

Condensed Interim Consolidated Financial Statements of

Lundin Mining Corporation

December 31, 2020

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements:

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by Chartered Professional Accountants of Ontario for a review of interim financial statements by an entity's auditor.

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited - in thousands of US dollars)

As at

	December 31, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	\$ 141,447	\$ 250,563
Trade and other receivables	360,557	335,782
Income taxes receivable	61,416	52,523
Inventories	254,044	216,503
Other current assets	20,462	14,330
Total current assets	837,926	869,701
Restricted funds	56,611	47,666
Long-term inventory	692,362	550,561
Other non-current assets	9,699	7,970
Mineral properties, plant and equipment	5,125,611	5,065,556
Investment in associate	22,342	28,957
Deferred tax assets	62,743	104,627
Goodwill	251,183	242,208
Total assets	\$ 7,058,477	\$ 6,917,246
LIABILITIES		
Trade and other payables	\$ 317,029	\$ 370,067
Income taxes payable	69,738	66,825
Current portion of debt and lease liabilities	116,942	80,782
Current portion of deferred revenue	80,832	83,960
Current portion of reclamation and other closure provisions	2,844	3,735
Total current liabilities	587,385	605,369
Debt and lease liabilities	86,106	227,767
Deferred revenue	658,734	674,186
Reclamation and other closure provisions	441,401	380,049
Other long-term liabilities	76,000	84,837
Provision for pension obligations	11,219	10,938
Deferred tax liabilities	701,103	636,700
Total liabilities	1,974,563	2,014,477
SHAREHOLDERS' EQUITY		
Share capital	4,201,277	4,184,667
Contributed surplus	52,098	51,339
Accumulated other comprehensive loss	(177,215)	(284,649)
Deficit	(98,231)	(178,298)
Equity attributable to Lundin Mining Corporation shareholders	3,977,929	3,773,059
Non-controlling interests	518,600	524,341
Total equity	4,496,529	4,297,400
Total liabilities and equity	\$ 7,058,477	\$ 6,917,246

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

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

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019 ¹	2020	2019 ¹
Revenue	\$ 529,529	\$ 568,363	\$ 2,041,506	\$ 1,892,713
Cost of goods sold				
Production costs	(264,829)	(311,396)	(1,095,911)	(1,066,203)
Depreciation, depletion and amortization	(85,338)	(111,517)	(447,474)	(386,117)
Gross profit	179,362	145,450	498,121	440,393
General and administrative expenses	(11,300)	(11,941)	(44,171)	(47,104)
General exploration and business development	(9,950)	(18,228)	(44,212)	(77,848)
Finance income	967	4,353	6,491	14,122
Finance costs	(9,370)	(15,864)	(53,115)	(52,914)
Income from equity investment in associate	322	17,754	3,302	6,239
Other expense	(10,866)	(5,593)	(24,938)	(16,000)
Earnings before income taxes	139,165	115,931	341,478	266,888
Current tax expense	(28,574)	(2,423)	(52,944)	(62,861)
Deferred tax recovery (expense)	10,181	(8,704)	(99,477)	(14,850)
Net earnings	\$ 120,772	\$ 104,804	\$ 189,057	\$ 189,177
Net earnings attributable to:				
Lundin Mining Corporation shareholders	\$ 119,199	\$ 97,016	\$ 168,798	\$ 167,256
Non-controlling interests	1,573	7,788	20,259	21,921
Net earnings	\$ 120,772	\$ 104,804	\$ 189,057	\$ 189,177
Basic and diluted earnings per share attributable to Lundin Mining Corporation shareholders	\$ 0.16	\$ 0.13	\$ 0.23	\$ 0.23
Weighted average number of shares outstanding				
Basic	734,346,812	734,901,977	734,074,514	735,309,697
Diluted	736,646,366	735,996,877	735,322,739	736,056,877

¹Comparatives for the 2019 reporting period have been restated.

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited - in thousands of US dollars)

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Net earnings	\$ 120,772	\$ 104,804	\$ 189,057	\$ 189,177
Other comprehensive income (loss), net of taxes				
Item that will not be reclassified to net earnings:				
Remeasurements for post-employment benefit plans	138	(585)	138	(585)
Item that may be reclassified subsequently to net earnings:				
Effects of foreign exchange	62,744	33,616	107,296	(26,399)
Item that was reclassified to net earnings:				
Cumulative translation adjustment	-	2,514	-	2,514
Other comprehensive income (loss)	62,882	35,545	107,434	(24,470)
Total comprehensive income	\$ 183,654	\$ 140,349	\$ 296,491	\$ 164,707
Comprehensive income attributable to:				
Lundin Mining Corporation shareholders	\$ 182,081	\$ 132,561	\$ 276,232	\$ 142,786
Non-controlling interests	1,573	7,788	20,259	21,921
Total comprehensive income	\$ 183,654	\$ 140,349	\$ 296,491	\$ 164,707

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	Deficit	Non- controlling interests	Total
Balance, December 31, 2019	734,233,642	\$ 4,184,667	\$ 51,339	\$ (284,649)	\$ (178,298)	\$ 524,341	\$ 4,297,400
Distributions	-	-	-	-	-	(26,000)	(26,000)
Exercise of share-based awards	4,018,308	26,254	(8,846)	-	-	-	17,408
Share-based compensation	-	-	9,605	-	-	-	9,605
Dividends declared	-	-	-	-	(87,282)	-	(87,282)
Share purchase	(2,212,600)	(9,644)	-	-	(1,449)	-	(11,093)
Net earnings	-	-	-	-	168,798	20,259	189,057
Other comprehensive income	-	-	-	107,434	-	-	107,434
Total comprehensive income	-	-	-	107,434	168,798	20,259	296,491
Balance, December 31, 2020	736,039,350	\$ 4,201,277	\$ 52,098	\$ (177,215)	\$ (98,231)	\$ 518,600	\$ 4,496,529
Balance, January 1, 2019	733,534,879	\$ 4,177,660	\$ 49,424	\$ (260,179)	\$ (275,759)	\$ 502,420	\$ 4,193,566
Exercise of share-based awards	4,991,525	25,563	(11,439)	-	-	-	14,124
Share-based compensation	-	-	13,354	-	-	-	13,354
Dividends declared	-	-	-	-	(66,607)	-	(66,607)
Share purchase	(4,292,762)	(18,556)	-	-	(3,188)	-	(21,744)
Net earnings	-	-	-	-	167,256	21,921	189,177
Other comprehensive loss	-	-	-	(24,470)	-	-	(24,470)
Total comprehensive (loss) income	-	-	-	(24,470)	167,256	21,921	164,707
Balance, December 31, 2019	734,233,642	\$ 4,184,667	\$ 51,339	\$ (284,649)	\$ (178,298)	\$ 524,341	\$ 4,297,400

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited - in thousands of US dollars)

Cash provided by (used in)	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2020	2019 ¹	2020	2019 ¹
Operating activities				
Net earnings	\$ 120,772	\$ 104,804	\$ 189,057	\$ 189,177
Items not involving cash and other adjustments				
Depreciation, depletion and amortization	85,338	111,517	447,474	386,117
Share-based compensation	1,925	2,342	9,605	13,354
Foreign exchange (gain) loss	(280)	4,238	(12,582)	(4,153)
Finance costs, net	8,403	11,511	46,624	38,792
Recognition of deferred revenue	(13,314)	(9,250)	(65,104)	(44,458)
Deferred tax (recovery) expense	(10,181)	8,704	99,477	14,850
Earnings from equity investment in associate	(322)	(17,754)	(3,302)	(6,239)
Revaluation of derivative asset and liability	(1,405)	6,561	21,812	21,940
Other	6,988	(7,946)	8,969	(7,090)
Reclamation payments	(985)	(2,320)	(2,582)	(10,495)
Other payments	(3,052)	(8,388)	(8,611)	(13,379)
Changes in long-term inventory	(18,151)	2,656	(86,235)	(27,670)
Changes in non-cash working capital items	(3,071)	(20,318)	(78,714)	13,813
	172,665	186,357	565,888	564,559
Investing activities				
Investment in mineral properties, plant and equipment	(100,235)	(139,624)	(431,235)	(665,288)
Chapada acquisition, net of cash acquired	-	-	-	(756,954)
Contingent consideration received	-	-	25,714	-
Payment of Chapada derivative liability	-	-	(25,000)	-
Interest received	456	3,887	5,980	13,095
Distributions from associate, net	3,900	98,495	9,917	114,225
Other	(7,010)	(1,048)	(6,355)	(2,910)
	(102,889)	(38,290)	(420,979)	(1,297,832)
Financing activities				
Interest paid	(721)	(5,178)	(11,313)	(12,631)
Principal payments of lease liabilities	(3,982)	(3,469)	(15,186)	(11,842)
Principal repayments of debt	(158,928)	(137,754)	(489,293)	(187,754)
Proceeds from debt	17,757	74,939	386,551	455,838
Dividends paid to shareholders	(23,103)	(16,756)	(88,002)	(66,437)
Share purchase	-	(9,432)	(11,093)	(21,744)
Proceeds from common shares issued	12,769	5,355	17,408	14,124
Distributions to non-controlling interests	-	-	(26,000)	-
Other	-	(2,420)	-	(2,420)
	(156,208)	(94,715)	(236,928)	167,134
Effect of foreign exchange on cash balances	5,915	12,658	(17,097)	1,273
(Decrease) increase in cash and cash equivalents during the period	(80,517)	66,010	(109,116)	(564,866)
Cash and cash equivalents, beginning of period	221,964	184,553	250,563	815,429
Cash and cash equivalents, end of period	\$ 141,447	\$ 250,563	\$ 141,447	\$ 250,563

¹Comparatives for the 2019 reporting period have been restated.

LUNDIN MINING CORPORATION

SEGMENTED INFORMATION

(Unaudited - in thousands of US dollars)

For the three months ended December 31, 2020

	Candelaria		Chapada		Eagle	Neves-Corvo	Zinkgruvan	Other	Total				
	Chile		Brazil		USA	Portugal	Sweden						
Revenue	\$ 166,827	\$	133,567	\$	102,940	\$	60,794	\$	65,401	\$	-	\$	529,529
Cost of goods sold													
Production costs	(105,407)		(41,018)		(37,941)		(53,923)		(26,822)		282		(264,829)
Depreciation, depletion and amortization	(34,066)		(7,719)		(19,194)		(10,191)		(13,674)		(494)		(85,338)
Gross profit (loss)	27,354		84,830		45,805		(3,320)		24,905		(212)		179,362
General and administrative expenses	-		-		-		-		-		(11,300)		(11,300)
General exploration and business development	(5,307)		(2,559)		-		(227)		(1,130)		(727)		(9,950)
Finance (costs) income	(7,446)		(4,074)		(431)		5,373		(315)		(1,510)		(8,403)
Income from equity investment in associate	-		-		-		-		-		322		322
Other (expense) income	(8,553)		(5,498)		369		849		(2,853)		4,820		(10,866)
Income tax recovery (expense)	522		(11,129)		(5,427)		3,587		(963)		(4,983)		(18,393)
Net earnings (loss)	\$ 6,570	\$	61,570	\$	40,316	\$	6,262	\$	19,644	\$	(13,590)	\$	120,772
Capital expenditures	\$ 36,289	\$	18,659	\$	2,331	\$	30,190	\$	12,764	\$	2	\$	100,235

For the twelve months ended December 31, 2020

	Candelaria		Chapada		Eagle	Neves-Corvo	Zinkgruvan	Other	Total				
	Chile		Brazil		USA	Portugal	Sweden						
Revenue	\$ 875,348	\$	445,399	\$	294,280	\$	257,046	\$	169,433	\$	-	\$	2,041,506
Cost of goods sold													
Production costs	(460,215)		(177,404)		(144,060)		(219,956)		(92,640)		(1,636)		(1,095,911)
Depreciation, depletion and amortization	(244,509)		(39,454)		(72,807)		(51,083)		(37,781)		(1,840)		(447,474)
Gross profit (loss)	170,624		228,541		77,413		(13,993)		39,012		(3,476)		498,121
General and administrative expenses	-		-		-		-		-		(44,171)		(44,171)
General exploration and business development	(25,549)		(5,101)		(32)		(1,709)		(6,499)		(5,322)		(44,212)
Finance (costs) income	(30,638)		(16,369)		(1,711)		13,797		(2,901)		(8,802)		(46,624)
Income from equity investment in associate	-		-		-		-		-		3,302		3,302
Other (expense) income	(12,737)		7,890		(3,302)		1,420		(1,843)		(16,366)		(24,938)
Income tax (expense) recovery	(38,697)		(112,399)		(7,121)		23,042		(651)		(16,595)		(152,421)
Net earnings (loss)	\$ 63,003	\$	102,562	\$	65,247	\$	22,557	\$	27,118	\$	(91,430)	\$	189,057
Capital expenditures	\$ 216,018	\$	38,646	\$	11,259	\$	128,094	\$	36,946	\$	272	\$	431,235

LUNDIN MINING CORPORATION

SEGMENTED INFORMATION

(Unaudited - in thousands of US dollars)

For the three months ended December 31, 2019¹

	Candelaria		Chapada		Eagle	Neves-Corvo	Zinkgruvan	Other	Total
	Chile	Brazil	USA	Portugal	Sweden				
Revenue	\$ 235,015	\$ 133,144	\$ 53,592	\$ 88,492	\$ 58,120	\$ -	\$ -	\$ 568,363	
Cost of goods sold									
Production costs	(119,750)	(67,625)	(37,088)	(60,601)	(25,927)	(405)	(311,396)		
Depreciation, depletion and amortization	(57,276)	(8,938)	(17,525)	(19,119)	(8,265)	(394)	(111,517)		
Gross profit (loss)	57,989	56,581	(1,021)	8,772	23,928	(799)	145,450		
General and administrative expenses	-	-	-	-	-	(11,941)	(11,941)		
General exploration and business development	(7,044)	(1,467)	(725)	(715)	(5,903)	(2,374)	(18,228)		
Finance (costs) income	(8,570)	(4,385)	711	12,334	(915)	(10,686)	(11,511)		
Income from equity investment in associate	-	-	-	-	-	17,754	17,754		
Other (expense) income	(2,037)	(4,190)	(1,003)	167	(1,645)	3,115	(5,593)		
Income tax (expense) recovery	(11,706)	(15,641)	1,409	11,422	1,402	1,987	(11,127)		
Net earnings (loss)	\$ 28,632	\$ 30,898	\$ (629)	\$ 31,980	\$ 16,867	\$ (2,944)	\$ 104,804		
Capital expenditures	\$ 53,633	\$ 16,654	\$ 11,185	\$ 44,982	\$ 12,903	\$ 267	\$ 139,624		

For the twelve months ended December 31, 2019¹

	Candelaria		Chapada		Eagle	Neves-Corvo	Zinkgruvan	Other	Total
	Chile	Brazil	USA	Portugal	Sweden				
Revenue	\$ 896,283	\$ 248,011	\$ 212,929	\$ 337,167	\$ 198,323	\$ -	\$ 1,892,713		
Cost of goods sold									
Production costs	(503,335)	(117,329)	(118,840)	(236,846)	(86,654)	(3,199)	(1,066,203)		
Depreciation, depletion and amortization	(212,298)	(26,237)	(58,102)	(57,425)	(30,328)	(1,727)	(386,117)		
Gross profit (loss)	180,650	104,445	35,987	42,896	81,341	(4,926)	440,393		
General and administrative expenses	-	-	-	-	-	(47,104)	(47,104)		
General exploration and business development	(27,275)	(2,358)	(11,179)	(6,624)	(19,526)	(10,886)	(77,848)		
Finance (costs) income	(33,032)	(9,146)	(130)	11,641	(5,670)	(2,455)	(38,792)		
Income from equity investment in associate	-	-	-	-	-	6,239	6,239		
Other income (expense)	1,934	(19,526)	(922)	1,861	2,718	(2,065)	(16,000)		
Income tax (expense) recovery	(22,812)	(37,772)	2,546	11,744	(11,400)	(20,017)	(77,711)		
Net earnings (loss)	\$ 99,465	\$ 35,643	\$ 26,302	\$ 61,518	\$ 47,463	\$ (81,214)	\$ 189,177		
Capital expenditures	\$ 367,298	\$ 28,996	\$ 41,880	\$ 187,741	\$ 38,956	\$ 417	\$ 665,288		

¹ Comparatives for the 2019 reporting period have been restated.