Consolidated Financial Statements of

Lundin Mining Corporation

December 31, 2022

Management's Report

The accompanying consolidated financial statements of Lundin Mining Corporation ("Lundin Mining" or the "Company") and other information contained in the management's discussion and analysis are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as outlined in Part 1 of the Handbook of the Chartered Professional Accountants ("CPA") of Canada, and include some amounts that are based on management's estimates and judgment.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through its Audit Committee, which is comprised solely of independent directors. The Audit Committee reviews the Company's annual consolidated financial statements and recommends its approval to the Board of Directors. The Company's auditors have full access to the Audit Committee, with and without management being present. These consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants.

(Signed) Peter Rockandel

Chief Executive Officer

(Signed) Teitur Poulsen

Senior Vice President and Chief Financial Officer

Toronto, Ontario, Canada
February 22, 2023

Independent auditor's report

To the Shareholders of Lundin Mining Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Lundin Mining Corporation and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2022 and 2021;
- the consolidated statements of earnings for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessments for goodwill and mineral properties, plant and equipment *Refer to note 2 – Basis of presentation and summary of significant accounting policies, note 7 – Mineral properties, plant and equipment and note 9 – Goodwill to the consolidated financial statements.* The Company's total net carrying amount of goodwill and mineral properties, plant and equipment as at December 31, 2022 amounted to $237 million and $5,976 million, respectively. At the end of each reporting period, management assesses whether there is an indication that an asset or group of assets within a cash generating unit (CGU) may be impaired. When impairment indicators exist, management estimates the recoverable amount of the asset or CGU and compares it against the asset or CGU's carrying amount. Also, a CGU to which goodwill has been allocated is tested for impairment at least annually. As at December 31, 2022, management identified indicators of impairment. As a result, management performed impairment assessments for all of the Company's CGUs. The recoverable amounts of the CGUs were determined using the fair value less cost of disposal method which included using discounted cash flow projection models. Management used key assumptions in the discounted cash flow projection models which included forecasted	Our approach to addressing the matter included the following procedures, among others: ● Tested how management determined the recoverable amounts of the CGUs, which included the following as applicable: – Evaluated the appropriateness of the fair value less cost of disposal method and discounted cash flow projection models. – Evaluated the reasonability of the key assumptions such as forecasted commodity prices, foreign exchange rates and capital and production cost forecasts used by management in the discounted cash flow projection models by (i) comparing forecasted commodity prices and foreign exchange rates with external market and industry data; (ii) comparing capital and production cost forecasts to the current and past performance of the operating mines within these CGUs; and (iii) assessing whether these assumptions aligned with evidence obtained in other areas of the audit, as applicable. – Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the reasonability of the discount rates and the external market information used to determine the component of the recoverable amounts relating to the fair value estimates for mineral reserve and

Key audit matter	How our audit addressed the key audit matter
commodity prices, foreign exchange rates, capital and production cost forecasts, mineral reserve and resource quantities and discount rates. Another component of the recoverable amounts is the fair value estimates for mineral reserve and resource quantities not captured in the discounted cash flow projection models, which are valued using external market information. Management's estimates of the mineral reserve and resource quantities are prepared by or under the supervision of and verified by Qualified Persons as defined in National Instrument 43-101 of the Canadian Securities Administrators (management's experts). We considered this a key audit matter due to the subjectivity and complexity in performing procedures to test key assumptions in determining the recoverable amounts of the CGUs, which involved judgment from management. Professionals with specialized skill and knowledge in the field of valuation assisted in performing our procedures.	resources quantities not captured in the discounted cash flow projection models. – The work of management's experts was used in performing the procedures to evaluate the reasonableness of the mineral reserve and resource quantities. As a basis for using this work, the competence, capabilities and objectivity of management's experts was evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts and an evaluation of their findings.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is James Lusby.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 22, 2023

LUNDIN MINING CORPORATION

CONSOLIDATED BALANCE SHEETS
(in thousands of US dollars)

	As at			
		December 31, 2022		December 31, 2021
ASSETS				
Cash and cash equivalents (Note 4)	**$**	**191,387**	$	594,069
Trade and other receivables (Note 5)		**576,178**		602,674
Income taxes receivable		**72,402**		85,642
Inventories (Note 6)		**296,710**		227,383
Current portion of derivative assets (Note 23)		**43,521**		—
Other current assets		**38,571**		16,817
Total current assets		**1,218,769**		1,526,585
Restricted funds		**50,195**		54,753
Long-term inventory (Note 6)		**641,877**		719,599
Non-current portion of derivative assets (Note 23)		**25,111**		—
Other non-current assets		**19,655**		14,933
Mineral properties, plant and equipment (Note 7)		**5,975,686**		5,050,899
Investment in associate (Note 8)		**380**		15,083
Deferred tax assets (Note 22)		**3,837**		12,050
Goodwill (Note 9)		**237,294**		243,005
		6,954,035		6,110,322
Total assets	**$**	**8,172,804**	$	7,636,907
LIABILITIES				
Trade and other payables (Note 10)	**$**	**612,965**	$	413,629
Income taxes payable		**45,000**		226,293
Current portion of derivative liabilities (Note 23)		**24,423**		24,973
Current portion of debt and lease liabilities (Note 11)		**170,149**		14,617
Current portion of deferred revenue (Note 12)		**74,061**		76,202
Current portion of reclamation and other closure provisions (Note 13)		**23,550**		31,829
Total current liabilities		**950,148**		787,543
Non-current portion of derivative liabilities (Note 23)		**27,876**		42,522
Debt and lease liabilities (Note 11)		**27,179**		16,386
Deferred revenue (Note 12)		**580,045**		617,265
Reclamation and other closure provisions (Note 13)		**422,298**		414,226
Other long-term liabilities		**24,922**		19,166
Provision for pension obligations		**5,613**		8,149
Deferred tax liabilities (Note 22)		**709,602**		738,917
		1,797,535		1,856,631
Total liabilities		**2,747,683**		2,644,174
SHAREHOLDERS' EQUITY				
Share capital (Note 14)		**4,555,125**		4,199,756
Contributed surplus		**55,769**		58,166
Accumulated other comprehensive loss		**(342,287)**		(249,929)
Retained earnings		**592,425**		437,160
Equity attributable to Lundin Mining Corporation shareholders		**4,861,032**		4,445,153
Non-controlling interests		**564,089**		547,580
Total shareholders' equity		**5,425,121**		4,992,733
Total liabilities and shareholders' equity	**$**	**8,172,804**	$	7,636,907

Commitments and contingencies (Note 24)

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

APPROVED BY THE BOARD OF DIRECTORS

(Signed) Adam I. Lundin - **Director**

(Signed) Dale C. Peniuk - **Director**

LUNDIN MINING CORPORATION

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended December 31, 2022 and 2021

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

		2022		2021
Revenue (Note 16)	**$**	**3,041,228**	$	3,328,765
Cost of goods sold				
Production costs (Note 17)		**(1,661,358)**		(1,371,253)
Depreciation, depletion and amortization		**(554,750)**		(522,764)
Inventory write-down (Note 6)		**(62,546)**		(65,025)
Gross profit		**762,574**		1,369,723
General and administrative expenses		**(53,879)**		(52,196)
General exploration and business development (Note 19)		**(144,353)**		(44,938)
Finance income (Note 20)		**4,211**		3,112
Finance costs (Note 20)		**(68,396)**		(44,499)
Income from equity investment in associate (Note 8)		**3,297**		24,895
Other income (expense) (Note 21)		**94,707**		(11,110)
Earnings before income taxes		**598,161**		1,244,987
Current tax expense (Note 22)		**(149,978)**		(273,638)
Deferred tax recovery (expense) (Note 22)		**15,350**		(92,048)
Net earnings	**$**	**463,533**	$	879,301
Net earnings attributable to:				
Lundin Mining Corporation shareholders	**$**	**426,851**	$	780,348
Non-controlling interests		**36,682**		98,953
Net earnings	**$**	**463,533**	$	879,301
Basic and diluted earnings per share attributable to Lundin Mining Corporation shareholders:	**$**	**0.56**	$	1.06
Weighted average number of shares outstanding (Note 14(e))				
Basic		**762,518,753**		736,789,666
Diluted		**763,594,053**		739,300,413

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

LUNDIN MINING CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

(in thousands of US dollars)

		2022		2021
Net earnings	**$**	**463,533**	$	879,301
Other comprehensive loss, net of taxes				
Item that will not be reclassified to net earnings:				
Remeasurements for post-employment benefit plans		**(366)**		5,053
Item that may be reclassified subsequently to net earnings:				
Effects of foreign exchange		**(88,388)**		(92,945)
Item that was reclassified to net earnings:				
Cumulative translation adjustment (Note 21(d))		**(3,777)**		16,205
Other comprehensive loss		**(92,531)**		(71,687)
Total comprehensive income	**$**	**371,002**	$	807,614
Comprehensive income attributable to:				
Lundin Mining Corporation shareholders	**$**	**334,493**	$	707,634
Non-controlling interests		**36,509**		99,980
Total comprehensive income	**$**	**371,002**	$	807,614

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

LUNDIN MINING CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2022 and 2021

(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 (Note 15)	—	—	—	—	—	(20,000)	(20,000)
Josemaria acquisition (Note 3)	40,031,936	369,175	13,436	—	—	—	382,611
Exercise of share-based awards	6,488,941	49,813	(23,636)	—	—	—	26,177
Share-based compensation	—	—	7,803	—	—	—	7,803
Dividends declared (Note 14(f))	—	—	—	—	(275,795)	—	(275,795)
Shares purchased (Note 14(g))	(10,761,500)	(63,619)	—	—	4,209	—	(59,410)
Net earnings	—	—	—	—	426,851	36,682	463,533
Other comprehensive loss	—	—	—	(92,358)	—	(173)	(92,531)
Total comprehensive (loss) income	—	—	—	(92,358)	426,851	36,509	371,002
Balance, December 31, 2022	**770,746,531**	**$ 4,555,125**	**$ 55,769**	**$ (342,287)**	**$ 592,425**	**$ 564,089**	**$ 5,425,121**
Balance, December 31, 2020	736,039,350	$ 4,201,277	$ 52,098	$ (177,215)	$ (98,231)	$ 518,600	$ 4,496,529
Distributions declared	—	—	—	—	—	(71,000)	(71,000)
Exercise of share-based awards	3,411,404	24,048	(8,773)	—	—	—	15,275
Share-based compensation	—	—	14,841	—	—	—	14,841
Dividends declared	—	—	—	—	(229,816)	—	(229,816)
Shares purchased	(4,463,600)	(25,569)	—	—	(15,141)	—	(40,710)
Net earnings	—	—	—	—	780,348	98,953	879,301
Other comprehensive (loss) income	—	—	—	(72,714)	—	1,027	(71,687)
Total comprehensive (loss) income	—	—	—	(72,714)	780,348	99,980	807,614
Balance, December 31, 2021	734,987,154	$ 4,199,756	$ 58,166	$ (249,929)	$ 437,160	$ 547,580	$ 4,992,733

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

LUNDIN MINING CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(in thousands of US dollars)

Cash provided by (used in)	**2022**	2021
Operating activities		
Net earnings	**$ 463,533**	$ 879,301
Items not involving cash and other adjustments		
Depreciation, depletion and amortization	**554,750**	522,764
Share-based compensation	**7,803**	14,841
Foreign exchange loss	**21,164**	27,648
Finance costs, net (Note 20)	**64,185**	41,387
Recognition of deferred revenue	**(73,605)**	(83,327)
Deferred tax (recovery) expense	**(15,350)**	92,048
Income from equity investment in associate (Note 8)	**(3,297)**	(24,895)
Ore stockpile inventory write-down (Note 6)	**62,546**	65,025
Revaluation of foreign currency derivatives (Note 23)	**(68,951)**	—
Other	**(12,311)**	32,251
Reclamation payments (Note 13)	**(15,903)**	(9,175)
Other payments	**(1,876)**	(2,191)
Changes in long-term inventory	**10,257**	(68,587)
Changes in non-cash working capital items (Note 29)	**(116,056)**	(2,136)
	876,889	1,484,954
Investing activities		
Investment in mineral properties, plant and equipment	**(842,903)**	(532,097)
Acquisition of Josemaria, net of cash acquired (Note 3)	**(126,381)**	—
Cash received from disposal of subsidiary (Note 21)	**16,828**	—
Payment of Chapada derivative liability (Note 23)	**(25,000)**	(25,000)
Josemaria bridge loan (Note 3)	**(54,100)**	—
Distributions from associate, net (Note 8)	**18,000**	32,154
Other	**189**	4,930
	(1,013,367)	(520,013)
Financing activities		
Proceeds from debt (Note 11)	**282,938**	33,171
Interest paid	**(9,765)**	(7,299)
Principal payments of lease liabilities	**(20,152)**	(17,875)
Principal repayments of debt (Note 11)	**(113,824)**	(195,813)
Payment of Josemaria debentures (Note 3 and 11)	**(47,000)**	—
Dividends paid to shareholders	**(275,448)**	(227,392)
Shares purchased (Note 14)	**(59,410)**	(40,710)
Proceeds from common shares issued	**26,177**	15,275
Distributions paid to non-controlling interests	**(35,000)**	(56,000)
Proceeds from settlement of foreign currency derivatives (Note 23)	**4,784**	—
Other	**(4,926)**	—
	(251,626)	(496,643)
Effect of foreign exchange on cash balances	**(14,578)**	(15,676)
(Decrease) increase in cash and cash equivalents during the year	**(402,682)**	452,622
Cash and cash equivalents, beginning of year	**594,069**	141,447
Cash and cash equivalents, end of year	**$ 191,387**	$ 594,069

Supplemental cash flow information (Note 29)

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

1. NATURE OF OPERATIONS

Lundin Mining Corporation is a diversified Canadian base metals mining company primarily producing copper, zinc, gold and nickel. The Company owns 80% of the Candelaria and Ojos del Salado mining complex ("Candelaria") located in Chile. The Company’s wholly-owned operating assets include the Chapada mine located in Brazil, the Eagle mine located in the United States of America (“USA”), the Neves-Corvo mine located in Portugal, and the Zinkgruvan mine located in Sweden. 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board 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

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 consolidated financial statements were approved by the Board of Directors of the Company for issue on February 22, 2023.

(ii) Significant accounting policies

The Company has consistently applied the accounting policies to all the years presented. The significant accounting policies applied in these consolidated financial statements are set out below.

(a) Basis of consolidation

The financial statements consist of the consolidation of the financial statements of the Company and its subsidiaries.

Subsidiaries are entities over which the Company has control, including the power to govern the financial and operating policies in order to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Where necessary, adjustments are made to the results of the subsidiaries and associates to bring their accounting policies in line with those used by the Company. Intra-group transactions, balances, income and expenses are eliminated on consolidation.

For non wholly-owned controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as non-controlling interests in the equity section of the consolidated balance sheet. Net earnings for the period that are attributable to non-controlling interests are calculated based on the ownership of the minority shareholders in the subsidiary.

(b) Investments in associates

An associate is an entity over which the Company has significant influence, but not control, and is neither a subsidiary nor an interest in a joint venture.

Investments in which the Company has the ability to exercise significant influence are accounted for by the equity method. Under this method, the investment is initially recorded at cost and adjusted thereafter to record the Company's share of post-acquisition earnings or loss of the investee as if the investee had been consolidated. The carrying value of the investment is also increased or decreased to reflect the Company's share of capital transactions, including amounts recognized in other comprehensive income ("OCI"), and for accounting changes that relate to periods subsequent to the date of acquisition.

(c) Translation of foreign currencies

The functional currency of each entity within the Company is the currency of the primary economic environment in which it operates. The Company's presentation currency is US dollars.

Transactions denominated in currencies other than the functional currency are recorded using the exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in the consolidated statement of earnings in the period in which they arise. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the consolidated statement of earnings. However, exchange differences arising on the translation of certain non-monetary items are recognized as a separate component of equity.

On disposal of a foreign operation, the historical, cumulative amount of exchange differences recognized as a separate component of equity is reclassified and recognized in the consolidated statement of earnings.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into US dollars, which is the presentation currency of the group, at the rate of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the period where these approximate the rates on the dates of transactions.

Foreign currency translation differences on deferred foreign tax liabilities and assets are reported in deferred tax expense/recovery in the consolidated statement of earnings.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit with banks and highly liquid short-term interest-bearing investments with a term to maturity at the date of purchase of 90 days or less which are subject to an insignificant risk of change in value.

(e) Restricted funds

Restricted funds include reclamation funds and cash on deposit that have been pledged for reclamation and closure activities which are not available for immediate disbursement.

(f) Inventories

Ore and concentrate stockpiles are valued at the lower of production cost and net realizable value ("NRV"). Production costs include costs of materials and labour related directly to mining and processing activities, including production phase stripping costs, depreciation and amortization of mineral property, plant and equipment directly involved in the related mining and production process, amortization of any stripping costs previously capitalized and directly attributable overhead costs.

Materials and supplies inventories are valued at the lower of average cost less allowances for obsolescence and NRV.

If the carrying value of inventories exceeds NRV, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused the write-down no longer exist.

(g) Mineral properties

Mineral properties are carried at cost, less accumulated depletion and any accumulated impairment charges. Expenditures of mineral properties include:

i. Acquisition costs which consist of payments for property rights and leases, including the estimated fair value of exploration properties acquired as part of a business combination or the acquisition of a group of assets.

ii. Exploration, evaluation and project investigation costs incurred on an area of interest once a determination has been made that a property has economically recoverable Mineral Resources and Mineral Reserves ("R&R") and there is a reasonable expectation that costs can be recovered by future exploitation or sale of the property. Exploration, evaluation and project investigation expenditures made prior to a determination that a property has economically recoverable R&R are expensed as incurred.

iii. Deferred stripping costs which represent the costs incurred to remove overburden and other waste materials to access ore in an open pit mine. Stripping costs incurred prior to the production phase of the mine are capitalized and included as part of the carrying value of the mineral property. During the production phase, stripping costs which provide probable future economic benefits, identifiable improved access to the ore body and which can be measured reliably are capitalized to mineral properties. Capitalized stripping costs are amortized using a unit-of-production basis over the Proven and Probable Mineral Reserve to which they relate.

iv. Development costs incurred in an area of interest, once management has determined the technical feasibility and commercial viability of a project, the project presents an appropriate rate of return on investment, and the Board of Directors has demonstrated commitment to advance the project. When additional development expenditures are made on a property after commencement of production, the expenditure is capitalized as mineral property when it is probable that additional economic benefit will be derived from future operations. Development costs are amortized using a unit-of-production basis over the Proven and Probable Mineral Reserve to which they relate.

v. Interest and financing costs on debt or other liabilities, including interest expense on deferred revenue, that are directly attributed to the acquisition, construction and development of a qualifying asset. All other borrowing costs are expensed as incurred.

Incidental pre-production expenditures, if any, are recognized in the consolidated statement of earnings.

The Company recognizes in the consolidated statement of earnings any net proceeds received from the sale of items produced while bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(h) Plant and equipment

Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment charges. For production plant and equipment, depreciation is recorded on a units-of-production basis. Depreciation on all other plant and equipment is recorded on a straight-line basis over the estimated useful life of the asset or over the estimated remaining life of the mine, if shorter. Residual values and useful lives are reviewed annually. Gains and losses on disposals are calculated as proceeds received less the carrying amount and are recognized in the consolidated statement of earnings.

Useful lives are as follows:

	Number of years
Buildings	8-20
Plant and machinery	3-20
Equipment	3-8

(i) Intangible assets

Separately acquired intangible assets are initially measured at cost which comprises its purchase price and any directly attributable costs of preparing the asset for its intended use. The Company depreciates intangible assets with finite useful lives on a straight-line basis over the estimated useful life of the asset. For intangibles with an indefinite useful life, no amortization is calculated.

(j) Impairment and impairment reversals

At the end of each reporting period, the Company assesses whether there is an indication that an asset or group of assets within a cash generating unit (“CGU”) may be impaired. When impairment indicators exist, the Company estimates the recoverable amount of the asset or CGU and compares it against the asset or CGU’s carrying amount. The recoverable amount is the higher of the fair value less cost of disposal (“FVLCD”) and the asset or CGU’s value in use (“VIU”). If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the consolidated statement of earnings during the period. If either FVLCD or VIU exceeds the asset or CGU’s carrying amount, the asset or CGU is not impaired, and the Company does not estimate the other amount.

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU for which the estimates of future cash flows have not been adjusted. The cash flows are based on best estimates of expected future cash flows from the continued use of the asset or the CGU and its eventual disposal.

FVLCD is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, which is best evidenced if obtained from an active market or binding sale agreement. Where neither exists, the fair value is based partly on a discounted cash flow projections model. Costs of disposal, other than those that have been recognized as liabilities, are deducted in measuring FVLCD.

Reversals of impairment are assessed at each reporting period where there is an indication that an impairment loss recognized previously may no longer exist or has decreased. If an impairment reversal indicator exists, the recoverable amount is calculated. If the recoverable amount exceeds the carrying amount, the carrying value of the CGU is increased to the recoverable amount net of depreciation. The increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the CGU in prior years. A reversal of an impairment loss is recognized as a gain in the consolidated statement of earnings in the period it is determined.

(k) Business combinations and goodwill

Acquisitions of businesses are accounted for using the purchase method of accounting whereby all identifiable assets and liabilities are recorded at their fair values as at the date of acquisition. Any excess purchase price over the aggregate fair value of net assets is recorded as goodwill. Goodwill is identified and allocated to CGUs, or groups of CGUs, that are expected to benefit from the synergies of the acquisition. Goodwill is not amortized. Any excess of the aggregate fair value of net assets over the purchase price is recognized in the consolidated statement of earnings.

A CGU to which goodwill has been allocated is tested for impairment at least annually or when events or circumstances indicate that an assessment for impairment is required. For goodwill arising on an acquisition in a financial year, the CGU to which the goodwill has been allocated is tested for impairment before the end of that financial year.

When the recoverable amount of the CGU is less than the carrying amount of that CGU, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to that CGU first, and then to the other assets of that CGU on a pro-rata basis of the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognized directly in the consolidated statement of earnings. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

(l) Non-current assets held for sale and discontinued operations

Non-current assets are classified as assets held for sale when it is highly probable their value will be recovered principally through a sale rather than through continuing use. For the sale to be highly probable, management must be committed to and have initiated a plan to sell the assets; the assets must be available for immediate sale in their present condition and the sale must be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Company that has been disposed of or is classified as held for sale. A component comprises operations and cash flows that can be clearly distinguished from the rest of the Company. To be classified as a discontinued operation, the component must either (i) represent a major line of business or geographical area of operation; (ii) be part of a plan to dispose of a major line of business; or (iii) be a subsidiary acquired with a view to resell.

(m) Leases

At inception of a contract, the Company assesses whether the contract is, or contains a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. For these leases, the Company recognizes the lease payments as an expense in the consolidated statement of earnings on a straight-line basis over the term of the lease.

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date.

The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, each operation's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

Each lease payment is allocated between the lease liability and finance cost. The finance cost is recorded as an expense in the consolidated statement of earnings over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is initially measured at cost, which comprises the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for plant and equipment, from the commencement date to the earlier of the end of its useful life or the end of the lease term.

On the consolidated balance sheet, right-of-use assets and lease liabilities are reported in mineral properties, plant and equipment and debt and lease liabilities, respectively.

(n) Provision for pension obligations

The Company's Zinkgruvan mine has an unfunded defined benefit pension plan based on employee pensionable remuneration and length of service. The cost of the defined benefit pension plan is determined annually by independent actuaries. The actuarial valuation is based on the projected benefit method pro-rated for service which incorporates management's best estimate of future salary levels, retirement ages of employees and other actuarial factors. Actuarial gains and losses are recorded in other comprehensive income.

Payments to defined contribution plans are expensed when employees render service entitling them to the contribution.

(o) Reclamation and other closure provisions

The Company incurs reclamation and other closure costs related to its mining properties such as facility decommissioning and dismantling, end of mine life severance, site restoration and ongoing environmental monitoring. These costs are a normal consequence of mining and are dependent on the requirements of the Company's legal and constructive obligations, as well as any other commitments made to stakeholders. The majority of these expenditures will be incurred at the end of the life of mine and are dependent upon a number of factors such as the life and nature of the asset, the operating license conditions and the environment in which the mine operates.

The future obligations for mine closure activities are estimated by the Company using mine closure plans or other similar studies which outline the activities to be undertaken to meet regulatory and internal requirements. Since the obligations are dependent on the laws and regulations of the countries in which the mines operate, they are regularly evaluated by management and external experts. Costs included in the obligations encompass all reclamation and other closure activities expected to occur progressively over the life of the operation at the time of closure and post-closure in connection with disturbances as at the reporting date.

Obligations may change as a result of amendments in laws and regulations relating to environmental protection and/or other legislation affecting resource companies. Included in the estimated obligations are a number of significant assumptions made by management in determining closure provisions. Accordingly, closure provisions are more uncertain the further into the future mine closure activities are expected to be carried out.

The Company records the fair value of its reclamation and other closure provisions as a liability with a corresponding increase in the carrying value of the related asset. The provision is discounted to its net present value using a country specific, current market, pre-tax discount rate. The unwinding of the discount, referred to as an accretion expense, is included in finance costs in the consolidated statement of earnings and results in an increase in the carrying amount of the liability. Reclamation obligations settled in the year are offset against the corresponding liability. Unplanned reclamation costs are reported as either part of the cost of inventory or recognized as a cost in the consolidated statement of earnings, if they relate to either production activities or a closed site.

The capitalized cost of the reclamation and other closure activities is recognized in the mineral property and plant & equipment and depreciated on a unit-of-production basis over the expected mine life of the operation to which it relates. Depreciation costs are included in the consolidated statement of earnings as part of cost of goods sold.

Changes in obligations resulting from revisions to the timing or amount of expenditures, discount rate or foreign exchange rate are recognized as an increase or decrease in the reclamation and other closure provision liability, and a corresponding change in the carrying amount of the related assets. Where rehabilitation is conducted over the life of the operation, rather than at the time of closure, a provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the consolidated statement of earnings.

(p) Revenue recognition

Revenue from contracts with customers is recognized when a customer obtains control of the promised asset and the Company satisfies its performance obligation. Revenue is allocated to each performance obligation. The Company considers the terms of the contract in determining the transaction price. The transaction price is based upon the amount the entity expects to be entitled to in exchange for the transferring of promised goods. The Company earns revenue from contracts with customers related to its concentrate sales and its copper, gold and silver streaming arrangements.

The Company satisfies its performance obligations for its concentrate sales per specified contract terms which are generally upon shipment or delivery. Revenue from concentrate sales is recorded based upon forward market prices of the expected final sales price date. The Company typically receives payment shortly after vessel arrival at its destination port.

Deferred revenue arises from up-front payments received by the Company or obligations acquired in consideration for future commitments as specified in its various streaming arrangements. The accounting for streaming arrangements is dependent on the facts and terms of each of the arrangements. Revenue from streaming arrangements is recognized when the customer obtains control of the copper, gold and/or silver metal and the Company has satisfied its performance obligations.

The Company identified significant financing components related to its streaming arrangements resulting from a difference in the timing of the up-front consideration received and delivery of the promised goods. Interest expense on deferred revenue is recognized in finance costs, or in mineral properties, plant and equipment if directly attributable to the acquisition, construction and development of a qualifying asset. The interest rate is determined based on the rate implicit in each streaming agreement at the date of inception or acquisition.

The initial consideration received from the streaming arrangements is considered variable, subject to changes in the total copper, gold and silver volumes to be delivered. Changes to variable consideration are reflected in revenue in the consolidated statement of earnings.

(q) Share-based compensation

The Company grants share-based awards in the form of share options and share units to certain employees in exchange for the provision of services. The share options and share units are equity-settled awards. The Company determines the fair value of the awards on the date of grant. This fair value is charged to the consolidated statement of earnings using a graded vesting attribution method over the vesting period of the awards, with a corresponding credit to contributed surplus. When the share options or share units are exercised, the applicable amounts of contributed surplus are transferred to share capital. At the end of the reporting period, the Company updates its estimate of the number of awards that are expected to vest and adjusts the total expense to be recognized over the vesting period.

(r) Current and deferred income taxes

Income tax expense represents the sum of current and deferred tax. Current taxes payable is based on taxable earnings for the year. Taxable earnings may differ from earnings before income tax as reported in the consolidated statement of earnings because it may exclude items of income or expense that are taxable or deductible in other years and it may further exclude items of income or expense that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Income tax assets and liabilities are offset when there is a legally enforceable right to offset the assets and liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences or tax loss carryforwards can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable earnings nor the accounting earnings. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and investments in associates, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to equity, in which case the deferred tax is reflected in equity.

(s) Earnings per share

Basic earnings per share is calculated using the weighted average number of common shares outstanding during each reporting period. Diluted earnings per share is calculated assuming the proceeds from the exercise of "in-the-money" share-based arrangements are used to purchase common shares at the average market price during the period.

(t) 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 the consolidated statement of earnings.

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 the consolidated statement of earnings.

(u) Financial instruments

Financial instruments are recognized on the consolidated balance sheet on the trade date, the date on which the Company becomes a party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the following categories:

Financial Assets at Amortized Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Company intends to hold these receivables until cash flows are collected. Receivables are recognized initially at fair value, net of any transaction costs incurred and subsequently measured at amortized cost using the effective interest method. The Company recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets measured at FVTPL are assets which do not qualify as financial assets at amortized cost or those not designated in hedge relationships.

Provisionally priced trade receivables are considered embedded derivatives as some or all of the cash flows are dependent on commodity prices. Trade receivables with embedded derivatives are initially measured at their transaction price. Subsequent changes to provisionally priced trade receivables are recorded in the consolidated statement of earnings as revenue from other sources.

Marketable securities, equity investments, and derivative assets not designated in hedge relationships are classified as FVTPL. These financial assets are initially recognized at their fair value with changes to fair values recognized in the consolidated statement of earnings.

Financial Liabilities at Amortized Cost

Financial liabilities are measured at amortized cost using the effective interest method, unless they are required to be measured at FVTPL, or the Company has opted to measure them at FVTPL. Long-term debt is recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Financial Liabilities at FVTPL

Financial liabilities at FVTPL are liabilities which include embedded derivatives and cannot be classified as amortized cost or those not designated in hedge relationships. Financial liabilities at FVTPL are initially recognized at fair value with changes to fair values recognized in the consolidated statement of earnings.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership. Gains and losses on derecognition are generally recognized in the consolidated statement of earnings.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of earnings.

The Company may enter into derivative instruments to mitigate exposures to commodity price and currency exchange rate fluctuations, among other exposures. Unless the derivative instruments qualify for hedge accounting, and management undertakes appropriate steps to designate them as such, they are designated as financial assets or liabilities at FVTPL and recorded at their fair value with realized and unrealized gains or losses arising from changes in the fair value recorded in the consolidated statement of earnings in the period they occur. Fair values for derivative instruments are determined using valuation techniques. The valuations use assumptions based on prevailing market conditions on the reporting date.

Hedge Accounting

The Company may apply cash flow hedge accounting to qualifying derivative financial instruments that mitigate exposures to commodity price and currency exchange rate fluctuations.

The Company formally documents all relationships between hedging instruments and hedged items at inception of the contracts, as well as its risk management objectives and strategies for undertaking hedge transactions. This process includes linking all derivative hedging instruments to highly probable forecasted transactions. Hedge effectiveness is assessed based on the degree to which the cash flows from the derivative contracts are expected to offset the cash flows of the underlying transaction being hedged.

The effective portion of changes in fair value is recognized in other comprehensive income ("OCI"). For hedged items other than the purchase of non-financial assets, the amounts accumulated in OCI are reclassified to the consolidated statement of earnings when the underlying hedged transaction, identified at contract inception, affects profit or loss. When hedging a forecasted transaction that results in the recognition of a non-financial asset, the amounts accumulated in equity are removed and added to the carrying amount of the non-financial asset. The amounts accumulated in OCI are reclassified to the consolidated statement of earnings or to the carrying amount of the non-financial asset, consistent with the classification of the underlying hedged transaction, when the underlying hedged transaction is recognized.

Any ineffective portion of a hedge relationship is recognized immediately in the consolidated statement of earnings. When derivative contracts designated as cash flow hedges are terminated, expired, sold or no longer qualify for hedge accounting, hedge accounting is discontinued prospectively. Any amounts recorded in OCI until the time the contracts do not qualify for hedge accounting remain in OCI. Amounts recognized in OCI are recognized in the consolidated statement of earnings in the period in which the underlying hedged transaction is completed. Gains or losses arising subsequent to the derivative contracts not qualifying for hedge accounting are recognized in the period incurred in the consolidated statement of earnings. If the forecasted transaction is no longer expected to occur, then the amounts accumulated in OCI are reclassified to the consolidated statement of earnings immediately.

(iii) New standards and interpretations adopted January 1, 2023

In May 2021, the IASB issued amendments to IAS 12, Income Taxes. The amendments to IAS 12 narrow the scope of the initial recognition exemption so that it no longer applies to transactions which give rise to equal amounts of taxable and deductible temporary differences. The Company is to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition for certain transactions, including leases and reclamation provisions. The amendments to IAS 12 are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The Company adopted the amendments effective January 1, 2023, with no material impact expected to the consolidated financial statements for 2023.

(iv) Critical accounting estimates and judgements in applying the entity’s accounting policies

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgements. These estimates and judgements are based on management’s best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ materially from the amounts included in the financial statements.

Areas where critical accounting estimates and judgements have the most significant effect on the amounts recognized in the consolidated financial statements include:

Depreciation, depletion and amortization of mineral properties, plant and equipment - Mineral properties, plant and equipment comprise a large component of the Company’s assets and as such, the depreciation, depletion and amortization of these assets have a significant effect on the Company’s financial statements. Upon commencement of commercial production, the Company depletes mineral property over the life of the mine based on the depletion of the mine’s Proven and Probable Mineral Reserves. In the case of mining equipment or other assets, if the useful life of the asset is shorter than the life of the mine, the asset is amortized over its expected useful life.

Proven and Probable Mineral Reserves are determined based on a professional evaluation using accepted international standards for the estimation of Mineral Reserves. The assessment involves geological and geophysical studies, economic data and the reliance on a number of assumptions. The estimates of the Mineral Reserves may change based on additional knowledge gained subsequent to the initial assessment. This may include additional data available from continuing exploration, results from the reconciliation of actual mining production data against the original Mineral Reserve estimates, or the impact of economic factors such as changes in the price of commodities or the cost of components of production.

A change in the original estimate of Mineral Reserves would result in a change in the rate of depreciation, depletion and amortization of the related mineral assets. The effect of a change in the estimates of Mineral Reserves would have a relatively greater effect on the amortization of the current mining operations at Eagle because of the relatively short mine life of this operation. A short mine life results in a high rate of amortization and depreciation, and mineral assets may exist at these sites that have a useful life in excess of the revised life of the related mine.

Revenue from Contracts with Customers – To determine the transaction price for streaming agreements, the Company made estimates with respect to future production of the life of mine and R&R quantities. These estimates are subject to variability and may have an impact on the timing and amount of revenue recognized and may result in cumulative adjustments.

The Company exercised judgment in the identification of performance obligations under its contracts and the allocation of the transaction price thereto. Specifically, the Company considers the performance obligations to be the delivery of gold and silver in concentrate to offtakers and copper to streamers.

Valuation of long-term inventory - The Company carries its long-term inventory at the lower of production cost and NRV. If the carrying value exceeds the net realizable amount, a write-down is required. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

The Company reviews NRV at least annually. In particular, for the NRV of long-term inventory, the Company makes significant estimates in its use of a discounted NRV model related to future production plans, forecasted commodity prices, foreign exchange rates, R&R quantities, future capital and production costs to complete, and the discount rate. These estimates are subject to various risks and uncertainties and may have an effect on the NRV estimate and the carrying value of the long-term inventory. The carrying value of Chapada's long-term stockpile of $247.7 million is most sensitive to these estimates.

Valuation of mineral properties - The Company carries its mineral properties at cost less accumulated depletion and any accumulated provision for impairment. The Company expenses exploration costs which are related to specific projects until commercial feasibility of the project is determinable. The costs of each property and related capitalized development expenditures are depleted over the economic life of the property on a unit-of-production basis. Costs are charged to the consolidated statement of earnings when a property is abandoned or when there is a recognized impairment in value.

The Company undertakes a review of the carrying values of mineral properties and related expenditures whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and discounted net cash flows. An impairment loss is recognized when the carrying value of those assets is not recoverable. Where a previous impairment has been recorded, the Company analyzes any reverse impairment indicators. Impairment reversals are recognized in subsequent periods when there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In undertaking this review, management of the Company is required to make significant estimates of, amongst other things, future production and sale volumes, metal prices, foreign exchange rates, R&R quantities, future capital and production costs and reclamation costs to the end of the mine's life. These estimates are subject to various risks and uncertainties which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures.

The Company, from time to time, acquires exploration and development properties. When a number of properties are acquired in a portfolio, the Company must make a determination of the fair value attributable to each of the properties within the total portfolio. When the Company conducts further exploration on acquired properties, it may determine that certain of the properties do not support the fair values applied at the time of acquisition. If such a determination is made, the property is written down which could have a material effect on the consolidated balance sheet and consolidated statement of earnings.

Goodwill - The amount by which the purchase price of a business acquisition exceeds the fair value of identifiable assets and liabilities acquired is recorded as goodwill. Goodwill is allocated to the CGUs acquired based on the assessment of which CGU would be expected to benefit from the synergies of the acquisition. Estimates of recoverable value may be impacted by changes in metal prices, foreign exchange rates, discount rates, level of capital expenditures, production costs and other factors that may be different from those used in determining fair value. Changes in estimates could have a material impact on the carrying value of the goodwill.

Reclamation and other closure provisions - The Company incurs reclamation and other closure costs related to its mining properties. The future obligations for mine closure activities are estimated by the Company using mine closure plans or other similar studies which outline the activities to be undertaken to meet regulatory and internal requirements. Since the obligations are dependent on the laws and regulations of the countries in which the mines operate, they are regularly reviewed by management and external experts, and could change as a result of amendments to the laws and regulations. Included in the estimated obligations are a number of significant assumptions made by management in determining closure provisions. Accordingly, closure provisions are more uncertain the further into the future the mine closure activities are to be carried out.

The Company's policy for recording reclamation and other closure provisions is to establish provisions for future mine closure costs based on the present value of the future cash flows required to satisfy the obligations. This provision is updated as the estimate for future closure costs change. The amount of the present value of the provision is added to the cost of the related mineral property and plant & equipment and depreciated over the life of the mine. The provision is accreted to its future value over the life of mine through a charge to finance costs.

Income taxes - Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences") and losses carried forward.

The determination of the ability of the Company to utilize tax loss carry-forwards and deductible temporary differences to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is "probable" that the Company will benefit from these prior losses and other deductible temporary differences. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilization of the losses.

Assessment of impairment and reverse impairment indicators - Management applies significant judgement in assessing whether indicators of impairment or reverse impairment exist for a CGU which would necessitate impairment testing. Internal and external factors such as significant changes in the use of the asset, commodity prices, foreign exchange rates, capital and production forecasts, R&R quantities, and discount rates are used by management in determining whether there are any indicators.

During the year, management identified indicators of impairment of long-lived assets. As a result, an impairment assessment was performed with no impairments identified.

Contingent liabilities - Contingent liabilities are possible obligations that arise from past events which will be confirmed by the occurrence or non-occurrence of future events. These contingencies are not recognized in the consolidated financial statements when the obligation is not probable or if the obligation cannot be measured reliably. The Company exercises significant judgment when determining the probability of the future outcome and with regard to any required disclosure of contingencies, and measuring the liability is a significant estimate.

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 supported the engineering, procurement and preparation for pre-construction early works. 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 were 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 required 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.

During the fourth quarter of 2022, the Company began to capitalize development costs to reflect significant project advancement made since acquisition (Note 3). Engineering, procurement of long lead equipment, and pre-construction early works including internal access roads and Phase 1 of the new camp were all well advanced. In addition, Mr. David Dicaire joined the company as Senior Vice President, taking on responsibility for project advancement, and the Board of Directors have approved several rounds of project funding, which demonstrated continued support for the Project.

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").

(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 7)		675,477
Total assets		703,595
Trade and other payables		(62,770)
Debentures (c)		(47,000)
Bridge loan (d)		(54,100)
Lease liabilities (Note 11)		(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 (Note 14).

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.

(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:

		December 31, 2022		December 31, 2021
Cash	**$**	**158,153**	$	533,560
Short-term deposits		**33,234**		60,509
	$	**191,387**	$	594,069

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

		December 31, 2022		December 31, 2021
Trade receivables	**$**	**430,734**	$	507,697
Value added tax		**65,028**		37,136
Prepaid expenses		**53,767**		25,972
Other receivables		**26,649**		31,869
	$	**576,178**	$	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.

The Company does not have any significant balances that are past due nor any significant expected credit losses. The Company's credit risk is discussed in Note 27.

The fair value of trade and other receivables is disclosed in Note 23.

The carrying amounts of trade and other receivables are mainly denominated as follows: $435.1 million, CLP 65.7 billion, €23.1 million, C$15.6 million, SEK 69.0 million, BRL 102.8 million and ARS 367.7 million as at December 31, 2022 (December 31, 2021 - $528.0 million, CLP 24.0 billion, €21.6 million, C$4.1 million, SEK 37.7 million and BRL 79.2 million).

6. INVENTORIES

Inventories are comprised of the following:

		December 31, 2022		December 31, 2021
Ore stockpiles	**$**	**69,781**	$	28,307
Concentrate stockpiles		**42,209**		56,526
Materials and supplies		**184,720**		142,550
	$	**296,710**	$	227,383

Long-term inventory is comprised of ore stockpiles. As at December 31, 2022, the Company had $394.2 million (December 31, 2021 - $422.3 million) and $247.7 million (December 31, 2021 - $297.3 million) of long-term ore stockpiles at Candelaria and Chapada, respectively. The Company recognized a net realizable value write-down in the Chapada long-term ore stockpiles of $66.8 million (December 31, 2021 - $68.1 million), with $4.2 million of the write-down included in depreciation, depletion and amortization (December 31, 2021 - $3.1 million).

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

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

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

Cost	Mineral properties	Plant and equipment	Assets under construction[1]	Development project[2]	Software intangible assets	Total
As at December 31, 2020	$ 5,059,793	$ 3,266,149	$ 421,697	$ —	$ 14,225	$ 8,761,864
Additions	259,644	47,977	278,676	6,631	587	593,515
Disposals and transfers	115,230	192,512	(330,489)	—	618	(22,129)
Effects of foreign exchange	(155,524)	(65,467)	(27,292)	—	(752)	(249,035)
As at December 31, 2021	5,279,143	3,441,171	342,592	6,631	14,678	9,084,215
Josemaria acquisition (Note 3)	—	22,233	—	646,605	—	668,838
Additions	322,465	92,649	277,249	228,462	14,270	935,095
Disposals and transfers	93,105	259,430	(369,687)	(5,279)	4,041	(18,390)
Effects of foreign exchange	(147,790)	(63,306)	(14,098)	—	(363)	(225,557)
As at December 31, 2022	**$ 5,546,923**	**$ 3,752,177**	**$ 236,056**	**$ 876,419**	**$ 32,626**	**$ 10,444,201**

Accumulated depreciation, depletion and amortization	Mineral properties	Plant and equipment	Assets under construction[1]	Development project[2]	Software intangible assets	Total
As at December 31, 2020	$ 2,382,365	$ 1,246,026	$ —	$ —	$ 7,862	$ 3,636,253
Depreciation	314,573	225,099	—	—	730	540,402
Disposals and transfers	19,031	(31,894)	—	—	8	(12,855)
Effects of foreign exchange	(95,773)	(34,147)	—	—	(564)	(130,484)
As at December 31, 2021	2,620,196	1,405,084	—	—	8,036	4,033,316
Depreciation	308,831	252,003	—	—	3,829	564,663
Disposals and transfers	(79)	(5,461)	—	—	(119)	(5,659)
Effects of foreign exchange	(93,517)	(30,187)	—	—	(101)	(123,805)
As at December 31, 2022	**$ 2,835,431**	**$ 1,621,439**	**$ —**	**$ —**	**$ 11,645**	**$ 4,468,515**

Net book value	Mineral properties	Plant and equipment	Assets under construction[1]	Development project[2]	Software intangible assets	Total
As at December 31, 2021	$ 2,658,947	$ 2,036,087	$ 342,592	$ 6,631	$ 6,642	$ 5,050,899
As at December 31, 2022	**$ 2,711,492**	**$ 2,130,738**	**$ 236,056**	**$ 876,419**	**$ 20,981**	**$ 5,975,686**

[1] Represent assets under construction at our operating mine sites which are currently non-depreciable.

[2] Assets relate to the Josemaria Project which are currently non-depreciable.

During the second quarter of 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 in 2021. During the fourth quarter of 2022, the Company began to capitalize the Josemaria Project development costs (Note 2(iv)).

During 2022, the Company capitalized $4.4 million (2021 - $15.1 million) of finance costs to assets under construction and the Josemaria Project, at a weighted average interest rate of 5.5% (2021 - 4.5%).

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

During 2022, the Company capitalized $253.4 million (2021 - $179.6 million) of deferred stripping costs to mineral properties. The depreciation expense related to deferred stripping for the year was $123.0 million (2021 - $131.2 million). Included in the mineral properties balance at December 31, 2022 is $681.7 million (December 31, 2021 - $464.6 million) related to deferred stripping at Candelaria, which is currently non-depreciable.

The Company's software intangible assets relate primarily to a global, distinct instance of an Enterprise Resource Planning ("ERP") system, and related configuration and customization costs incurred in preparing the intangible asset for its intended use. These assets have useful lives of 8 years or less, and are amortized on a straight-line basis.

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		10,408
Depreciation		(20,011)
Disposals		(873)
Effects of foreign exchange		(797)
As at December 31, 2021		27,597
Josemaria acquisition (Note 3)		32
Additions		22,071
Depreciation		(21,288)
Disposals		(75)
Effects of foreign exchange		(414)
As at December 31, 2022	**$**	**27,923**

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.

8. INVESTMENT IN ASSOCIATE

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

As at December 31, 2020	$	22,342
Distributions, net		(32,154)
Share of equity income		24,895
As at December 31, 2021		15,083
Distributions		(18,000)
Share of equity income		3,297
As at December 31, 2022	**$**	**380**

The Company had a 24% ownership interest in Freeport Cobalt, a specialty cobalt business based in Kokkola, Finland, held through its 24% owned subsidiary 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.

In September 2021, KCHL completed the sale of Freeport Cobalt for $208 million (including cash and other working capital and subject to post-closing adjustments), consisting of cash consideration of $173 million and 7% of shares in the purchaser (valued at approximately $35 million). In addition, the Company and its partners will have the right to receive contingent cash consideration up to $40 million based on the future performance of Freeport Cobalt, of which the Company’s share is $9.6 million. The Company’s net share of the proceeds, excluding contingent consideration, was approximately $45 million cash plus $8 million in shares of the purchaser. The Company recognized $21.6 million through its share of equity income and received partial cash distributions of $41.2 million from the transaction during 2021.

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

During the second quarter of 2022, the shares in the purchaser were sold and substantially all of the remaining net assets were distributed to the partners.

9. GOODWILL

The Company recognized goodwill on the acquisition of Chapada, Neves-Corvo, and Ojos del Salado ("Ojos"). Goodwill is allocated to the following CGUs:

	Chapada	Neves-Corvo	Ojos[1]	Total
Balance at December 31, 2020	$ 134,284	$ 106,186	$ 10,713	$ 251,183
Effects of foreign exchange	—	(8,178)	—	(8,178)
Balance at December 31, 2021	134,284	98,008	10,713	243,005
Effects of foreign exchange	—	(5,711)	—	(5,711)
Balance at December 31, 2022	**$ 134,284**	**$ 92,297**	**$ 10,713**	**$ 237,294**

[1] Ojos is included in the Candelaria reporting segment.

The Company performs an impairment assessment annually, or more frequently if there are impairment indicators, for the carrying amount of its CGUs where goodwill is allocated.

The recoverable value of a CGU is determined partly using the FVLCD method applied by using a discounted cash flow projections model based on life-of-mine financial plans. The key assumptions used in the cash flow projections model consist of forecasted commodity prices, treatment and refining charges, R&R quantities, capital and production cost forecasts, reclamation and other closure costs, discount rates and foreign exchange rates.

For the 2022 assessment, commodity prices and foreign exchange rates used in the cash flow projections are within a range of market consensus observed during the fourth quarter of 2022. Foreign exchange rate assumptions include the impact of the Company's foreign currency derivative contracts. The valuation of recoverable amount is most sensitive to changes in metal prices, exchange rates and discount rates.

Production costs and capital expenditures included in the cash flow projections are based on operating plans which consider past and estimated future performance.

In performing the CGU impairment test for Chapada, Neves-Corvo and Ojos, the Company used a FVLCD valuation model. Inputs utilized in this model were based on level 3 fair value measurements (see Note 23), which were not based on observable market data. The R&R were based on the Company's last published estimate dated December 31, 2022. Incorporated in the FVLCD were fair value estimates developed by the Company for R&R not captured in the cash flow projections model. These estimates are valued using third-party market information.

Chapada

For the Chapada CGU impairment review, the Company used a FVLCD model (level 3 measurement). For the years ended December 31, 2022 and 2021, the Company determined that the recoverable amount of the Chapada CGU was higher than its carrying value, and therefore no impairment was recognized.

Sensitivity analysis was performed on the cash flow model for Chapada. Reviewing changes in key inputs such as changes to metal prices (+/-5%), foreign exchange rate (+/-5%) and discount rate (+/-1%) did not have a material impact on the result of the Company's goodwill impairment assessment.

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

Key assumptions for Chapada

	2022	2021
Copper price $/lb	3.75 - 3.85	3.40 - 4.10
Gold price $/oz	1,700 - 1,750	1,550 - 1,800
After-tax discount rate	8.0%	7.3%
BRL/$ exchange rate	5.00 - 5.20	5.20 - 5.70
Life of mine	29 years	32 years

Neves-Corvo

For the Neves-Corvo CGU impairment review, the Company used a FVLCD model (level 3 measurement). For the years ended December 31, 2022 and 2021, the Company determined that the recoverable amount of the Neves-Corvo CGU was higher than its carrying value, and therefore no impairment was recognized.

Sensitivity analysis was performed on the cash flow model for Neves-Corvo. Reviewing changes in key inputs such as changes to metal prices (+/-5%), foreign exchange rate (+/-5%) and discount rate (+/-1%) did not have a material impact on the result of the Company's goodwill impairment assessment.

Key assumptions for Neves-Corvo

	2022	2021
Copper price $/lb	3.75 - 3.85	3.40 - 4.10
Zinc price $/lb	1.15 - 1.30	1.10 - 1.30
After-tax discount rate	9.0%	9.0%
$/€ exchange rate	1.03 - 1.10	1.15 - 1.20
Life of mine	10 years	11 years

Ojos

For the Ojos CGU impairment review, the Company used a FVLCD model (level 3 measurement). For the years ended December 31, 2022 and 2021, the Company determined that the recoverable amount of the Ojos CGU was higher than its carrying value, and therefore no impairment was recognized.

Sensitivity analysis was performed on the cash flow model for Ojos. Reviewing changes in key inputs such as changes to metal prices (+/-5%), foreign exchange rate (+/-5%) and discount rate (+/-1%) did not have a material impact on the result of the Company's goodwill impairment assessment.

Key assumptions for Ojos

	2022	2021
Copper price $/lb	3.75 - 3.85	3.40 - 4.10
After-tax discount rate	8.5%	8.5%
CLP/$ exchange rate	800 - 900	800 - 820
Life of mine	12 years	9 years

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

10. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	December 31, 2022	December 31, 2021
Trade payables	**$ 315,948**	$ 199,545
Unbilled goods and services	**122,390**	80,067
Employee benefits payable	**88,086**	71,078
Sinkhole provision (Note 24)	**38,000**	—
Royalties payable	**16,283**	16,876
Pricing provisions on concentrate sales	**8,484**	1,940
Prepayment from customers	**389**	9,165
Distributions payable to non-controlling interests (Note 15)	**—**	15,000
Other	**23,385**	19,958
	$ 612,965	$ 413,629

Included in pricing provisions on concentrate sales are balances owing to customers and provisions arising from forward market price adjustments.

The sinkhole provision recorded in 2022 relates to expected remediation costs and potential fines directly related to the sinkhole near the Company's Ojos del Salado operations.

11. DEBT AND LEASE LIABILITIES

Debt and lease liabilities are comprised of the following:

	December 31, 2022	December 31, 2021
Revolving credit facility (a)	**$ 13,730**	$ —
Term loans (b)	**127,400**	—
Lease liabilities (c)	**27,166**	25,878
Commercial paper (d)	**26,665**	—
Line of credit (e)	**2,367**	5,125
Debt and lease liabilities	**197,328**	31,003
Less: current portion	**170,149**	14,617
Long-term portion	**$ 27,179**	$ 16,386

(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		10,420		33,171		43,591
Payments		(19,369)		(195,813)		(215,182)
Disposals		(866)		—		(866)
Interest		1,494		—		1,494
Financing fee amortization		—		322		322
Financing fee reclassification		—		1,300		1,300
Effects of foreign exchange		(2,113)		(591)		(2,704)
As at December 31, 2021		25,878		5,125		31,003
Josemaria acquisition (Note 3)		38		47,000		47,038
Additions		21,198		282,938		304,136
Payments		(21,651)		(160,824)		(182,475)
Disposals		(26)		—		(26)
Interest		1,434		—		1,434
Financing fee amortization		—		656		656
Deferred financing fee		—		(4,926)		(4,926)
Effects of foreign exchange		295		193		488
As at December 31, 2022		27,166		170,162		197,328
Less: current portion		13,813		156,336		170,149
Long-term portion	**$**	**13,353**	**$**	**13,826**	**$**	**27,179**

a) During the second quarter of 2022, the Company executed a fourth amended and restated credit agreement that increased its secured 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. During the fourth quarter of 2022, the Company drew down $50.0 million on the credit facility and subsequently repaid $32.0 million. As at December 31, 2022, the balance outstanding was $18.0 million (December 31, 2021 - nil). The previously issued SEK and Euro denominated letters of credit of $15.9 million (SEK 162.0 million) and $2.3 million (€2.2 million) were cancelled on April 14, 2022, and December 13, 2022, respectively. Deferred financing fees of $4.3 million have been netted against borrowings. As at December 31, 2021, deferred financing fees were reported in other assets. In January 2023, the Company drew down an additional $25.0 million on the credit facility. On February 16, 2023, the Company received commitments from the lenders of the revolving credit facility to, upon completion and execution of the first amendment to the fourth amended and restated credit agreement, extend the term by one year to April 2028 and reduce the credit spread adjustment.

b) During the fourth quarter of 2022, Candelaria obtained an unsecured fixed term loan in the amount of $50.0 million. The loan matures on December 20, 2023 and accrues interest at a rate of 6.13% per annum, with interest payable upon maturity. As at December 31, 2022, the total balance outstanding was $50.0 million (December 31, 2021 - nil).

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

During the fourth quarter of 2022, Mineração Maracá Indústria e Comércio S/A ("Chapada"), a subsidiary of the Company which owns the Chapada mine, obtained eleven unsecured fixed term loans totalling $101.4 million. The term loans accrue interest at rates ranging from 4.00% to 6.70% per annum with interest payable upon maturity. The maturity dates range from November 3, 2022 to May 18, 2023. Two term loans totalling $24.0 million were repaid in full upon their respective maturity dates of November 3, 2022 and December 16, 2022. As at December 31, 2022, the total balance outstanding was $77.4 million (December 31, 2021 - nil).

In January 2023 and February 2023, Chapada repaid a total of $19.3 million of the outstanding term loans and obtained six additional unsecured fixed term loans totalling $34.6 million, accruing interest at rates ranging from 5.44% to 6.23% per annum with interest payable upon maturity. The maturity dates range from March 20, 2023 to May 8, 2023.

c) Lease liabilities relate to leases on buildings, rail cars, vehicles, machinery and equipment which have remaining lease terms of one to twelve years and interest rates of 0.8% - 8.0% 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 commercial paper program which matures in May 2025. The $26.7 million (€25.0 million) program bears interest on drawn funds at EURIBOR+0.50%. During 2022, Somincor made several draw downs totalling $81.5 million (€80.0 million) and made several repayments totalling $55.7 million (€55.0 million). As at December 31, 2022, the credit facility remains fully drawn at $26.7 million (€25.0 million).

e) As at December 31, 2022, the balance outstanding for Somincor equipment financing was $2.4 million (€2.2 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.

f) 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 December 31, 2022, there was no balance outstanding.

g) Certain leases relating to mine development, exploration, production and transportation equipment contain variable lease expenses based on tonnage or drilling metres. Variable lease expense for the period ended December 31, 2022 was $173.9 million (2021 - $153.1 million). The Company has short-term leases related to mining equipment and office space. Short-term lease expense for the period ended December 31, 2022 was $3.0 million (2021 - $7.1 million).

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

		Leases		Debt		Total
Less than one year	$	14,946	$	156,336	$	171,282
One to five years		12,355		18,096		30,451
More than five years		1,360		—		1,360
Total undiscounted obligations as at December 31, 2022	**$**	**28,661**	**$**	**174,432**	**$**	**203,093**

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

12. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

As at December 31, 2020	$	739,566
Recognition of revenue		(74,067)
Variable consideration adjustment		(6,997)
Finance costs		40,325
Effects of foreign exchange		(5,360)
As at December 31, 2021		693,467
Recognition of revenue		(73,733)
Variable consideration adjustment		3,492
Finance costs		37,621
Effects of foreign exchange		(6,741)
As at December 31, 2022		654,106
Less: current portion		74,061
Long-term portion	**$**	**580,045**

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. As a result of changes to the Company's R&R, adjustments have been made to the deferred revenue liability for 2021 and 2022 which were recognized through revenue and finance costs.

For the year ended December 31, 2022, the Company recognized finance costs at a weighted average rate of 5.5% (2021 - 5.5%) on the deferred revenue balances.

a) Candelaria

The Company entered into a stream agreement with Franco-Nevada Corporation ("FN"), whereby the Company has agreed to sell 68% of all the gold and silver contained in production from Candelaria until 720,000 oz of gold and 12 million oz of silver have been delivered. Thereafter, FN will be entitled to purchase 40% of the gold and silver production from Candelaria. The Company received an up-front payment of $648 million which is being recognized as gold and silver are delivered to FN under the contract.

For each ounce of gold and silver delivered, FN makes payments equal to the lesser of the prevailing market prices and approximately $420/oz of gold and $4.20/oz of silver (2021 - $416/oz of gold and $4.16/oz of silver), subject to a 1% annual inflationary adjustment. In 2022, approximately 55,000 oz of gold and 983,000 oz of silver (2021 - approximately 59,000 oz of gold and 874,000 oz of silver) were subject to the terms of the streaming agreement.

b) Chapada mine

The Company assumed the following streaming agreements with Sandstorm Gold Ltd. ("Sandstorm") and Altius Minerals Corporation ("Altius") when the Chapada mine was acquired:

Sandstorm is entitled to purchase the lesser of 3.9 million pounds ("Mlbs") or 4.2% of the payable copper produced annually from Chapada at 30% of the market price. The percentage of payable copper is subject to two reduction thresholds. Once an aggregate of 39 Mlbs has been delivered, the percentage of payable copper reduces to 3.0%. Upon delivery of 50 Mlbs of copper in aggregate, the percentage of payable copper reduces to 1.5% for the remaining life of mine. In 2022, approximately 3.9 Mlbs (2021 – 3.7 Mlbs) were delivered under this agreement. The deferred revenue is being recognized as copper is delivered to Sandstorm under the contract.

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

Altius is entitled to purchase 3.7% of the payable copper produced from Chapada at 30% of the market price. The percentage of payable copper is subject to two reduction thresholds. In the event of a specified expansion at Chapada, the percentage of payable copper reduces to 2.65%. Also, upon delivery of 75 Mlbs of copper in aggregate, the percentage of payable copper reduces to 1.5% for the remaining life of mine. In 2022, approximately 3.7 Mlbs (2021 – 3.6 Mlbs) were delivered under this agreement. The deferred revenue is being recognized as copper is delivered to Altius under the contract.

c) Neves-Corvo mine

The Company has an agreement to deliver all of the silver contained in concentrate produced from its Neves-Corvo mine to Wheaton Precious Metals Corporation (“Wheaton”). The Company received an up-front payment which was deferred and is being recognized in revenue as silver is delivered under the contract. The Company receives the lesser of a fixed payment (subject to annual inflationary adjustments) and the market price per ounce of silver. During 2022, the Company received approximately $4.42/oz of silver (2021 - $4.38/oz). The agreement extends to the earlier of September 2057 and the end of mine life.

d) Zinkgruvan mine

The Company has an agreement with Wheaton to deliver all of the silver contained in concentrate from its Zinkgruvan mine. The Company received an up-front payment which was deferred and is being recognized in revenue as silver is delivered under the contract and receives the lesser of a fixed payment (subject to annual inflationary adjustments) and the market price per ounce of silver. During 2022, the Company received approximately $4.53/oz of silver (2021 - $4.46/oz). The agreement includes a guaranteed minimum delivery of 40.0 million oz of silver over an initial 25 year term. If at the end of the initial term the Company has not met its minimum obligation, it must pay $1.00 for each ounce of silver not delivered. An aggregate total of approximately 31.4 million oz has been delivered since the inception of the contract in 2004.

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		9,108		—		9,108
Changes in estimate		71,361		1,558		72,919
Changes in discount rate		(56,992)		—		(56,992)
Payments		(4,695)		(4,480)		(9,175)
Effects of foreign exchange		(11,654)		(2,396)		(14,050)
Balance, December 31, 2021		406,966		39,089		446,055
Accretion		14,344		—		14,344
Changes in estimate		45,766		11,374		57,140
Changes in discount rate		(43,667)		—		(43,667)
Payments		(11,175)		(4,728)		(15,903)
Effects of foreign exchange		(11,214)		(907)		(12,121)
Balance, December 31, 2022		401,020		44,828		445,848
Less: current portion		18,579		4,971		23,550
Long-term portion	**$**	**382,441**	**$**	**39,857**	**$**	**422,298**

The Company expects these liabilities to be settled between 2023 and 2062. The reclamation provisions are discounted using current market pre-tax discount rates which range from 2.0% to 13.5% (December 31, 2021 - 0.2% to 10.6%).

14. SHARE CAPITAL

(a) Authorized and issued shares

Authorized share capital consists of an unlimited number of voting common shares with no par value and one special non-voting share with no par value. As at December 31, 2022, there were 770,746,531 fully paid voting common shares issued (2021 - 734,987,154 shares). The special non-voting share is not issued and outstanding.

(b) Share units

The Company has a Share Unit Plan ("SU Plan") which provides for share unit awards ("SUs") to be granted by the Board of Directors to certain employees of the Company. The maximum number of SUs that are issuable under the SU Plan is 14,000,000. An SU is a unit representing the right to receive one common share (subject to adjustments) issued from treasury.

The number and terms of SUs awarded will be determined by the Board of Directors based on the closing market price on the TSX of the Company's common shares on the date of the grant. The Company uses the fair value method of accounting for the recording of SU grants to employees and officers.

i) *Time-vesting SUs*

During 2022, the Company granted 392,904 time-vesting SUs to employees and officers that expire in 2025. These SUs vest three years from the grant date with the number of SUs being fixed, and with no vesting conditions other than service. The fair value of the time-vesting SUs are based on the market value of the shares on the date of the grant and an estimated forfeiture rate of approximately 11% (2021 - 11%). The weighted average fair value per time-vesting SU granted during 2022 was C$11.38 (2021 - C$14.92). The Company recorded share-based compensation expense of $3.1 million for 2022 (2021 - $5.9 million) with a corresponding credit to contributed surplus related to time-vesting SUs. As at December 31, 2022, there was $2.6 million (2021 - $3.8 million) of unamortized stock-based compensation expense related to time-vesting SUs.

ii) *Performance-vesting SUs*

During 2022, the Company granted 114,675 performance-vesting SUs to officers that expire in 2025. These SUs vest three years from the grant date with the number of SUs being variable, which can range from zero to 229,350 contingent upon achieving applicable performance vesting conditions. The fair value of the performance-vesting SUs are based on a Monte Carlo model and an estimated forfeiture rate of approximately 11% (2021 - 11%). The weighted average fair value per performance-vesting SU granted during 2022 was C$13.52 (2021 - C$18.83). The Company recorded share-based compensation expense of $0.3 million for 2022 (2021 - $1.3 million) with a corresponding credit to contributed surplus related to performance-vesting SUs. As at December 31, 2022, there was $0.7 million (2021 - $0.9 million) of unamortized stock-based compensation expense related to performance-vesting SUs.

During 2022, 1,222,797 common shares (2021 - 686,416) were issued as a result of SUs being vested.

(c) Stock options

The Company's Stock Option Plan provides for stock option awards to be granted by the Board of Directors to certain employees of the Company. The term of any stock options granted under the Stock Option Plan may not exceed seven years from the date of grant. The maximum number of stock options that are issuable under the Stock Option Plan is 42,000,000. The vesting requirements are established by the Board of Directors.

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

The Company uses the fair value method of accounting for the recording of stock options. Under this method, the Company recorded a share-based compensation expense of $4.4 million for 2022 (2021 - $7.6 million) with a corresponding credit to contributed surplus.

During 2022, the Company granted 1,830,020 stock options to employees and officers that expire in 2029. The stock options vest over three years from the grant date. The Black-Scholes option pricing model used to determine the fair value of the stock options at the date of the grant assumed a dividend yield, risk-free interest rate of 1.59% to 2.87% (2021 - 0.33% to 0.74%), expected life of 4.4 years (2021 - 4.4 years) and expected price volatility of 47% (2021 - 46% to 47%). Volatility is determined using the historical daily volatility over the expected life of the options. A forfeiture rate of approximately 11% was applied (2021 - 11%). The weighted average fair value per stock option granted during 2022 was C$3.47 (2021 - C$5.30). As at December 31, 2022, there was $2.1 million of unamortized stock-based compensation expense (2021 - $3.1 million) related to stock options.

During 2022, 3,202,107 common shares (2021 - 2,724,988) were issued as a result of stock options being exercised.

(d) Replacement Options

On April 28, 2022, the Company issued 2,513,866 Replacement Options upon closing of the Transaction as discussed in Note 3.

During 2022, 2,064,037 common shares (2021 - nil) were issued as a result of Replacement Options being exercised.

The continuity of share-based payments outstanding is as follows:

	Number of SUs	Number of Replacement Options	Weighted average exercise price (C$)	Number of options	Weighted average exercise price (C$)
Outstanding, December 31, 2020	2,534,100	—	—	9,676,245	7.11
Granted	569,250	—	—	1,985,500	14.91
Forfeited	(96,184)	—	—	(283,832)	10.72
Exercised	(686,416)	—	—	(2,724,988)	7.00
Outstanding, December 31, 2021	2,320,750	—	—	8,652,925	8.82
Granted	507,579	—	—	1,830,020	11.54
Josemaria acquisition (Note 3)	—	2,513,866	4.99	—	—
Forfeited	(292,476)	(14,598)	5.05	(821,841)	11.08
Exercised	(1,222,797)	(2,064,037)	4.97	(3,202,107)	7.25
Outstanding, December 31, 2022	**1,313,056**	**435,231**	**5.09**	**6,458,997**	**10.08**

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

The following table summarizes options outstanding as at December 31, 2022:

	Outstanding Options			Exercisable 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 6.99	1,140,633	1.3	6.57	1,115,633	1.2	6.58
7 to 9.99	2,205,827	1.8	7.28	1,424,164	1.6	7.39
10 to 12.99	1,451,203	6.2	11.54	22,533	6.2	11.54
13 to 15.99	1,661,334	5.2	14.91	823,271	5.2	14.91
	6,458,997	**3.6**	**10.08**	**3,385,601**	**2.4**	**8.98**

The following table summarizes Replacement Options outstanding as at December 31, 2022:

	Outstanding and Exercisable Replacement Options		
Range of exercise prices (C$)	Number of Options Exercisable	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (C$)
4 to 4.99	161,475	2.1	4.45
5 to 5.99	226,549	2.1	5.26
6 to 6.99	47,207	1.0	6.46
	435,231	**2.0**	**5.09**

(e) Basic and diluted weighted average number of shares outstanding

	December 31, 2022	December 31, 2021
Basic weighted average number of shares outstanding	**762,518,753**	736,789,666
Effect of dilutive securities	**1,075,300**	2,510,747
Diluted weighted average number of shares outstanding	**763,594,053**	739,300,413
Antidilutive securities	**423,200**	416,050

The effect of dilutive securities relates to in-the-money outstanding stock options and SUs.

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.

(f) Dividends

The Company declared dividends in the amount of $275.8 million (2021 - $229.8 million), or C$0.47 per share, for the year ended December 31, 2022 (2021 - C$0.39 per share).

(g) Normal course issuer bid

In 2021, the Company obtained approval from the TSX for the renewal of its normal course issuer bid ("NCIB") to purchase up to 63,762,574 common shares between December 9, 2021 and December 8, 2022. Daily purchases (other than pursuant to a block purchase exemption) on the TSX under the NCIB were limited to a maximum of 565,398 common shares. In connection with the NCIB renewal, the Company entered into an automatic share purchase plan ("ASPP") with its broker to allow for the purchase of common shares at times when the Company ordinarily would not be active in the market due to trading blackout periods, insider trading rules or otherwise.

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

In December 2022, the Company obtained approval from the TSX for the renewal of its NCIB to purchase up to 65,313,173 common shares between December 9, 2022 and December 8, 2023. Daily purchases (other than pursuant to a block purchase exemption) on the TSX under the NCIB are limited to a maximum of 875,921 common shares. In connection with the NCIB renewal, the Company entered into an ASPP with its broker under the same terms as the ASPP entered in December 2022.

For the year ended December 31, 2022, 10,761,500 shares were purchased under the NCIB at an average price of C$7.21 per share for total consideration of $59.4 million. All of the common shares purchased were cancelled.

For the year ended December 31, 2021, 4,463,600 shares were purchased under the NCIB at an average price of C$11.19 per share for total consideration of $40.7 million. All of the common shares purchased were cancelled.

15. NON-CONTROLLING INTERESTS

As part of its Candelaria segment, the Company owns 80% of Compañia Contractual Minera Candelaria S.A. and Compañia Contractual Minera Ojos del Salado S.A.'s copper mining operations and supporting infrastructure in Chile. The remaining 20% ownership stake is held by Sumitomo Metal Mining Co., Ltd. and Sumitomo Corporation. The continuity of non-controlling interests balance is disclosed in the consolidated statements of changes in equity.

Summarized financial information for Candelaria mine and Ojos mine on a 100% basis is as follows:

Summarized Balance Sheets

	Candelaria mine		**Ojos mine**	
For the years ended December 31	**2022**	2021	**2022**	2021
Total current assets	**$ 557,565**	$ 505,300	**$ 77,177**	$ 103,683
Total non-current assets	**$ 2,818,053**	$ 2,705,657	**$ 169,985**	$ 170,865
Total current liabilities	**$ 299,605**	$ 306,339	**$ 83,083**	$ 48,370
Total non-current liabilities	**$ 564,228**	$ 522,387	**$ 39,463**	$ 43,976

Summarized Statements of Earnings and Comprehensive Income (Loss)

	Candelaria mine		**Ojos mine**	
For the years ended December 31	**2022**	2021	**2022**	2021
Total revenue	**$ 1,364,274**	$ 1,618,214	**$ 180,726**	$ 293,916
Net earnings (loss)	**$ 209,346**	$ 391,506	**$ (7,586)**	$ 103,371
Net comprehensive income (loss)	**$ 209,173**	$ 392,533	**$ (7,586)**	$ 103,371

During the year ended December 31, 2022, Candelaria mine and Ojos mine declared distributions of $10.0 million (2021 - $29.0 million) and $10.0 million (2021 - $42.0 million) to non-controlling interests, respectively. As at December 31, 2021, $15.0 million of the $29.0 million in distributions declared to non-controlling interests by Candelaria mine was paid in January 2022.

The above information is presented before inter-company eliminations.

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

16. REVENUE

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

		2022		2021
Revenue from contracts with customers:				
Copper	**$**	**2,018,678**	$	2,257,571
Zinc		**379,755**		294,612
Nickel		**351,385**		273,532
Gold		**225,716**		249,845
Lead		**61,245**		44,560
Silver		**42,654**		38,963
Other		**50,811**		65,605
		3,130,244		3,224,688
Provisional pricing adjustments on concentrate sales		**(89,016)**		104,077
Revenue	**$**	**3,041,228**	$	3,328,765

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

		2022		2021
Revenue from contracts with customers:				
Japan	**$**	**838,383**	$	667,478
Spain		**537,268**		607,005
Canada		**497,030**		449,370
Finland		**277,465**		290,774
Germany		**241,795**		300,157
China		**167,576**		119,611
Chile		**125,362**		400,854
Other		**445,365**		389,439
		3,130,244		3,224,688
Provisional pricing adjustments on concentrate sales		**(89,016)**		104,077
Revenue	**$**	**3,041,228**	$	3,328,765

Revenue from contracts with customers for the year ended December 31, 2022 includes a decrease of $0.1 million (2021 - increase of $9.3 million) due to variable consideration adjustments.

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

17. PRODUCTION COSTS

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

		2022		2021[1]
Direct mine and mill costs	$	**1,490,348**	$	1,217,139
Transportation		**121,262**		102,159
Royalties		**49,748**		51,955
Total production costs	$	**1,661,358**	$	1,371,253

[1] 2021 direct mine and mill costs previously included the $65.1 million inventory write-down related to the Chapada long-term stockpile. These have now been presented on a separate line in the consolidated statement of earnings.

During the year ended December 31, 2022, the Company incurred $20.0 million (2021 - $7.1 million) related to union negotiation settlements at the Company's Candelaria operations in Chile, which were reported in direct mine and mill costs.

18. EMPLOYEE BENEFITS

The Company's employee benefits recognized in the consolidated statement of earnings are comprised of the following:

		2022		2021
Production costs				
Wages and benefits	$	**296,428**	$	287,816
Retirement benefits		**1,655**		1,656
Share-based compensation		**2,325**		2,310
		300,408		291,782
General and administrative expenses				
Wages and benefits		**25,568**		22,756
Retirement benefits		**875**		804
Share-based compensation		**5,133**		12,351
Departure benefit (Note 26)		**1,891**		3,879
		33,467		39,790
General exploration and business development				
Wages and benefits		**8,030**		3,976
Retirement benefits		**35**		34
Share-based compensation		**345**		180
		8,410		4,190
Total employee benefits	$	**342,285**	$	335,762

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

19. GENERAL EXPLORATION AND BUSINESS DEVELOPMENT

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

		2022		2021
Project development	**$**	**107,306**	$	7,431
General exploration		**36,750**		36,736
Corporate development		**297**		771
Total general exploration and business development	**$**	**144,353**	$	44,938

Project development expenses include costs related to the Josemaria Project and study costs related to potential expansion projects at the Company's operating sites. During the fourth quarter of 2022, the Company began to capitalize the Josemaria Project's development costs (Note 2 (iv)).

20. FINANCE INCOME AND COSTS

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

		2022		2021
Interest income	**$**	**4,211**	$	613
Deferred revenue finance costs		**(36,621)**		(27,872)
Accretion expense on reclamation provisions		**(14,344)**		(9,108)
Interest expense and bank fees		**(10,196)**		(6,025)
Lease liability interest		**(1,434)**		(1,494)
Other		**(5,801)**		2,499
Total finance costs, net	**$**	**(64,185)**	$	(41,387)

Finance income	**$**	**4,211**	$	3,112
Finance costs		**(68,396)**		(44,499)
Total finance costs, net	**$**	**(64,185)**	$	(41,387)

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

21. OTHER INCOME AND EXPENSE

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

		2022		2021
Foreign exchange and trading gains on equity investments (a)	**$**	**93,132**	$	—
Unrealized gain on revaluation of foreign currency contracts (Note 23)		**62,971**		—
Gain on disposal of subsidiary (b)		**18,829**		—
Realized gain on foreign currency contracts (Note 23)		**5,980**		—
Revaluation of marketable securities		**5,484**		7,094
Ojos del Salado sinkhole expenses (c)		**(63,271)**		—
Foreign exchange loss (d)		**(15,359)**		(8,920)
Revaluation of Chapada derivative liability		**(4,280)**		(3,836)
Insurance settlement (e)		**—**		16,000
Loss on disposal of assets		**(5,125)**		(6,634)
Other expense		**(3,654)**		(14,814)
Total other income (expense), net	**$**	**94,707**	$	(11,110)

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

b) Pursuant to the terms of the original sale agreement of Rio Narcea Recursos, S.A. in 2016, the Company received a $16.8 million payment in the first quarter of 2022 that was contingent on a historical tax assessment which has now been closed. The remaining amount relates to the reversal of a provision originally recorded at the time of disposal.

c) Ojos del Salado sinkhole expenses include a $5.0 million write-down of mineral properties, plant and equipment, a $38.0 million provision for future expected remediation costs and potential fines, and $20.4 million of costs incurred directly related to the sinkhole near the Company's Ojos del Salado operations.

d) During the year, the Company reclassified a $3.8 million gain (2021 - $16.2 million loss) previously recorded in accumulated other comprehensive loss to foreign exchange loss, in the consolidated statement of earnings, on the wind up of subsidiary exploration companies.

e) As a result of a mill interruption at Chapada in 2020, the Company recognized a $16.0 million insurance settlement in 2021.

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

22. CURRENT AND DEFERRED INCOME TAXES

		2022		2021
Current tax expense:				
Current tax on net taxable earnings	$	**150,861**	$	277,194
Adjustments in respect of prior years		**(883)**		(3,556)
		149,978		273,638
Deferred tax (recovery) expense:				
Origination and reversal of temporary differences		**(41,629)**		78,521
Utilization and recognition of previously unrecognized tax losses and temporary differences		**638**		(11)
Temporary differences for which no deferred asset was recognized		**25,641**		13,538
		(15,350)		92,048
Total tax expense	**$**	**134,628**	$	365,686

The tax on the Company's earnings before income tax differs from the amount that would arise using the weighted average rate applicable to earnings of the consolidated entities as follows:

		2022		2021
Earnings excluding income taxes	**$**	**598,161**	$	1,244,987
Combined basic federal and provincial rates		**26.5%**		26.5%
Income taxes based on Canadian statutory income tax rates	**$**	**158,513**	$	329,922
Effect of different tax rates in foreign jurisdictions		**11,569**		61,176
Tax calculated at domestic tax rates applicable to earnings in the respective countries		**170,082**		391,098
Tax effects of:				
Non-deductible and non-taxable items (a)		**(37,398)**		(28,864)
Adjustments in respect of prior years (b)		**(11,112)**		(15,386)
Tax losses and temporary differences for which no deferred income tax asset was recognized		**25,641**		13,538
Foreign exchange impact on temporary differences and other translation amounts (c)		**(20,733)**		1,673
Utilization and recognition of previously unrecognized temporary differences		**(2,346)**		(11)
Tax recovery associated with government grants and other tax credits (d)		**(10,029)**		(7,888)
Net withholding tax on accrued interest and dividends received		**19,526**		12,371
Other		**997**		(845)
Total tax expense	**$**	**134,628**	$	365,686

The Company operates in tax jurisdictions that have tax rates ranging from 20.6% to 35.0%.

a) Included in the non-taxable items of $37.4 million in 2022 is the impact of the tax depletion allowance at Eagle of $17.2 million (2021 - $15.5 million).

b) Temporary difference true-ups of $7.4 million at Chapada (2021 - $5.4 million) and $1.9 million at Eagle (2021 - $3.1 million) are included in the adjustments in respect of prior years.

c) The revaluation of non-monetary assets in Brazil and the translation of deferred tax liabilities from BRL to USD resulted in a net decrease to deferred tax expense of $20.7 million (2021 - net increase to deferred tax expense of $1.7 million).

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

d) In 2022, Neves-Corvo recorded $6.5 million in investment tax credits (2021 - $5.8 million).

Deferred tax liabilities, net

		December 31, 2022		December 31, 2021
Deferred tax assets	**$**	**3,837**	$	12,050
Deferred tax liabilities		**(709,602)**		(738,917)
Deferred tax liabilities, net	**$**	**(705,765)**	$	(726,867)

Net deferred tax liabilities of $665.2 million (2021 - $739.8 million) are expected to be settled after 12 months and net deferred tax liabilities of $40.5 million (2021 - $12.9 million net deferred tax assets) are expected to be settled within 12 months.

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same jurisdiction, is as follows:

		As at December 31, 2021		(Expensed)/ recovered		Equity adjustment		Effects of foreign exchange		As at December 31, 2022
Deferred tax assets:										
Loss carryforwards	$	50,452	$	(44,828)	$	—	$	—	**$**	**5,624**
Reclamation and other closure provisions		66,722		(789		—		(803)		**65,130**
Deferred revenue		11,132		2,076		—		(1,079)		**12,129**
Future tax credits		—		6,485		—		78		**6,563**
Leases		4,894		458		—		(87)		**5,265**
Sinkhole provision		—		6,631		—		—		**6,631**
Other		2,929		(4,143)		—		5,716		**4,502**
Deferred tax liabilities:										
Mineral properties, plant and equipment		(704,362)		42,988		—		4,399		**(656,975)**
Right-of-use assets		(5,284)		(30)		—		106		**(5,208)**
Provisions		(21,189)		(10)		(2,434)		—		**(23,633)**
Mining royalty taxes		(20,047)		(2,323)		—		—		**(22,370)**
Long-term inventory		(107,578)		34,212		—		—		**(73,366)**
Fair value gains		(4,138)		(10,957)		—		—		**(15,095)**
Foreign currency contracts		—		(14,170)		—		—		**(14,170)**
Pension provision		(398)		(250)		—		(144)		**(792)**
	$	**(726,867)**	**$**	**15,350**	**$**	**(2,434)**	**$**	**8,186**	**$**	**(705,765)**

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

	As at December 31, 2020	(Expensed)/ recovered	Equity adjustment	Effects of foreign exchange	**As at December 31, 2021**
Deferred tax assets:					
Loss carryforwards	$ 171,408	$ (120,849)	$ —	$ (107)	$ 50,452
Reclamation and other closure provisions	59,793	8,087	—	(1,158)	66,722
Deferred revenue	10,343	1,743	—	(954)	11,132
Future tax credits	12,178	(11,745)	—	(433)	—
Leases	7,246	(2,352)	—	—	4,894
Other	3,535	(3,131)	—	2,525	2,929
Deferred tax liabilities:					
Mineral properties, plant and equipment	(719,350)	8,823	—	6,165	(704,362)
Right-of-use assets	(7,909)	2,625	—	—	(5,284)
Provisions	(22,644)	3,820	(2,365)	—	(21,189)
Mining royalty taxes	(18,917)	(1,130)	—	—	(20,047)
Long-term inventory	(122,176)	14,598	—	—	(107,578)
Fair value gains	(11,867)	7,729	—	—	(4,138)
Pension provision	—	(266)	—	(132)	(398)
	$ (638,360)	$ (92,048)	$ (2,365)	$ 5,906	$ (726,867)

Deferred tax assets are recognized for tax loss carry-forwards and other temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company determined that it is probable that sufficient future taxable profits will be available to allow the benefit of the deferred tax assets to be utilized.

The Company did not recognize deferred tax assets of $21.6 million (2021 - $24.6 million) arising from the provision for reclamation at Eagle and $6.5 million (2021 - $13.5 million) in respect of losses amounting to $24.6 million (2021 - $52.6 million) that can be carried forward against future taxable income.

23. FINANCIAL INSTRUMENTS

Derivatives instruments

The Company uses derivative contracts for foreign currencies as part of its risk management strategy to mitigate exposure to foreign currencies.

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

During the year, the Company entered into foreign currency options and forward contracts intended to limit the foreign exchange exposure against the EUR, BRL, CLP, SEK and CAD. Positions taken represent approximately 50% to 90% of forecasted foreign currency denominated after-tax attributable operating and capital expenditures in 2022, 2023 and 2024. The foreign exchange contracts have not been designated as hedges for purposes of hedge accounting, and are measured at fair value with changes in fair value recognized in the consolidated statement of earnings. The following table shows the contract positions and their expiry dates:

	Expired in	**Expiring throughout:**	
Foreign currency forward contracts	**2022**	**2023**	**2024**
EUR/USD forwards			
Average contract price	0.99	1.01	1.02
Position (EUR millions)	77	249	155
USD/SEK forwards			
Average contract price	11.1	11.1	10.9
Position (SEK millions)	434	1,236	900

	Expired in	**Expiring throughout:**	
Foreign currency zero cost collar contracts	**2022**	**2023**	**2024**
USD/BRL collars			
Average contract price	5.00/6.40	5.00/6.40	5.00/6.40
Position (BRL millions)	319	1,142	974
USD/CLP collars			
Average contract price	900/1,050	900/1,050	900/1,050
Position (CLP millions)	100,846	246,513	143,426
USD/CAD collars			
Average contract price	1.35/1.39	1.33/1.38	1.30/1.40
Position (CAD millions)	77	36	19

The Company's unrealized and realized gains and losses on foreign currency derivative contracts are as follows:

		2022		2021
Unrealized gain on derivative financial instruments:				
Foreign currency contracts	**$**	**62,971**	$	—
Realized gain on derivative financial instruments				
Foreign currency contracts		**5,980**		—
Total unrealized and realized gain on foreign currency derivative contracts:	**$**	**68,951**	$	—

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

A summary of the fair values of unsettled derivative contracts recorded on the consolidated balance sheet is as follows:

		December 31, 2022		December 31, 2021
Foreign currency contracts:				
Current asset position	$	**43,521**	$	—
Non-current asset position		**25,111**		—
Current liability position		**—**		—
Non-current liability position		**5,524**		—
Other contracts:				
Chapada derivative current liability		**24,423**		24,973
Chapada derivative non-current liability		**22,352**		42,522

During 2022, the Company paid the third $25.0 million tranche of the derivative liability related to the Chapada acquisition (Note 24).

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 December 31, 2022 and December 31, 2021:

		December 31, 2022				December 31, 2021			
	Level		**Carrying value**		**Fair value**		Carrying value		Fair value
Financial assets									
Fair value through profit or loss									
Restricted funds	1	$	**50,195**	$	**50,195**	$	54,753	$	54,753
Trade receivables (provisional)	2		**403,300**		**403,300**		519,351		519,351
Marketable securities and equity investments	1		**12,075**		**12,075**		10,493		10,493
Foreign currency contracts	2		**68,632**		**68,632**		—		—
		$	**534,202**	$	**534,202**	$	584,597	$	584,597
Financial liabilities									
Amortized cost									
Debt	3	$	**170,162**	$	**170,162**	$	5,125	$	5,125
Fair value through profit or loss									
Pricing provisions on concentrate sales	2	$	**5,006**	$	**5,006**	$	—	$	—
Chapada derivative liability	2		**46,775**		**46,775**		67,495		67,495
Foreign currency contracts	2		**5,524**		**5,524**		—		—
		$	**57,305**	$	**57,305**	$	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 $89.0 million in revenue during the year ended December 31, 2022 (2021 - $104.1 million positive pricing adjustments).

Foreign currency contracts – The fair value of these derivatives are determined by the counterparties to the contracts and are assessed by Management using pricing models based on active market prices.

Chapada 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.

24. COMMITMENTS AND CONTINGENCIES

a) The Company has capital commitments of $483.7 million on various initiatives, of which $382.0 million is expected to be paid during 2023.

b) The Chapada acquisition included contingent consideration of up to $125.0 million payable over five years from the acquisition date if certain gold price thresholds are met. The Company paid the first $25.0 million tranche in 2020, the second $25.0 million tranche in 2021, and the third $25.0 million tranche in 2022. The maximum contingent consideration has since been reduced to $50.0 million over the next two years as follows:

- a $10.0 million payment per year if the gold price averages at least $1,350/oz in any sequential annual period,
- a $10.0 million payment per year if the gold price averages at least $1,400/oz in any sequential annual period,
- a $5.0 million payment per year if the gold price averages at least $1,450/oz in any sequential annual period.

As part of the Chapada acquisition, the Company has been provided with a tax indemnity for any tax liabilities that may arise for periods prior to the date of the acquisition. For identified tax claims existing at the date of acquisition, the Company has agreed to be liable for up to the first $20.1 million (BRL 101.5 million). While it is uncertain, no material liabilities have been accrued as the Company believes material payment is not likely due to the nature of the tax claims.

c) The following summarizes total tax exposure under two contradictory assessments received from the Chilean Internal Revenue Service ("IRS"). Given that the assessments relate to the same issue, the Company's potential exposure is expected to be limited to one of the below scenarios:

i) For taxation years 2014 through 2019, the IRS issued tax assessments denying tax deductions related to interest expenses arising from an intercompany debt. The total of all assessments amounts to $265.3 million ($145.6 million in taxes plus interest and penalties of $119.7 million). While not yet assessed by the IRS, a similar position could deny tax refunds of approximately $3.1 million and additional penalty taxes of $90.6 million, excluding possible additional penalties and interest, related to taxation years 2020 through to December 31, 2022. In 2022, the Chilean IRS refunded $62.3 million of the potential $65.4 million in tax refunds arising from the tax deductions related to the intercompany debt for taxation years 2020 and 2021. The Company maintains its position that the assessments are inconsistent with Chilean tax law and, therefore, without merit.

ii) On the same intercompany debt for taxation years 2016 through 2019, the Company has also received assessments from the IRS seeking additional withholding taxes, including interest and penalties, on interest payments made. The total of all assessments amounts to $246.6 million ($114.2 million in taxes plus interest and penalties of $132.4 million). While not yet assessed by the IRS, a similar position taken on interest payments could result in approximately $56.6 million in additional withholding taxes, excluding possible penalties and interest, related to the taxation years 2020 through to December 31, 2022. The Company believes it has applied the correct withholding tax rate according to the Canada-Chile tax treaty.

The Company has filed claims against the tax assessments related to taxation years 2014 to 2019. No tax expense has been accrued for these assessments as the Company believes its original filing position is in compliance with tax regulations and intends to vigorously defend this position.

d) On July 30, 2022, a sinkhole was detected near the Company's Ojos del Salado operations in Chile. On October 5, 2022, the Company received an infraction notice covering four alleged violations of its environmental permit for the Alcaparrosa underground mine, which forms part of the Company's Ojos del Salado operations. The Company is reviewing the infraction notice and will respond within the required time periods.

e) The Company may be involved in legal proceedings arising in the ordinary course of business, including the actions 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. The Company believes the claims to be without merit and the loss, if any, cannot be determined at this time for all contingencies. The Company has accordingly not accrued any amounts related to the litigations below (unless otherwise noted). The Company intends to vigorously defend these claims.

Two proposed class actions were filed against the Company and certain officers and directors. The first, in the province of Ontario, on December 7, 2017 (Markowich v. Lundin Mining Corporation et al) and a second overlapping action in the province of Québec on January 18, 2018 (Prévreau v. Lundin Mining Corporation et al). Both proposed class actions seek damages of $129.0 million (C$175.0 million) and punitive damages of $7.4 million (C$10.0 million) and assert various statutory and other claims related to, among other things, alleged misrepresentations and/or failure to make timely disclosure of material information about the Company's business and operations and, in particular, the operations of the Candelaria Mine and a rock slide at the Candelaria Mine on October 31, 2017. The proposed Ontario class action asserts claims on behalf of a putative class comprising persons who acquired securities of the Company between October 25, 2017, and November 29, 2017, whereas the proposed Québec class action asserts claims on behalf of only such persons who are resident or domiciled in Québec. In June 2018, counsel to the plaintiffs in the Québec action agreed to a stay (i.e., indefinite cessation) of that proceeding in light of the Ontario action. On August 30, 2018, the Québec Superior Court, on consent of the parties, stayed the Québec action indefinitely. On September 2, 2020, the plaintiff in the Ontario action served motion materials for leave and certification with the Ontario Superior Court of Justice. On January 6, 2022, the Ontario Superior Court of Justice denied the leave application and declined the motion for certification and subsequently ordered costs of approximately $0.5 million (C$0.7 million) be paid to the Company. The plaintiffs have appealed the court's decision, which appeal was heard on October 25, 2022 with a decision expected in the first quarter of 2023.

25. 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.

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

For the year ended December 31, 2022

	Candelaria Chile	Chapada Brazil	Eagle USA	Josemaria Argentina	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	$ 1,317,223	$ 477,927	$ 520,472	$ —	$ 433,486	$ 292,120	$ —	$ 3,041,228
Cost of goods sold								
Production costs	(697,171)	(324,096)	(193,003)	—	(329,232)	(115,553)	(2,303)	(1,661,358)
Depreciation, depletion and amortization	(284,259)	(49,865)	(79,523)	(633)	(101,807)	(36,739)	(1,924)	(554,750)
Inventory write-down	—	(62,546)	—	—	—	—	—	(62,546)
Gross profit (loss)	335,793	41,420	247,946	(633)	2,447	139,828	(4,227)	762,574
General and administrative expenses	—	—	—	—	—	—	(53,879)	(53,879)
General exploration and business development	(15,272)	(11,846)	(3,564)	(100,493)	(5,919)	(3,221)	(4,038)	(144,353)
Finance (costs) income	(27,660)	(18,137)	(1,954)	1,312	(5,191)	(7,677)	(4,878)	(64,185)
Income from equity investment in associate	—	—	—	—	—	—	3,297	3,297
Other (expense) income	(43,700)	(13,930)	266	68,886	36,017	23,883	23,285	94,707
Income tax (expense) recovery	(85,270)	27,840	(28,458)	—	3,898	(34,413)	(18,225)	(134,628)
Net earnings (loss)	**$ 163,891**	**$ 25,347**	**$ 214,236**	**$ (30,928)**	**$ 31,252**	**$ 118,400**	**$ (58,665)**	**$ 463,533**
Capital expenditures	**$ 389,731**	**$ 104,711**	**$ 16,413**	**$ 171,108**	**$ 103,186**	**$ 48,144**	**$ 9,610**	**$ 842,903**
Total non-current assets[1]	**$ 2,974,567**	**$ 1,312,488**	**$ 242,212**	**$ 902,037**	**$ 1,148,595**	**$ 246,131**	**$ 29,207**	**$ 6,855,237**

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

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

For the year ended December 31, 2021

	Candelaria Chile	Chapada Brazil	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	$ 1,591,109	$ 567,386	$ 462,488	$ 479,347	$ 228,435	$ —	$ 3,328,765
Cost of goods sold							
Production costs	(580,819)	(226,821)	(169,508)	(291,110)	(102,025)	(970)	(1,371,253)
Depreciation, depletion and amortization	(289,090)	(46,097)	(81,493)	(63,168)	(41,114)	(1,802)	(522,764)
Inventory write-down	—	(65,025)	—	—	—	—	(65,025)
Gross profit (loss)	721,200	229,443	211,487	125,069	85,296	(2,772)	1,369,723
General and administrative expenses	—	—	—	—	—	(52,196)	(52,196)
General exploration and business development	(16,011)	(16,109)	(922)	(3,506)	(4,516)	(3,874)	(44,938)
Finance (costs) income	(28,655)	(15,407)	(1,054)	13,749	(5,931)	(4,089)	(41,387)
Income from equity investment in associate	—	—	—	—	—	24,895	24,895
Other income (expense)	2,335	10,329	(715)	(1,148)	4,929	(26,840)	(11,110)
Income tax expense	(222,318)	(72,451)	(33,808)	(22,732)	(13,251)	(1,126)	(365,686)
Net earnings (loss)	$ 456,551	$ 135,805	$ 174,988	$ 111,432	$ 66,527	$ (66,002)	$ 879,301
Capital expenditures	$ 312,388	$ 52,275	$ 16,279	$ 109,276	$ 41,325	$ 554	$ 532,097
Total non-current assets[1]	$ 2,874,405	$ 1,324,400	$ 309,682	$ 1,216,207	$ 272,007	$ 31,885	$ 6,028,586

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

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

26. 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:

		2022		2021
Wages and salaries	**$**	**7,327**	$	8,372
Pension benefits		**175**		194
Share-based compensation		**2,286**		8,486
Departure benefit		**1,891**		3,879
	$	**11,679**	$	20,931

There was a $1.1 million reversal of share-based compensation expense for the year ended December 31, 2022 due to senior officer departures.

27. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, foreign exchange risk, commodity price risk and interest rate risk.

(a) Credit risk

The exposure to credit risk arises through the failure of a customer or another third party to meet its contractual obligations to the Company. The Company believes that its maximum exposure to credit risk as at December 31, 2022 is the carrying value of its trade and other receivables.

Concentrate produced at the Company's Candelaria, Chapada, Eagle, Neves-Corvo and Zinkgruvan mines is sold to a number of strategic customers with whom the Company has established long-term relationships. Limited amounts of concentrate are occasionally sold to commodity traders, under prevailing market conditions. Payment terms vary and provisional payments are normally received shortly after vessel arrival, in accordance with industry practice, with final settlement up to six months following the date of shipment. Sales to commodity traders are made against secure payment terms such as a letter of credit, pre-payment or payment against scanned shipping documents. Credit worthiness of customers is reviewed by the Company on an annual basis or more frequently, if warranted, and those not meeting certain credit criteria may be asked to make 100% provisional payment up-front or provide an acceptable payment instrument such as a letter of credit. The failure of any of the Company's strategic customers could have a material adverse effect on the Company's financial position. For the year ended December 31, 2022, the Company has four customers that individually account for more than 10% of the Company's total sales. The Company's largest customers represent approximately 22%, 18%, 16% and 12% of total sales (2021 - 17%, 16%, 16% and 14%).

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, restricted funds, marketable securities and equity investments, and foreign currency contracts, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company limits material counterparty credit risk on these assets by dealing with financial institutions with long-term credit ratings with Standard & Poor's of at least A, or the equivalent thereof with Moody's, or those which have been otherwise approved.

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

(b) Liquidity risk

The Company has in place a planning and forecasting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there is sufficient available capital to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. The Company has a revolving credit facility in place to assist with meeting its cash flow needs as required (Note 11).

The maturities of the Company's non-current liabilities are disclosed in Note 11 and Note 24. All current liabilities are due to be settled within one year.

(c) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currencies, primarily with respect to CLP, €, BRL, SEK and ARS.

The Company's risk management strategy is to manage cash flow risk related to foreign denominated cash flows. The Company is exposed to currency risk related to changes in rates of exchange between foreign denominated balances and the functional currencies of the Company's principal operating subsidiaries. The Company's revenues are denominated in US dollars, while most of the Company's operating and capital expenditures are denominated in the local currencies. The Company may, at its discretion, use forward or derivative contracts to manage its exposure to foreign currencies, the use of which is subject to appropriate approval procedures. A significant change in the currency exchange rates between the US dollar and foreign currencies could have a material effect on the Company's net earnings and other comprehensive income.

The following table illustrates the estimated impact a 10% US dollar change against the €, CLP, SEK, and BRL would have on pre-tax earnings as a result of translating the Company's foreign denominated financial instruments:

Currency	Change	Effect on Pre-Tax Earnings	Change	Effect on Pre-Tax Earnings
€	+10%	- $(31,343)	-10%	+ $38,309
CLP	+10%	- $(35,589)	-10%	+ $46,150
SEK	+10%	- $(16,508)	-10%	+ $20,177
BRL	+10%	- $(19,307)	-10%	+ $26,077

The impact of a US dollar change against the € and SEK by 10% at December 31, 2022 would have a $124.4 million (2021 - $133.6 million) impact on OCI.

(d) Commodity price risk

The Company is subject to price risk associated with fluctuations in the market prices for metals. A significant change in metal prices could have a material effect on the Company's revenues.

The Company may, at its discretion, use forward or derivative contracts to manage its exposure to changes in commodity prices, the use of which is subject to appropriate approval procedures. The Company is also subject to price risk on the final settlement of its provisionally priced trade receivables.

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

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

Metal	Payable metal	Provisional price on December 31, 2022	Change	Effect on Revenue ($millions)
Copper	89,887t	$3.79/lb	+/-10%	+/-75.1
Zinc	36,350t	$1.35/lb	+/-10%	+/-10.8
Gold	39koz	$1,823/oz	+/-10%	+/-7.1
Nickel	4,939t	$13.60/lb	+/-10%	+/-14.8

(e) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents, restricted funds, and debt facilities. Certain of the Company's debt facilities include a variable rate component. The interest rate on the Company's revolving credit facility of $18.0 million references Term SOFR, and the Somincor commercial paper program of $26.7 million (€25.0 million) and equipment line of credit of $2.4 million (€2.2 million) reference EURIBOR.

As at December 31, 2022, holding all other variables constant, a 1% change in the interest rate would result in an approximate $0.4 million change in interest expense on an annualized basis (2021 - nil).

28. MANAGEMENT OF CAPITAL RISK

The Company's objectives when managing its capital include ensuring a sufficient combination of positive operating cash flows and debt and equity financing in order to meet its ongoing capital development and exploration programs in a way that maximizes the shareholder return given the assumed risks of its operations while, at the same time, safeguarding the Company's ability to continue as a going concern. The Company considers the following items as capital: excess cash balances, share capital reserve and debt and lease liabilities.

Through the ongoing management of its capital, the Company will modify the structure of its capital based on changing economic conditions in the jurisdictions in which it operates. In doing so, the Company may issue new shares or debt, buy back issued shares, or pay off any outstanding debt. The Company continuously monitors its capital structure to determine the appropriateness of paying dividends.

Planning, including life-of-mine plans, annual budgeting and controls over major investment decisions are the primary tools used to manage the Company's capital. Updates are made as necessary to both capital expenditure and operational budgets in order to adapt to changes in risk factors of proposed expenditure programs and market conditions within the mining industry.

29. SUPPLEMENTARY CASH FLOW INFORMATION

		2022		2021
Changes in non-cash working capital items consist of:				
Trade and income taxes receivable, inventories, and other current assets	**$**	**(52,520)**	$	(270,388)
Trade and income taxes payable, and other current liabilities		**(63,536)**		268,252
	$	**(116,056)**	$	(2,136)

Operating activities included the following cash payments:				
Income taxes paid	**$**	**304,232**	$	129,987