Condensed Interim Consolidated Financial Statements of

Lundin Mining Corporation

March 31, 2021
(Unaudited)

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited - in thousands of US dollars)

	As at	
	March 31, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents (Note 3)	**$ 181,322**	$ 141,447
Trade and other receivables (Note 4)	**467,098**	360,557
Income taxes receivable	**65,809**	61,416
Inventories (Note 5)	**250,897**	254,044
Other current assets	**13,259**	20,462
Total current assets	**978,385**	837,926
Restricted funds	**54,748**	56,611
Long-term inventory (Note 5)	**711,007**	692,362
Other non-current assets	**8,593**	9,699
Mineral properties, plant and equipment (Note 6)	**5,008,807**	5,125,611
Investment in associate	**22,715**	22,342
Deferred tax assets	**58,385**	62,743
Goodwill	**246,456**	251,183
	6,110,711	6,220,551
Total assets	**$ 7,089,096**	$ 7,058,477
LIABILITIES		
Trade and other payables (Note 7)	**$ 345,428**	$ 317,029
Income taxes payable	**48,279**	69,738
Current portion of debt and lease liabilities (Note 8)	**120,480**	116,942
Current portion of deferred revenue (Note 9)	**82,568**	80,832
Current portion of reclamation and other closure provisions (Note 10)	**5,800**	2,844
Total current liabilities	**602,555**	587,385
Debt and lease liabilities (Note 8)	**67,490**	86,106
Deferred revenue (Note 9)	**645,798**	658,734
Reclamation and other closure provisions (Note 10)	**397,173**	441,401
Other long-term liabilities	**68,300**	76,000
Provision for pension obligations	**8,341**	11,219
Deferred tax liabilities	**725,832**	701,103
	1,912,934	1,974,563
Total liabilities	**2,515,489**	2,561,948
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	**4,217,654**	4,201,277
Contributed surplus	**49,702**	52,098
Accumulated other comprehensive loss	**(233,450)**	(177,215)
Retained earnings (deficit)	**2,067**	(98,231)
Equity attributable to Lundin Mining Corporation shareholders	**4,035,973**	3,977,929
Non-controlling interests	**537,634**	518,600
	4,573,607	4,496,529
	$ 7,089,096	$ 7,058,477

Commitments and contingencies (Note 18)

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
(Unaudited - in thousands of US dollars, except for shares and per share amounts)

	Three months ended March 31,	
	2021	2020[1]
Revenue (Note 12)	**$ 681,478**	$ 377,985
Cost of goods sold		
Production costs (Note 13)	**(303,113)**	(278,685)
Depreciation, depletion and amortization	**(125,910)**	(121,975)
Gross profit (loss)	**252,455**	(22,675)
General and administrative expenses	**(13,094)**	(11,944)
General exploration and business development	**(9,762)**	(13,215)
Finance income (Note 15)	**569**	371
Finance costs (Note 15)	**(11,665)**	(16,535)
Income (loss) from equity investment in associate	**373**	(84)
Other income (Note 16)	**5,245**	10,090
Earnings (loss) before income taxes	**224,121**	(53,992)
Current tax expense	**(37,480)**	(26,163)
Deferred tax expense	**(32,422)**	(33,413)
Net earnings (loss)	**$ 154,219**	$ (113,568)
Net earnings (loss) attributable to:		
Lundin Mining Corporation shareholders	**$ 135,185**	$ (111,485)
Non-controlling interests	**19,034**	(2,083)
Net earnings (loss)	**$ 154,219**	$ (113,568)
Basic and diluted earnings (loss) per share attributable to Lundin Mining Corporation shareholders	**$ 0.18**	$ (0.15)
Weighted average number of shares outstanding (Note 11)		
Basic	**736,891,008**	734,487,266
Diluted	**739,865,869**	734,487,266

[1]Comparatives for the 2020 reporting period have been restated. Refer to Note 2(iii).

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited - in thousands of US dollars)

	Three months ended March 31,			
		2021		2020
Net earnings (loss)	**$**	**154,219**	$	(113,568)
Other comprehensive income (loss), net of taxes				
Item that may be reclassified subsequently to net earnings (loss):				
Effects of foreign exchange		**(56,235)**		(32,851)
Other comprehensive loss		**(56,235)**		(32,851)
Total comprehensive income (loss)	**$**	**97,984**	$	(146,419)
Comprehensive income (loss) attributable to:				
Lundin Mining Corporation shareholders	**$**	**78,950**	$	(144,336)
Non-controlling interests		**19,034**		(2,083)
Total comprehensive income (loss)	**$**	**97,984**	$	(146,419)

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, 2020	736,039,350	$ 4,201,277	$ 52,098	$ (177,215)	$ (98,231)	$ 518,600	$ 4,496,529
Exercise of share-based awards	2,211,161	16,377	(6,019)	-	-	-	10,358
Share-based compensation	-	-	3,623	-	-	-	3,623
Dividends declared (Note 11(c))	-	-	-	-	(34,887)	-	(34,887)
Net earnings	-	-	-	-	135,185	19,034	154,219
Other comprehensive loss	-	-	-	(56,235)	-	-	(56,235)
Total comprehensive (loss) income	-	-	-	(56,235)	135,185	19,034	97,984
Balance, March 31, 2021	**738,250,511**	**$ 4,217,654**	**$ 49,702**	**$ (233,450)**	**$ 2,067**	**$ 537,634**	**$ 4,573,607**
Balance, December 31, 2019	734,233,642	$ 4,184,667	$ 51,339	$ (284,649)	$ (178,298)	$ 524,341	$ 4,297,400
Exercise of share-based awards	932,405	5,251	(3,194)	-	-	-	2,057
Share-based compensation	-	-	2,989	-	-	-	2,989
Dividends declared	-	-	-	-	(22,139)	-	(22,139)
Share purchase	(1,591,600)	(6,924)	-	-	(503)	-	(7,427)
Net loss	-	-	-	-	(111,485)	(2,083)	(113,568)
Other comprehensive loss	-	-	-	(32,851)	-	-	(32,851)
Total comprehensive loss	-	-	-	(32,851)	(111,485)	(2,083)	(146,419)
Balance, March 31, 2020	733,574,447	$ 4,182,994	$ 51,134	$ (317,500)	$ (312,425)	$ 522,258	$ 4,126,461

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited - in thousands of US dollars)

	Three months ended March 31,	
Cash provided by (used in)	**2021**	2020[1]
Operating activities		
Net earnings (loss)	**$ 154,219**	$ (113,568)
Items not involving cash and other adjustments		
Depreciation, depletion and amortization	**125,910**	121,975
Share-based compensation	**3,623**	2,989
Foreign exchange loss (gain)	**962**	(6,319)
Finance costs, net (Note 15)	**11,096**	16,164
Recognition of deferred revenue (Note 9)	**(17,643)**	(18,004)
Deferred tax expense	**32,422**	33,413
(Income) loss from equity investment in associate	**(373)**	84
Revaluation of derivative liability (Note 16)	**(7,103)**	4,838
Revaluation of marketable securities (Note 16)	**(549)**	2,188
Other	**(3,840)**	3,036
Reclamation payments (Note 10)	**(342)**	(655)
Other payments	**(1,347)**	(460)
Changes in long-term inventory	**(17,190)**	(17,799)
Changes in non-cash working capital items (Note 21)	**(121,170)**	55,529
	158,675	83,411
Investing activities		
Investment in mineral properties, plant and equipment	**(112,463)**	(141,066)
Contingent consideration received	**-**	25,714
Interest received	**76**	378
Other	**873**	621
	(111,514)	(114,353)
Financing activities		
Interest paid	**(2,495)**	(3,564)
Principal payments of lease liabilities	**(3,736)**	(3,570)
Principal repayments of debt (Note 8)	**(27,790)**	(30,626)
Proceeds from debt (Note 8)	**17,171**	207,005
Share purchase (Note 11)	**-**	(7,427)
Proceeds from common shares issued	**10,358**	2,057
	(6,492)	163,875
Effect of foreign exchange on cash balances	**(794)**	(16,576)
Increase in cash and cash equivalents during the period	**39,875**	116,357
Cash and cash equivalents, beginning of period	**141,447**	250,563
Cash and cash equivalents, end of period	**$ 181,322**	$ 366,920

Supplemental cash flow information (Note 21)

[1]Comparatives for the 2020 reporting period have been restated. Refer to Note 2(iii).

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

1. NATURE OF OPERATIONS

Lundin Mining Corporation (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.

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

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of presentation and measurement

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") 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, 2020.

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

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

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

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on April 28, 2021.

(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, 2020 except as noted below.

Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)

In 2020, the IASB published *Property, Plant and Equipment - Proceeds before Intended Use* (*Amendments to IAS 16*) ("IAS 16 amendments") which applies to annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The Company has elected to early adopt these IAS 16 amendments effective January 1, 2021 and has applied the IAS 16 amendments retrospectively.

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

These IAS 16 amendments prohibit the deduction from the cost of an item of property, plant and equipment any net proceeds received from the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the Company recognizes the proceeds from the sale of such items, and the cost of producing those items in the Statement of Earnings. There was no impact to the current period or comparative periods presented as a result of the IAS 16 amendments.

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)

In 2020, the IASB published *Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)* ("Phase 2 amendments") to address the financial reporting impacts of replacing one benchmark interest rate with an alternative rate. The Phase 2 amendments provide a practical expedient to ease the potential burden of accounting for changes in contractual cash flows and include disclosure requirements at the time of benchmark interest rate replacement. The Company has adopted these Phase 2 amendments effective January 1, 2021 and has applied the Phase 2 amendments retrospectively. There was no impact to the current period or comparative periods presented as a result of the Phase 2 amendments.

(iii) Voluntary change in accounting policy

As disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2020, the Company elected to voluntarily change its accounting policy for foreign currency translation differences on deferred foreign tax liabilities and assets. The Company previously reported these translation gains and losses in other income and expense. The Company now reports these translation gains and losses in deferred tax expense/recovery. Management has applied the change in accounting retrospectively and the comparative information has been restated. The following is a summary of the impacts to the Consolidated Statements of Earnings and Cash Flows:

Reconciliation of the Consolidated Statements of Earnings:

For the period ended March 31, 2020	Previous accounting policy	Adjustments	Restated
Other income	$ 29,045	$ (18,955)	$ 10,090
Loss before income taxes	(35,037)	(18,955)	(53,992)
Deferred tax expense	(52,368)	18,955	(33,413)
Net loss	(113,568)	-	(113,568)

Reconciliation of the Consolidated Statements of Cash Flows:

For the period ended March 31, 2020	Previous accounting policy	Adjustments	Restated
Foreign exchange gain	$ (25,274)	$ 18,955	$ (6,319)
Deferred tax expense	52,368	(18,955)	33,413
Cash provided by operating activities	83,411	-	83,411

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

Areas of judgment that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2020.

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

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

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

		March 31, 2021		December 31, 2020
Cash	**$**	**150,206**	$	127,033
Short-term deposits		**31,116**		14,414
	$	**181,322**	$	141,447

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

		March 31, 2021		December 31, 2020
Trade receivables	**$**	**386,955**	$	271,113
Value added tax		**24,719**		38,631
Prepaid expenses		**29,546**		25,860
Other receivables		**25,878**		24,953
	$	**467,098**	$	360,557

5. INVENTORIES

Inventories are comprised of the following:

		March 31, 2021		December 31, 2020
Ore stockpiles	**$**	**53,099**	$	66,312
Concentrate stockpiles		**63,012**		60,758
Materials and supplies		**134,786**		126,974
	$	**250,897**	$	254,044

Long-term inventory is comprised of ore stockpiles. As at March 31, 2021, the Company had $407.3 million (December 31, 2020 - $401.3 million) and $303.7 million (December 31, 2020 - $291.1 million) of long-term ore stockpiles at Candelaria and Chapada, respectively.

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

6. MINERAL PROPERTIES, PLANT AND EQUIPMENT

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

Cost	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2019	$ 4,647,606	$ 2,981,865	$ 427,637	$ 8,057,108
Additions	29,931	4,096	70,116	104,143
Disposals and transfers	2,995	68,071	(71,777)	(711)
Effects of foreign exchange	(62,932)	(25,662)	(6,856)	(95,450)
As at March 31, 2020	4,617,600	3,028,370	419,120	8,065,090
Additions	158,145	35,994	161,893	356,032
Disposals and transfers	47,592	118,068	(195,420)	(29,760)
Effects of foreign exchange	236,456	97,942	36,104	370,502
As at December 31, 2020	5,059,793	3,280,374	421,697	8,761,864
Additions	22,111	3,750	53,781	79,642
Disposals and transfers	1,201	44,992	(47,630)	(1,437)
Effects of foreign exchange	(91,694)	(40,150)	(14,537)	(146,381)
As at March 31, 2021	**$ 4,991,411**	**$ 3,288,966**	**$ 413,311**	**$ 8,693,688**

Accumulated depreciation, depletion and amortization	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2019	$ 1,955,156	$ 1,036,396	$ -	$ 2,991,552
Depreciation	85,631	50,084	-	135,715
Disposals and transfers	-	(296)	-	(296)
Effects of foreign exchange	(40,524)	(12,837)	-	(53,361)
As at March 31, 2020	2,000,263	1,073,347	-	3,073,610
Depreciation	234,152	154,261	-	388,413
Disposals and transfers	-	(24,073)	-	(24,073)
Effects of foreign exchange	147,950	50,353	-	198,303
As at December 31, 2020	2,382,365	1,253,888	-	3,636,253
Depreciation	71,039	54,971	-	126,010
Disposals and transfers	-	(429)	-	(429)
Effects of foreign exchange	(56,449)	(20,504)	-	(76,953)
As at March 31, 2021	**$ 2,396,955**	**$ 1,287,926**	**$ -**	**$ 3,684,881**

Net book value	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2020	$ 2,677,428	$ 2,026,486	$ 421,697	$ 5,125,611
As at March 31, 2021	**$ 2,594,456**	**$ 2,001,040**	**$ 413,311**	**$ 5,008,807**

During the three months ended March 31, 2021, the Company capitalized $3.9 million (Q1 2020 - $3.1 million) of finance costs to assets under construction, at a weighted average interest rate of 4.5% (Q1 2020 - 4.4%).

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

During the three months ended March 31, 2021, the Company capitalized $42.7 million (Q1 2020 - $33.9 million) of deferred stripping costs to mineral properties. The depreciation expense related to deferred stripping for the current quarter was $28.4 million (Q1 2020 - $41.0 million). Included in the mineral properties balance at March 31, 2021 is $333.7 million (December 31, 2020 - $292.7 million) related to deferred stripping at Candelaria and $68.4 million (December 31, 2020 - $88.0 million) related to underground development of the Zinc Expansion Project at the Neves-Corvo mine, which are 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:

Right-of-use assets within plant and equipment	Net book value
As at December 31, 2019	$ 44,364
Additions	3,595
Depreciation	(3,512)
Effects of foreign exchange	(530)
As at March 31, 2020	43,917
Additions	6,415
Depreciation	(12,092)
Disposals	(1,052)
Effects of foreign exchange	1,682
As at December 31, 2020	38,870
Additions	375
Depreciation	(4,366)
Effects of foreign exchange	(571)
As at March 31, 2021	**$ 34,308**

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

7. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	March 31, 2021	December 31, 2020
Trade payables	**$ 120,201**	$ 126,044
Unbilled goods and services	**76,556**	66,411
Employee benefits payable	**64,216**	71,943
Chapada derivative liability - current portion	**24,998**	24,958
Dividends payable	**35,226**	-
Royalties payable	**10,003**	8,630
Prepayment from customers	**2,868**	2,543
Other	**11,360**	16,500
	$ 345,428	$ 317,029

The long-term portion of the derivative liability related to the Chapada acquisition of $56.6 million (December 31, 2020 - $63.7 million) is included in other long-term liabilities.

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

8. DEBT AND LEASE LIABILITIES

Debt and lease liabilities are comprised of the following:

	March 31, 2021	December 31, 2020
Revolving credit facility (a)	**$ 43,538**	$ 58,378
Term loans (b)	**105,000**	100,000
Lease liabilities (c)	**32,115**	36,312
Line of credit (d)	**7,317**	8,358
Debt and lease liabilities	**187,970**	203,048
Less: current portion	**120,480**	116,942
Long-term portion	**$ 67,490**	$ 86,106

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

	Leases	Debt	Total
As at December 31, 2019	$ 42,616	$ 265,933	$ 308,549
Additions	2,996	207,005	210,001
Payments	(3,920)	(30,626)	(34,546)
Interest	350	-	350
Financing fee amortization	-	150	150
Effects of foreign exchange	(1,701)	(225)	(1,926)
As at March 31, 2020	40,341	442,237	482,578
Additions	6,645	179,546	186,191
Payments	(12,745)	(458,667)	(471,412)
Disposals	(1,091)	-	(1,091)
Interest	1,129	-	1,129
Financing fee amortization	-	466	466
Effects of foreign exchange	2,033	3,154	5,187
As at December 31, 2020	36,312	166,736	203,048
Additions	669	17,171	17,840
Payments	(4,067)	(27,790)	(31,857)
Interest	331	-	331
Financing fee amortization	-	160	160
Effects of foreign exchange	(1,130)	(422)	(1,552)
As at March 31, 2021	32,115	155,855	187,970
Less: current portion	12,794	107,686	120,480
Long-term portion	**$ 19,321**	**$ 48,169**	**$ 67,490**

a) The Company has a secured revolving credit facility of $800.0 million with a $200.0 million accordion option, maturing August 2023. The credit facility bears interest on drawn funds at rates of LIBOR +1.75% to LIBOR +2.75%, depending on the Company’s net leverage ratio. The revolving credit facility is subject to customary covenants. During the first quarter of 2021, the Company repaid $15.0 million. As at March 31, 2021, the balance outstanding was $45.0 million (December 31, 2020 - $60.0 million), along with letters of credit totalling $21.1 million (SEK 162.0 million and €2.2 million) (December 31, 2020 - $22.5 million). Deferred financing fees of $1.5 million, at March 31, 2021, have been netted against borrowings (December 31, 2020 - $1.6 million).

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

b) At December 31, 2020, Candelaria had two outstanding unsecured fixed term loans in the amounts of $80.0 million and $20.0 million. These loans mature on July 27, 2021 and August 12, 2021, respectively, and accrue interest at a rate of 1.1% per annum, with interest payable upon maturity. The total balance outstanding remained unchanged as at March 31, 2021.

   During the first quarter of 2021, Mineração Maracá Indústria e Comércio S/A, a subsidiary of the Company which owns the Chapada mine, obtained two unsecured fixed term loans, each in the amount of $2.5 million. The first term loan accrues interest at a rate of 1.0% per annum, with interest payable upon maturity on May 10, 2021. The second term loan accrues interest at a rate of 1.1% per annum, with interest payable upon maturity on June 9, 2021. As at March 31, 2021, the total balance outstanding was $5.0 million.

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

d) Sociedade Mineira de Neves-Corvo, S.A. (“Somincor”), a subsidiary of the Company which owns the Neves-Corvo mine, has a $29.3 million (€25.0 million) line of credit for equipment financing. As at March 31, 2021, the balance outstanding was $7.3 million (€6.2 million) (December 31, 2020 - $8.4 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.

e) Somincor has a commercial paper program which matures in October 2021. The $35.2 million (€30.0 million) program bears interest at EURIBOR +0.84%. During the quarter, Somincor drew down $12.2 million (€10.0 million) under this program and repaid the amount in full on February 26, 2021. There was no balance outstanding as at March 31, 2021.

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

	Leases	Debt	Total
Less than one year	$ 13,713	$ 107,686	$ 121,399
One to five years	17,851	49,631	67,482
More than five years	2,661	-	2,661
Total undiscounted obligations as at March 31, 2021	**$ 34,225**	**$ 157,317**	**$ 191,542**

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

9. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

As at December 31, 2019	$ 758,146
Recognition of revenue	(18,004)
Finance costs	10,290
Effects of foreign exchange	(4,058)
As at March 31, 2020	746,374
Recognition of revenue	(45,064)
Variable consideration adjustment	(3,354)
Finance costs	31,114
Effects of foreign exchange	10,496
As at December 31, 2020	739,566
Recognition of revenue	(17,643)
Finance costs	10,071
Effects of foreign exchange	(3,628)
As at March 31, 2021	728,366
Less: current portion	82,568
Long-term portion	**$ 645,798**

Consideration from the Company’s streaming agreements is considered variable. Gold, silver and copper revenue can be subject to cumulative adjustments when the volume to be delivered under the contracts changes. In 2020, 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)

10. RECLAMATION AND OTHER CLOSURE PROVISIONS

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

	Reclamation provisions	Other closure provisions	Total
Balance, December 31, 2019	$ 343,112	$ 40,672	$ 383,784
Accretion	2,699	-	2,699
Changes in estimate	(26,666)	(15)	(26,681)
Changes in discount rate	2,186	-	2,186
Payments	(655)	-	(655)
Effects of foreign exchange	(3,795)	(3,539)	(7,334)
Balance, March 31, 2020	316,881	37,118	353,999
Accretion	7,664	-	7,664
Changes in estimate	45,451	2,132	47,583
Changes in discount rate	15,747	-	15,747
Payments	(1,927)	-	(1,927)
Effects of foreign exchange	16,022	5,157	21,179
Balance, December 31, 2020	399,838	44,407	444,245
Accretion	2,193	-	2,193
Changes in estimate	(2,008)	(531)	(2,539)
Changes in discount rate	(32,841)	-	(32,841)
Payments	(342)	-	(342)
Effects of foreign exchange	(7,282)	(461)	(7,743)
Balance, March 31, 2021	359,558	43,415	402,973
Less: current portion	5,800	-	5,800
Long-term portion	**$ 353,758**	**$ 43,415**	**$ 397,173**

The Company expects these liabilities to be settled between 2021 and 2055. The provisions are discounted using current market pre-tax discount rates which range from 0.4% to 9.2% (December 31, 2020 - 0.1% to 7.2%).

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

11. SHARE CAPITAL

a) Basic and diluted weighted average number of shares outstanding

	Three months ended March 31,	
	2021	2020
Basic weighted average number of shares outstanding	**736,891,008**	734,487,266
Effect of dilutive securities (i)	**2,974,861**	-
Diluted weighted average number of shares outstanding	**739,865,869**	734,487,266
Antidilutive securities	**556,750**	4,268,500

(i) As a result of the Company's net loss position for the three months ended March 31, 2020, 1,022,578 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").

b) Stock options and SUs granted

	Three months ended March 31,	
	2021	2020
Stock options	**1,948,000**	3,899,000
SUs	**556,750**	1,002,500

c) Dividends

During the three months ended March 31, 2021, the Company declared dividends in the amount of $34.9 million (Q1 2020 - $22.1 million) or C$0.06 per share (Q1 2020 - C$0.04) payable on April 14, 2021.

d) Normal course issuer bid

No common shares were purchased under the normal course issuer bid ("NCIB") during the three months ended March 31, 2021.

For the three months ended March 31, 2020, 1,591,600 shares were purchased under the NCIB at an average price of C$6.24 per share for total consideration of $7.4 million. All the common shares purchased were cancelled.

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

12. REVENUE

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

	Three months ended March 31, 2021	2020
Revenue from contracts with customers:		
Copper	**$ 448,897**	$ 307,530
Nickel	**70,112**	36,357
Zinc	**54,853**	40,465
Gold	**47,314**	56,341
Lead	**9,494**	9,983
Silver	**9,145**	7,652
Other	**11,839**	5,387
	651,654	463,715
Provisional pricing adjustments on concentrate sales	**29,824**	(85,730)
Revenue	**$ 681,478**	$ 377,985

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

	Three months ended March 31, 2021	2020
Revenue from contracts with customers:		
Europe		
Spain	**$ 115,848**	$ 100,418
Finland	**57,352**	29,638
Other	**78,098**	56,047
Asia		
Japan	**164,057**	130,794
China	**55,411**	56,014
Other	**-**	17,254
Americas		
Canada	**112,759**	63,088
Other	**68,129**	10,462
	651,654	463,715
Provisional pricing adjustments on concentrate sales	**29,824**	(85,730)
Revenue	**$ 681,478**	$ 377,985

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

13. PRODUCTION COSTS

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

	Three months ended March 31,	
	2021	2020
Direct mine and mill costs	**$ 272,936**	$ 248,913
Transportation	**20,554**	22,259
Royalties	**9,623**	7,513
Total production costs	**$ 303,113**	$ 278,685

14. EMPLOYEE BENEFITS

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

	Three months ended March 31,	
	2021	2020
Production costs		
Wages and benefits	**$ 74,772**	$ 58,824
Retirement benefits	**387**	771
Share-based compensation	**600**	761
	75,759	60,356
General and administrative expenses		
Wages and benefits	**6,335**	4,851
Retirement benefits	**205**	291
Share-based compensation	**2,985**	2,174
	9,525	7,316
General exploration and business development		
Wages and benefits	**1,332**	1,108
Retirement benefits	**10**	13
Share-based compensation	**38**	54
	1,380	1,175
Total employee benefits	**$ 86,664**	$ 68,847

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

15. FINANCE INCOME AND COSTS

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

	Three months ended March 31,	
	2021	2020
Interest income	**$ 72**	$ 371
Deferred revenue finance costs	**(6,541)**	(7,639)
Interest expense and bank fees	**(2,600)**	(2,920)
Accretion expense on reclamation provisions	**(2,193)**	(2,699)
Lease liability interest	**(331)**	(350)
Other	**497**	(2,927)
Total finance costs, net	**$ (11,096)**	$ (16,164)

Finance income	**$ 569**	$ 371
Finance costs	**(11,665)**	(16,535)
Total finance costs, net	**$ (11,096)**	$ (16,164)

16. OTHER INCOME AND EXPENSE

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

	Three months ended March 31,	
	2021	2020[1]
Foreign exchange gain	**$ 35**	$ 20,874
Revaluation of marketable securities	**549**	(2,188)
Revaluation of derivative liability	**7,103**	(4,838)
Other expense	**(2,442)**	(3,758)
Total other income, net	**$ 5,245**	$ 10,090

[1] Comparatives for the 2020 reporting period have been restated. Refer to Note 2(iii).

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

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company's financial assets and financial liabilities have been classified into categories that determine their basis of measurement. The following table shows the carrying values, fair values and fair value hierarchy of the Company's financial instruments as at March 31, 2021 and December 31, 2020:

		March 31, 2021		December 31, 2020	
	Level	**Carrying value**	**Fair value**	Carrying value	Fair value
Financial assets					
Fair value through profit or loss					
Restricted funds	1	$ 54,748	$ 54,748	$ 56,611	$ 56,611
Trade receivables (provisional)	2	369,631	369,631	234,979	234,979
Marketable securities	1	4,161	4,161	3,594	3,594
		$ 428,540	**$ 428,540**	$ 295,184	$ 295,184
Financial liabilities					
Amortized cost					
Debt	2	**$ 155,855**	**$ 155,855**	$ 166,736	$ 166,736
Fair value through profit or loss					
Chapada derivative liability (Note 7)	2	**$ 81,556**	**$ 81,556**	$ 88,659	$ 88,659

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

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

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

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

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

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

Trade receivables – The fair value of trade receivables that contain provisional pricing sales arrangements are valued using quoted forward market prices. The Company recognized positive pricing adjustments of $29.8 million in revenue during the three months ended March 31, 2021 (Q1 2020 - $85.7 million negative pricing adjustments).

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

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

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

18. COMMITMENTS AND CONTINGENCIES

a) The Company has capital commitments of $109.0 million on various initiatives, of which $100.2 million is expected to be paid during 2021.

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

c) Significant changes to commitments and contingencies, since those reported at December 31, 2020, are described below:

   On April 19, 2021, the Valparaíso Court of Appeals dismissed the appeal of the plaintiff Caldera fishermen and confirmed the lower court ruling that dismissed all claims. The plaintiff may seek leave to appeal to the Supreme Court of Chile.

19. SEGMENTED INFORMATION

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

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

For the three months ended March 31, 2021

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

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

For the three months ended March 31, 2020[1]

	Candelaria Chile	Chapada Brazil	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	$ 172,972	$ 84,121	$ 47,337	$ 45,777	$ 27,778	$ -	$ 377,985
Cost of goods sold							
Production costs	(118,688)	(50,678)	(37,358)	(52,054)	(19,119)	(788)	(278,685)
Depreciation, depletion and amortization	(71,069)	(11,610)	(18,767)	(13,649)	(6,456)	(424)	(121,975)
Gross (loss) profit	(16,785)	21,833	(8,788)	(19,926)	2,203	(1,212)	(22,675)
General and administrative expenses	-	-	-	-	-	(11,944)	(11,944)
General exploration and business development	(4,663)	(794)	(96)	(1,172)	(3,832)	(2,658)	(13,215)
Finance costs	(7,897)	(4,042)	(422)	(526)	(905)	(2,372)	(16,164)
Loss from equity investment in associate	-	-	-	-	-	(84)	(84)
Other income (expense)	4,695	12,432	(544)	1,739	2,498	(10,730)	10,090
Income tax (expense) recovery	(2,727)	(57,258)	42	6,877	(2,712)	(3,798)	(59,576)
Net loss	$ (27,377)	$ (27,829)	$ (9,808)	$ (13,008)	$ (2,748)	$ (32,798)	$ (113,568)
Capital expenditures	$ 76,580	$ 3,724	$ 5,431	$ 47,198	$ 7,934	$ 199	$ 141,066

[1] Comparatives for the 2020 reporting period have been restated. Refer to Note 2(iii).

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

20. 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 March 31,	
	2021	2020
Wages and benefits	**$ 1,534**	$ 1,836
Pension benefits	**48**	41
Share-based compensation	**1,621**	1,160
	$ 3,203	$ 3,037

21. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended March 31,	
	2021	2020
Changes in non-cash working capital items consist of:		
Trade and income taxes receivable, inventories, and other current assets	**$ (108,594)**	$ 64,553
Trade and income taxes payable, and other current liabilities	**(12,576)**	(9,024)
	$ (121,170)	$ 55,529
Operating activities included the following cash payments:		
Income taxes paid	**$ 54,743**	$ 40,121