects of foreign exchange		(61,844)		(27,298)		(10,449)		(99,591)
As at June 30, 2021		5,096,981		3,325,869		457,688		8,880,538
Additions		183,612		25,489		153,216		362,317
Disposals and transfers		98,861		143,412		(251,469)		(9,196)
Effects of foreign exchange		(93,680)		(38,921)		(16,843)		(149,444)
As at December 31, 2021		5,285,774		3,455,849		342,592		9,084,215
Josemaria acquisition (Note 3)		604,453		22,233		42,152		668,838
Additions		131,361		32,855		192,064		356,280
Disposals and transfers		51,727		143,823		(202,261)		(6,711)
Effects of foreign exchange		(169,007)		(85,286)		(13,355)		(267,648)
As at June 30, 2022	**$**	**5,904,308**	**$**	**3,569,474**	**$**	**361,192**	**$**	**9,834,974**

Accumulated depreciation, depletion and amortization		Mineral properties		Plant and equipment		Assets under construction		Total
As at December 31, 2020	$	2,382,365	$	1,253,888	$	—	$	3,636,253
Depreciation		140,381		110,631		—		251,012
Disposals and transfers		—		(5,871)		—		(5,871)
Effects of foreign exchange		(37,808)		(14,073)		—		(51,881)
As at June 30, 2021		2,484,938		1,344,575		—		3,829,513
Depreciation		174,192		115,198		—		289,390
Disposals and transfers		19,031		(26,015)		—		(6,984)
Effects of foreign exchange		(57,965)		(20,638)		—		(78,603)
As at December 31, 2021		2,620,196		1,413,120		—		4,033,316
Depreciation		163,615		118,296		—		281,911
Disposals and transfers		(79)		(2,904)		—		(2,983)
Effects of foreign exchange		(105,266)		(38,484)		—		(143,750)
As at June 30, 2022	**$**	**2,678,466**	**$**	**1,490,028**	**$**	**—**	**$**	**4,168,494**

Net book value		Mineral properties		Plant and equipment		Assets under construction		Total
As at December 31, 2021	$	2,665,578	$	2,042,729	$	342,592	$	5,050,899
As at June 30, 2022	**$**	**3,225,842**	**$**	**2,079,446**	**$**	**361,192**	**$**	**5,666,480**

During the quarter ended June 30, 2022, the Company completed the Josemaria Resources acquisition (Note 3) acquiring $668.8 million of mineral properties, plant and equipment. In addition, $6.6 million of transaction costs related to the acquisition were capitalized to mineral properties in 2021. Included in the mineral properties balance at June 30, 2022 is $611.1 million (December 31, 2021 - nil) which is currently non-depreciable.

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

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

During the three and six months ended June 30, 2022, the Company capitalized $63.1 million (Q2 2021 - $48.1 million) and $122.0 million (YTD Q2 2021 - $90.8 million), respectively, of deferred stripping costs to mineral properties. The depreciation expense related to deferred stripping for the three and six months ended June 30, 2022, was $38.4 million (Q2 2021 - $25.3 million) and $66.3 million (YTD Q2 2021 - $53.7 million), respectively. Included in the mineral properties balance at June 30, 2022 is $561.8 million (December 31, 2021 - $464.6 million) related to deferred stripping at Candelaria, which is currently non-depreciable.

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

		Net book value
As at December 31, 2020	$	38,870
Additions		7,136
Depreciation		(9,310)
Effects of foreign exchange		(391)
As at June 30, 2021		36,305
Additions		3,272
Depreciation		(10,701)
Disposals		(873)
Effects of foreign exchange		(406)
As at December 31, 2021		27,597
Josemaria acquisition (Note 3)		32
Additions		8,878
Depreciation		(10,089)
Effects of foreign exchange		(400)
As at June 30, 2022	**$**	**26,018**

The Company acts as lessee in certain leases that contain variable lease payment terms that are primarily based on usage of the right-of-use assets.

9. INVESTMENT IN ASSOCIATE

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

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

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

The Company has a 24% ownership interest in an associate, Koboltti Chemicals Holdings Limited ("KCHL"), with the balance held by Freeport-McMoRan Inc. (56%) and La Générale des Carrières et des Mines (20%), a Democratic Republic of the Congo government-owned corporation. During the second quarter of 2022, substantially all of the remaining net assets of KCHL were sold and proceeds distributed to the partners.

10. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

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

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

11. DEBT AND LEASE LIABILITIES

Debt and lease liabilities are comprised of the following:

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

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

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

		Leases		Debt		Total
As at December 31, 2020	$	36,312	$	166,736	$	203,048
Additions		7,427		19,671		27,098
Payments		(9,480)		(80,977)		(90,457)
Interest		726		—		726
Financing fee amortization		—		322		322
Financing fee reclassification		—		1,300		1,300
Effects of foreign exchange		(193)		(312)		(505)
As at June 30, 2021		34,792		106,740		141,532
Additions		2,993		13,500		16,493
Payments		(9,889)		(114,836)		(124,725)
Disposals		(866)		—		(866)
Interest		768		—		768
Effects of foreign exchange		(1,920)		(279)		(2,199)
As at December 31, 2021		25,878		5,125		31,003
Josemaria acquisition (Note 3)		38		47,000		47,038
Additions		8,876		—		8,876
Payments		(9,620)		(48,267)		(57,887)
Interest		684		—		684
Effects of foreign exchange		(1,059)		(352)		(1,411)
As at June 30, 2022		24,797		3,506		28,303
Less: current portion		11,985		2,359		14,344
Long-term portion	**$**	**12,812**	**$**	**1,147**	**$**	**13,959**

a) Lease liabilities relate to leases on buildings, rail cars, vehicles, machinery and equipment which have remaining lease terms of one to thirteen years and interest rates of 0.8% - 7.1% over the terms of the leases.

b) Sociedade Mineira de Neves-Corvo, S.A. ("Somincor"), a subsidiary of the Company which owns the Neves-Corvo mine, has a $26.0 million (€25.0 million) line of credit for equipment financing. As at June 30, 2022, the balance outstanding was $3.5 million (€3.4 million) (December 31, 2021 - $5.1 million). Interest rates vary from a fixed rate of 0.88% to EURIBOR+0.84%, dependent on the piece of equipment, with the debt maturing throughout 2023 and 2024.

c) During the second quarter of 2022, the Company executed a fourth amended and restated credit agreement that increased its revolving credit facility to $1,750.0 million (previously $800.0 million with a $200.0 million accordion option), reduced the cost of borrowing, and extended the maturity to April 2027 (previously August 2023). The credit facility bears interest on drawn funds at rates of Term Secured Overnight Financing Rate ("Term SOFR") + Credit Spread Adjustment ("CSA") + 1.45% to Term SOFR+CSA+2.50% (previously LIBOR+1.75% to LIBOR+2.75%), depending on the Company's net leverage ratio. The revolving credit facility is subject to customary covenants. In addition, the SEK denominated letter of credit of $15.9 million (SEK 162.0 million) was cancelled on April 14, 2022. As at June 30, 2022, there was no balance outstanding (December 31, 2021 - nil), other than a letter of credit totalling $2.3 million (€2.2 million) (December 31, 2021 - $20.4 million). Deferred financing fees of $4.8 million are reported in other assets.

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

d) Somincor has a commercial paper program which matures in May 2025. The $26.0 million (€25.0 million) program bears interest at EURIBOR+0.50%. As at June 30, 2022, there was no balance outstanding.

e) As part of the acquisition of Josemaria Resources (Note 3), the Company assumed existing debentures of $47.0 million. Immediately following the Transaction closing, the Company settled the debentures balance in full. As at June 30, 2022, there was no balance outstanding.

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

		Leases		Debt		Total
Less than one year	$	12,985	$	2,359	$	15,344
One to five years		11,973		1,147		13,120
More than five years		1,735		—		1,735
Total undiscounted obligations as at June 30, 2022	**$**	**26,693**	**$**	**3,506**	**$**	**30,199**

12. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

As at December 31, 2020	$	739,566
Recognition of revenue		(34,763)
Finance costs		20,160
Effects of foreign exchange		(2,347)
As at June 30, 2021		722,616
Recognition of revenue		(39,304)
Variable consideration adjustment		(6,997)
Finance costs		20,165
Effects of foreign exchange		(3,013)
As at December 31, 2021		693,467
Recognition of revenue		(40,100)
Finance costs		18,898
Effects of foreign exchange		(6,690)
As at June 30, 2022		665,575
Less: current portion		78,514
Long-term portion	**$**	**587,061**

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

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

13. RECLAMATION AND OTHER CLOSURE PROVISIONS

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

	Reclamation provisions	Other closure provisions	Total
Balance, December 31, 2020	$ 399,838	$ 44,407	$ 444,245
Accretion	4,431	—	4,431
Changes in estimate	211	2,720	2,931
Changes in discount rate	(43,860)	—	(43,860)
Payments	(1,359)	(1,489)	(2,848)
Effects of foreign exchange	(4,868)	(1,102)	(5,970)
Balance, June 30, 2021	354,393	44,536	398,929
Accretion	4,677	—	4,677
Changes in estimate	71,150	(1,162)	69,988
Changes in discount rate	(13,132)	—	(13,132)
Payments	(3,336)	(2,991)	(6,327)
Effects of foreign exchange	(6,786)	(1,294)	(8,080)
Balance, December 31, 2021	406,966	39,089	446,055
Accretion	7,138	—	7,138
Changes in estimate	18,487	5,780	24,267
Changes in discount rate	(41,896)	—	(41,896)
Payments	(1,494)	(2,413)	(3,907)
Effects of foreign exchange	(11,767)	(4,070)	(15,837)
Balance, June 30, 2022	377,434	38,386	415,820
Less: current portion	27,433	4,145	31,578
Long-term portion	**$ 350,001**	**$ 34,241**	**$ 384,242**

The Company expects these liabilities to be settled between 2022 and 2065. The provisions are discounted using current market pre-tax discount rates which range from 1.9% to 12.8% (December 31, 2021 - 0.2% to 10.6%).

14. SHARE CAPITAL

a) Basic and diluted weighted average number of shares outstanding

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

(i) As a result of the Company's net loss position for the three months ended June 30, 2022, 1,152,354 shares that would have been dilutive had the Company been in a net earnings position were excluded from diluted weighted average number of shares outstanding.

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

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

Upon closing the Josemaria Resources acquisition (Note 3), the Company issued 40,031,936 common shares to the former shareholders of Josemaria Resources with a fair value of $369.2 million.

b) Stock options and SUs granted/issued

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Stock options	**—**	37,500	**1,753,520**	1,985,500
Replacement Options	**2,513,866**	—	**2,513,866**	—
SUs	**—**	12,500	**480,429**	569,250

On April 28, 2022, the Company issued 2,513,866 Replacement Options upon closing of the Transaction as discussed in Note 3. The following table summarizes the Replacement Options outstanding as at June 30, 2022:

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

c) Dividends

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

d) Normal course issuer bid

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

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

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

15. REVENUE

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

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

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

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

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

16. PRODUCTION COSTS

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

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

17. EMPLOYEE BENEFITS

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

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

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

18. GENERAL EXPLORATION AND BUSINESS DEVELOPMENT

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

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

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

19. FINANCE INCOME AND COSTS

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

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

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

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

20. OTHER INCOME AND EXPENSE

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

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

Foreign exchange and trading gains on equity investments include the changes in fair value of equity instruments supporting capital funding for the Josemaria Project.

Pursuant to the terms of the original sale agreement of Rio Narcea Recursos, S.A. in 2016, the Company received a $16.8 million payment in the first quarter of 2022 that was contingent on a historical tax assessment which has now been closed.

21. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

Trade receivables/pricing provisions on concentrate sales – The fair value of trade receivables that contain provisional pricing sales arrangements are valued using quoted forward market prices. The Company recognized negative pricing adjustments of $222.6 million in revenue during the three months ended June 30, 2022 (Q2 2021 - $29.8 million positive pricing adjustments) and negative pricing adjustments of $134.1 million in revenue during the six months ended June 30, 2022 (YTD Q2 2021 - $59.6 million positive pricing adjustments).

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

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

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

22. COMMITMENTS AND CONTINGENCIES

a) The Company has capital commitments of $478.3 million on various initiatives, of which $225.7 million is expected to be paid during 2022.

b) The Company may be involved in legal proceedings arising in the ordinary course of business. The potential amount of the liability with respect to such legal proceedings is not expected to materially affect the Company's financial position.

c) There were no significant changes to contingencies since those reported at December 31, 2021.

23. SEGMENTED INFORMATION

The Company is engaged in mining, exploration and development of mineral properties, primarily in Chile, Brazil, USA, Argentina, Portugal and Sweden. Operating segments are reported in a manner consistent with the internal reporting provided to executive management who act as the chief operating decision-maker. Executive management are responsible for allocating resources and assessing performance of the operating segments.

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

For the three months ended June 30, 2022

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

For the six months ended June 30, 2022

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

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

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

For the three months ended June 30, 2021

	Candelaria Chile	Chapada Brazil	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	$ 399,907	$ 148,137	$ 133,893	$ 134,496	$ 55,891	$ —	$ 872,324
Cost of goods sold							
Production costs	(148,764)	(63,667)	(48,527)	(73,846)	(25,840)	(673)	(361,317)
Depreciation, depletion and amortization	(68,276)	(12,447)	(23,138)	(16,565)	(9,951)	(473)	(130,850)
Gross profit (loss)	182,867	72,023	62,228	44,085	20,100	(1,146)	380,157
General and administrative expenses	—	—	—	—	—	(9,597)	(9,597)
General exploration and business development	(4,580)	(8,473)	(56)	(1,011)	(1,825)	(1,616)	(17,561)
Finance (costs) income	(7,461)	(3,717)	(264)	4,525	(891)	(1,270)	(9,078)
Income from equity investment in associate	—	—	—	—	—	773	773
Other (expense) income	(1,849)	(9,390)	(144)	(2,936)	319	352	(13,648)
Income tax (expense) recovery	(50,975)	11,653	(8,652)	(9,387)	(2,488)	(2,765)	(62,614)
Net earnings (loss)	$ 118,002	$ 62,096	$ 53,112	$ 35,276	$ 15,215	$ (15,269)	$ 268,432
Capital expenditures	$ 81,573	$ 12,461	$ 5,346	$ 23,037	$ 9,415	$ 94	$ 131,926

For the six months ended June 30, 2021

	Candelaria Chile	Chapada Brazil	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	$ 751,897	$ 234,355	$ 252,761	$ 215,256	$ 99,533	$ —	$ 1,553,802
Cost of goods sold							
Production costs	(285,705)	(102,647)	(88,787)	(134,545)	(51,432)	(1,314)	(664,430)
Depreciation, depletion and amortization	(141,528)	(20,373)	(43,442)	(29,806)	(20,684)	(927)	(256,760)
Gross profit (loss)	324,664	111,335	120,532	50,905	27,417	(2,241)	632,612
General and administrative expenses	—	—	—	—	—	(22,691)	(22,691)
General exploration and business development	(10,654)	(9,302)	(56)	(1,693)	(3,024)	(2,594)	(27,323)
Finance (costs) income	(15,047)	(8,011)	(527)	7,653	(1,765)	(2,477)	(20,174)
Income from equity investment in associate	—	—	—	—	—	1,146	1,146
Other (expense) income	(1,819)	(4,957)	(279)	(3,960)	1,135	1,477	(8,403)
Income tax expense	(92,335)	(9,355)	(15,781)	(8,647)	(6,128)	(270)	(132,516)
Net earnings (loss)	$ 204,809	$ 79,710	$ 103,889	$ 44,258	$ 17,635	$ (27,650)	$ 422,651
Capital expenditures	$ 152,315	$ 21,431	$ 8,875	$ 41,802	$ 19,826	$ 140	$ 244,389
Total non-current assets[1]	$ 2,890,265	$ 1,330,941	$ 290,736	$ 1,223,732	$ 289,014	$ 43,228	$ 6,067,916

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

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

24. RELATED PARTY TRANSACTIONS

a) **Transactions with associates** - The Company may enter into transactions related to its investment in associate. These transactions are entered into in the normal course of business and on an arm's length basis.

b) **Key management personnel** - The Company has identified its directors and senior officers as its key management personnel. Employee benefits for key management personnel are as follows:

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

25. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Changes in non-cash working capital items consist of:				
Trade and income taxes receivable, inventories, and other current assets	**$ 336,880**	$ (76,026)	**$ 163,008**	$ (184,620)
Trade and income taxes payable, and other current liabilities	**(20,215)**	63,397	**(1,891)**	50,821
	$ 316,665	$ (12,629)	**$ 161,117**	$ (133,799)

Operating activities included the following cash payments:				
Income taxes paid	**$ 132,228**	$ 24,684	**$ 213,337**	$ 79,427

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