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lundin mining

2021 Annual Financial Report

December 31, 2021

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lundin mining

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ank=20220630;20220701098650

Styrelsen
för
Lundin Mining AB
Org nr 556656-5783

får härmed avge

Årsredovisning

för räkenskapsåret 1 januari – 31 december 2021

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Undertecknad styrelseledamot i Lundin Mining AB intygar härmed, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultaträkningen och balansräkningen fastställts på ordinarie bolagsstämma den 8 juni 2022. Årsstämman beslöt att godkänna styrelsens förslag till disposition beträffande bolagets vinst.

Stockholm den 8 juni 2022

Mikael Schauman

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Lundin Mining AB
Org nr 556656-5783

Fotokopians överensstämmelse med originalet intygas:
Lucia Mi
CECILIA QVIST
0733581375

Förvaltningsberättelse

Allmänt om verksamheten

Lundin Mining AB:s verksamhet omfattar att, mestadels via dotterbolag, bedriva prospektering efter mineral samt gruvdrift och därmed förenlig verksamhet. Företaget har sitt säte i Stockholms Län, Stockholms Kommun.

Under verksamhetsåret har gruvdrift bedrivits i Neves-Corvo (Portugal), Zinkgruvan (Sverige) och Candelaria (Chile). Prospektering har under året skett i gruvnära områden.

Ledande befattningshavare
Styrelsen består av Mikael Schauman med Cecilia Lohmander som suppleant. Företaget saknar VD.

Ägarförhållanden

Den svenska koncernen är helägd av Lundin Mining Corporation (443736-5), med säte i Toronto, Kanada. Aktier i LUN är noterade på Torontobörsen ("TSX") och Stockholmsbörsen ("OMXS"). Koncernredovisning för LUN finns tillgänglig för nedladdning på bolagets websida: www.lundinmining.com.

Väsentliga händelser under räkenskapsåret

Candelaria
Under året producerade verksamheten, på 100% basis, 151,719 (126,702) ton koppar, ungefär 1,400,000 (1,100,000) uns silver, och 91,000 (76,000) uns guld. Föregående års siffror påverkade delvis av en strejk bland gruvarbetarna.

Neves-Corvo
Kopparproduktionen under 2021 uppgick till 37,941 (32,032) ton, 18 % högre än året innan pga högre halter samt bättre utbyten i anrikningsverket. Zinkproduktionen uppgick till 66,031 (69,143) ton. Ett projekt pågår i syfte att väsentligt utöka zinkproduktionen kommande år.

Zinkgruvan
Produktionen uppgick under 2021 till 77,766 (73,601) ton zink, 2,786 (3,346) ton koppar samt 22,183 (24,128) ton bly.

Bolaget erhöll under året ett aktieägartillskott från moderbolaget om 319 (576) MSEK.

Det helägda dotterbolaget Lundin Mining Ltd, Irland likviderades under året.

I mars 2020 deklarerade Världshälsoorganisationen att en global COVID-19 pandemi utbrutit. Företaget har anpassat sin verksamhet och fortsätter att hantera och svara på COVID-19-pandemin. Förebyggande åtgärder har genomförts inom organisationen för att säkerställa säkerheten för dess lokala arbetskraft, samhällen och andra viktiga intressenter. Hittills har produktionsstörningar varit minimala och det har inte varit några väsentliga störningar i leveransen av koncentrat eller mottagande av varor vid vår verksamhet till följd av COVID-19.

Händelser efter räkenskapsårets slut

Ett skattemål för ett tidigare helägt dotterbolag (Rio Narcea Recursos S.A.) har avgjorts i spansk domstol med positiv utgång, drygt 15,1 MEUR utbetaldes under mars 2022 till Lundin Mining AB.

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Risker och osäkerheter

Prisrisk
Den mest väsentliga risken som kan påverka bolagets lönsamhet och överlevnadsförmåga är svängningar i metallpriser, främst priset för zink, koppar och bly, eftersom bolagets resultat och kassaflöde är mycket känsliga för förändringar i dessa metallpriser. Låga metallpriser påverkar bolagets likviditet, och om de är låga under en längre period kan koncernen behöva finna annan finansieringskälla för att upprätthålla likviditeten till dess metallpriserna återhämtar sig.

Svängningar i metallpriserna påverkas av växelkurser, inflation, politik, tillgång och efterfrågan – faktorer som ligger utanför bolagets kontroll.

Valutarisk
Bolaget har skulder och fordringar i flera utländska valutor och kan därmed påverkas av fluktuationer i växelkurser. Detta exponerar bolaget för resultatfluktuationer.

Flerårsöversikt

(MSEK)	2021	2020	2019	2018	2017
Nettoomsättning	6,4	12,1	8,4	5,6	5,5
Res.e. finansiella poster	510	396	-142	-168	-75
Balansomslutning	16 891	15 262	14 967	14 324	14 167
Soliditet	34%	29%	24%	24%	21%
Medelantal anställda	1	1	1	1	1

Förslag till vinstdisposition

Till årsstämmans förfogande står följande (KSEK):

Balanserad vinst	3 834 976
Aktieägartillskott	319 074
Årets resultat	927 341
Totalt	5 081 392

Styrelsen föreslår att ackumulerad vinst disponeras så att:

i ny räkning balanseras 5 081 391 780 SEK.

Vad beträffar företagets resultat och ställning i övrigt, hänvisas till efterföljande resultat- och balansräkningar med tillhörande bokslutskommentarer.

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Resultaträkning

Belopp i KSEK	Not	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Nettoomsättning		6 375	12 066
Rörelsens intäkter		**6 375**	**12 066**
Administrationskostnader	3	- 27 932	- 29 136
Rörelseresultat		**- 21 557**	**- 17 070**
Resultat från finansiella poster:			
Resultat från andelar i koncernföretag	4	922 810	- 10 175
Ränteintäkter och liknande resultatposter	5	33 483	439 475
Räntekostnader och liknande resultatposter	6	- 425 077	- 16 016
Resultat efter finansiella poster		**509 660**	**396 213**
Bokslutsdispositioner	7	416 489	- 184 113
Skatt på årets resultat	8	1 193	- 46 454
Årets resultat		**927 341**	**165 646**

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Balansräkning

Belopp i KSEK	Not	2021-12-31	2020-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	9	14 195 519	13 706 107
Fordringar hos koncernföretag	10	739 746	1 409 855
Summa anläggningstillgångar		**14 935 265**	**15 115 962**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos moderbolag		1 580 984	320
Övriga fordringar		116	270
Förutbetalda kostnader	11	4 875	7 762
Kassa och bank		369 525	137 820
Summa omsättningstillgångar		**1 955 500**	**146 172**
SUMMA TILLGÅNGAR		**16 890 765**	**15 262 135**

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Balansräkning

Belopp i KSEK	Not	2021-12-31	2020-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		2 489	2 489
Reservfond		526 144	526 144
		528 633	528 633
Fritt eget kapital			
Överkursfond		2 376 009	2 376 009
Balanserat resultat		1 778 041	1 293 321
Årets resultat		927 341	165 646
		5 081 392	3 834 976
Summa Eget kapital		**5 610 025**	**4 363 610**
Obeskattade reserver		**74 385**	**74 385**
Långfristiga skulder			
Skulder till koncernföretag	12, 13	10 850 542	9 747 567
		10 850 542	9 747 567
Kortfristiga skulder			
Leverantörsskulder		166	8
Skulder till koncernföretag	14	303 698	1 017 081
Aktuella skatteskulder		42 258	45 549
Upplupna kostnader	15	9 692	13 934
		355 813	1 076 572
Summa skulder		**11 206 355**	**10 824 139**
SUMMA EGET KAPITAL OCH SKULDER		**16 890 765**	**15 262 135**

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Lundin Mining AB
Org nr 556656-5783

Sammanställning över förändringar i eget kapital

Belopp i KSEK	Aktie-kapital	Bundet eget kapital	Fritt Ek / Ansamlad förlust	Total
Per den 31 december 2018	2 489	526 144	2 862 936	3 391 569
Årets resultat			1 263	1 263
Aktieägartillskott			228 895	228 895
Per den 31 december 2019	2 489	526 144	3 093 094	3 621 727
Årets resultat			165 646	165 646
Aktieägartillskott			576 237	576 237
Per den 31 december 2020	2 489	526 144	3 834 977	4 363 610
Årets resultat			927 341	927 341
Aktieägartillskott			319 074	319 074
Per den 31 december 2021	2 489	526 144	5 081 392	5 610 025

Antalet aktier i bolaget uppgår till 248 939 662 med ett kvotvärde om SEK 0,01 per styck.

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Noter

Samtliga belopp redovisas i tusentals kronor (KSEK) om inget annat anges. Uppgifter inom parentes avser föregående år.

Not 1 Väsentliga redovisningsprinciper

Allmänna redovisningsprinciper
Årsredovisningen har upprättats i enlighet med Årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Klassificering mm
Anläggningstillgångar, långfristiga skulder och avsättningar består i allt väsentligt enbart av belopp som förväntas återvinnas eller betalas efter mer än tolv månader räknat från balansdagen. Omsättningstillgångar och kortfristiga skulder består i allt väsentligt enbart av belopp som förväntas återvinnas eller betalas inom tolv månader räknat från balansdagen.

Värderingsprinciper m m
Tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges nedan.

Lånekostnader
Lånekostnader belastar resultatet i den period till vilken de hänför sig, oavsett hur de upplånade medlen har använts.

Nedskrivningar
De redovisade värdena för bolagets tillgångar kontrolleras vid varje balansdag för att utröna om det finns någon indikation på nedskrivningsbehov. Om någon sådan indikation finns, beräknas tillgångens återvinningsvärde som det högsta av nyttjandevärdet och nettoförsäljningsvärdet. Nedskrivning görs om återvinningsvärdet understiger det redovisade värdet. Vid beräkning av nyttjandevärdet diskonteras framtida kassaflöden till en räntesats före skatt som är tänkt att beakta marknadens bedömning av riskfri ränta och risk förknippad med den specifika tillgången. För en tillgång som är beroende av andra tillgångar anses inte generera några oberoende kassaflöden. En sådan tillgång hänförs istället till den minsta kassa-genererande enhet där de oberoende kassaflödena kan fastställas.

En nedskrivning reverseras om det har skett en förändring av beräkningarna som användes för att bestämma återvinningsvärdet. En reversering görs endast i den utsträckning som tillgångens redovisade värde inte överstiger det redovisade värde som skulle ha redovisats, med avdrag för avskrivning, om ingen nedskrivning skulle gjorts.

Finansiella instrument
Finansiella instrument som redovisas i balansräkningen inkluderar kassa och bank, övriga fordringar, leverantörsskulder och låneskulder. Instrumenten redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor. Skulder till kreditinstitut redovisas dock först på likviddagen.

Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförts och bolaget har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten. Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Finansiella instrument redovisas till verkligt värde. Vid varje rapporttillfälle utvärderar koncernen om det finns objektiva indikationer på att en finansiell tillgång eller grupp av finansiella tillgångar är i behov av nedskrivning.

Fordringar
Fordringar är redovisade till det belopp varmed de förväntas inflyta.

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Fordringar och skulder i utländsk valuta
Fordringar och skulder i utländsk valuta har omräknats till balansdagens kurs. Kursdifferenser på rörelsefordringar och rörelseskulder ingår i rörelseresultatet, medan differenser på finansiella fordringar och skulder redovisas bland finansiella poster.

Ersättningar till anställda

Avgiftsbaserade pensioner:
Bolagets förpliktelse för varje period utgörs av de belopp som bolaget ska bidra med för den aktuella perioden. Följaktligen krävs det inga aktuariella antaganden för att beräkna förpliktelsen eller kostnaden och det finns inga möjligheter till några aktuariella vinster eller förluster.

Optioner:
Ledande befattningshavare erhåller rörlig ersättning i form av aktierelaterade ersättningar, beviljade under koncernmoderbolagets optionsplan. Koncernmoderbolaget fakturerar vissa kostnader för optionsplanen, vilka redovisas som personalkostnad i bolagets resultaträkning. Även om koncernmoderbolaget ger ut aktierelaterad ersättning som regleras med egetkapitalinstrument, redovisas de relaterade sociala avgifterna enligt principerna för aktierelaterade ersättningar som regleras med kontanter, innebärande att en värdering sker vid varje bokslutstidpunkt fram till dess att skulden regleras. Under K3 har bolaget gjort ett principval att som dotterbolag i övrigt inte redovisa koncernplanen.

Skatt
Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekt redovisas i eget kapital. Aktuell skatt är skatt som skall betalas eller erhållas avseende aktuellt år. Hit hör även justering av aktuell skatt hänförlig till tidigare perioder.

Uppskjuten skatt beräknas enligt balansräkningsmetoden med utgångspunkt i temporära skillnader mellan redovisade och skattemässiga värden på tillgångar och skulder. Beloppen beräknas baserade på hur de temporära skillnaderna förväntas bli utjämnade och med tillämpning av de skattesatser och skatteregler som är beslutade eller aviserade per balansdagen.

Temporära skillnader beaktas i normalfallet inte i skillnader hänförliga till andelar i dotter- och intresseföretag som inte förväntas bli beskattade inom överskådlig framtid. Obeskattade reserver redovisas inklusive uppskjuten skatteskuld. Uppskjutna skattefordringar avseende avdragsgilla temporära skillnader och underskottsavdrag redovisas endast i den mån det är sannolikt att dessa kommer att medföra lägre skatteutbetalningar i framtiden.

Såväl uppskjutna som aktuella skattefordringar och skatteskulder kvittas då de hänför sig till inkomstskatt som debiteras av samma skatteverk.

Avsättningar (förutom uppskjuten skatt)
En avsättning redovisas i balansräkningen när företaget har ett formellt eller informellt åtagande som en följd av en inträffad händelse och det är sannolikt att ett utflöde av resurser krävs för att reglera åtagandet och en tillförlitlig uppskattning av beloppet kan göras. Nuvärdesberäkning görs för förpliktelser som väntas regleras efter mer än tolv månader. Den ökning av avsättningen som beror på att tid förflyter redovisas som räntekostnad.

Redovisning av intäkter
Intäktsredovisning sker i resultaträkningen när det är sannolikt att de framtida ekonomiska fördelarna kommer att tillfalla bolaget och dessa fördelar kan beräknas på ett tillförlitligt sätt.

Koncernbidrag och aktieägartillskott
Koncernbidrag redovisas som bokslutsdisposition, både för erhållna och lämnade koncernbidrag. Skatteeffekter av koncernbidrag redovisas som aktuell skatt i resultaträkningen.

Aktieägartillskott förs direkt mot eget kapital hos mottagaren och aktiveras i aktier och andelar hos givaren, i den mån nedskrivning ej erfordras.

Koncernuppgifter

Lundin Mining AB, org nr 556656-5783, är ett helägt dotterföretag till Lundin Mining Corporation, Reg id 443736-5, med säte i Toronto, Kanada. Moderbolagets aktier är noterade på Torontobörsen i Kanada samt på Stockholmsbörsen. Koncernredovisning finns tillgänglig för nedladdning på bolagets webbsida: www.lundinmining.com.

Lundin Mining AB upprättar inte årsredovisning för den svenska koncernen utan tillämpar undantagsregeln i ÅRL 7:2 eftersom årsredovisning för hela koncernen upprättas av Lundin Mining Corporation.

Not 2 Uppskattningar och bedömningar

För fastställandet av bolagets finansiella resultat och ställning görs en mängd uppskattningar och bedömningar. De är baserade på ledningens erfarenhet och bästa uppfattning om relevanta faktorer och förhållanden men kommer, definitionsmässigt, sällan att motsvara det verkliga resultatet.

De balansposter där det bokförda värdet till relativt stor del bygger på uppskattningar och bedömningar och där det skulle kunna föreligga en betydande risk för väsentliga justeringar i redovisade värden behandlas i huvuddrag nedan:

Andelar i koncernföretag
Vid det första redovisningstillfället värderas andelar i koncernföretag till anskaffningsvärden om inte det allmänna rådet tillåter eller kräver en annan värdering. Varje balansdag görs en bedömning om något nedskrivningsbehov föreligger i enlighet med den redovisningsprincip som beskrivs i not 1. Nedskrivning under året har uppgått till 6 950 tkr (8 212 tkr).

Not 3 Anställda

	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Medelantalet anställda	1,0	1,0

Not 4 Resultat från andelar i koncernföretag

	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Resultat från försäljning av Rio Narcea, Aquablanca, Spanien	566	-1 964
Utskiftad fordran vid likvidation av Lundin Mining Ltd, Irland	929 195	
Nedskrivning av Lundin Mining Ltd, Irland	-	-8 212
Nedskrivning av North Atlantic Natural Resources AB, Sverige	-6 950	-
	922 810	-10 175

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Not 5 Ränteintäkter och liknande resultatposter

	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Ränteintäkter, koncernföretag	33 137	42 364
Ränteintäkter, övriga	346	850
Valutaomvärdering	-	396 260
	33 483	439 475

Not 6 Räntekostnader och liknande resultatposter

	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Räntekostnader, koncernföretag	-	- 549
Räntekostnader, övriga	- 494	- 12 339
Övriga finansiella kostnader	- 3 131	- 3 128
Valutaomvärdering	- 421 452	-
	-425 077	- 16 016

Not 7 Bokslutsdispositioner

	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Erhållna koncernbidrag	420 219	-
Lämnade koncernbidrag	- 3 730	- 111 755
Avsättning, Periodiseringsfond, Tax 2021	-	- 72 358
	416 489	- 184 113

Koncernbidrag har lämnats till North Atlantic Natural Resources AB om 3 730 KSEK samt erhållits från Lundin Mining Holding AB, 150 800 KSEK samt från Zinkgruvan Mining AB, 269 419 KSEK.

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Not 8 Skatter

	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Aktuell skatt	-1	-46 454
Justering av skatt, hänförlig till tidigare år	1 194	-
Skatt på årets resultat	**1 193**	**-46 454**

Avstämning av effektiv skatt	*Procent*	*Belopp*	*Procent*	*Belopp*
Redovisat resultat före skatt		926 148		212 100
Skatt beräknad enligt gällande skattesats	20,6%	-190 787	21,4%	-45 389
Skatt hänförlig till tidigare år		1 194		-
Skatt hänförlig till lämnad skattekvittning		888		-
Skatteeffekt av ej skattepliktiga intäkter		191 535		1 205
Skatteeffekt av ej avdragsgilla kostnader		-1 561		-2 270
Schablonränta på periodiseringsfond		-77		-
Redovisad skattekostnad		**1 193**		**-46 454**

Not 9 Andelar i koncernföretag

	Ägar andel	Antal andelar/ aktier	Bokfört värde 2021-12-31	Bokfört värde 2020-12-31
Zinkgruvan Mining AB, Org nr 556523-9414	100%	450 000	345 158	345 158
North Atlantic Natural Resources AB, Org nr 556538-5076	100%	31 240 710	36 876	43 826
Lundin Mining Holding AB, Org nr 556727-6190	100%	193 460	9 012 856	8 516 494
Lundin Mining South America SpA, Chile	100%	7 155 000	4 800 628	4 800 628
Rio Narcea Gold Mines Ltd, Kanada	100%	680 000 001	-	-
Lundin Mining Exploration Ltd, Irland	100%	4 000 000	1	1
Lundin Mining UK Ltd, England	100%	1	-	-
			14 195 519	13 706 107

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Not 10 Fordringar hos koncernbolag

	2021-12-31	2020-12-31
Ingående anskaffningsvärde	1 409 855	832 350
Tillkommande fordringar	135 531	577 505
Amorteringar, avgående fordringar	805 640	-
Utgående ackumulerade anskaffningsvärden	739 746	1 409 855
Utgående redovisat värde	739 746	1 409 855

Not 11 Förutbetalda kostnader

	2021-12-31	2020-12-31
Förutbetald finansieringskostnad	4 858	7 745
Förutbetald försäkringspremie	17	17
	4 875	7 762

Not 12 Långfristiga skulder

	2021-12-31	2020-12-31
Reverslån LMC Bermuda Ltd	623 086	1 441 922
Reverslån CLMCB Brazil Branch Bermuda Ltd	1 304 413	-
Reverslån Lundin Mining Holding AB	5 041 740	5 027 170
Lån Zinkgruvan Mining AB	2 317 509	1 752 349
Lån North Atlantic Natural Resources AB	55 873	48 095
Lundin Mining Corporation, Canada	1 507 921	1 478 031
Koncernföretag	10 850 542	9 747 567

Ovanstående lån från moderbolaget och koncernföretag är utan ställda säkerhet och har inga fastställda förfallodagar men redovisas som långfristiga eftersom företaget förväntar inga krav för återbetalning inom tolv månader från balansdagen. Lån om 40 MUSD från Zinkgruvan Mining AB förfaller dock till betalning år 2026.

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Not 13 Skulder till kreditinstitut

	2021-12-31	2020-12-31
Skulder till kreditinstitut		
Beviljad kreditlimit tillsammans med Lundin Mining Corporation	7 234 960	6 550 880
Utnyttjad del Lundin Mining Corporation	-	-491 316
Outnyttjad del	7 234 960	6 059 564

Under 2019 genomförde bolaget tillsammans med moderföretaget Lundin Mining Corporation en tredje ändrad och omarbetad kreditfacilitet för allmänna bolagsändamål, säkerställt av aktier i dotterbolag. Aktuell facilitet uppgår till 800 MUSD och gäller till och med augusti 2023. På balansdagen var den utnyttjade delen av kreditramen 0,0 MUSD (2020: 60,0 MUSD) och den totala kreditramen om 800 MUSD är begränsad av ställda bankgarantier om 162 MSEK och 2,2 MEUR.

Kreditavtalet innehåller olika åtaganden kring skuldsättning, försäljning av tillgångar och rättigheter. Räntevillkoren för krediten är LIBOR plus 1,75% till 2,75% punkter beroende på bolagets finansiella ställning.

Aktier i dotterbolag är även ställda som säkerhet i underordnad rang mot moderbolagets förlagslån.

Not 14 Kortfristiga skulder till koncernbolag

	2021-12-31	2020-12-31
Cash pool	303 698	105 429
Skuld till Lumi Ltd, Irland	-	911 652
	303 698	1 017 081

Not 15 Upplupna kostnader

	2021-12-31	2020-12-31
Sociala kostnader och särskild löneskatt	6 381	8 785
Upplupna bankavgifter	90	2 100
Semesterlöneskuld	881	968
Övriga upplupna kostnader	2 340	2 080
	9 692	13 934

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med originalet intygas:

Fotokopians överensstämmelse
med originalet intygas:
CECILIA QVIST 0735581375

Not 16 Ställda säkerheter och Eventualförpliktelser

Belopp i KSEK	2021-12-31	2020-12-31
Ställda säkerheter		
För egna och moderbolagets skulder		
Aktier i dotterbolag	345 158	345 158
Eventualförpliktelser		
Borgensförbindelse PRI (Försäkring KA-8920)	5 134	9 090

Stockholm den 8 juni 2022

Mikael Schauman

Vår revisionsberättelse har lämnats den 8/6 2022

Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Auktoriserad revisor

Fotokopians överensstämmelse
med originalet intygas:
CECILIA QVIST
0733581375

ank=20220630:20220701109880

pwc

Revisionsberättelse

Till bolagsstämman i Lundin Mining AB, org.nr 556656-5783

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Lundin Mining AB för år 2021.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Lundin Mining ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för Lundin Mining AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Lundin Mining AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Lundin Mining AB för år 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Fotokoplans överensstämmelse
med originalet intygas:
CECILIA QVIST
0733581375

ank=20220630;20220701109881

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamot ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Lundin Mining AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Stockholm den 8 juni 2022

Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Auktoriserad revisor

20221006006608

lundin mining

Management's Discussion and Analysis
For the year ended December 31, 2021

This management's discussion and analysis ("MD&A") has been prepared as of February 17, 2022 and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2021. Those financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The Company's presentation currency is United States ("US") dollars. Reference herein of $ or USD is to United States dollars, C$ is to Canadian dollars, CLP is to Chilean pesos, BRL is to Brazilian reais, € refers to euros, and SEK is to Swedish kronor.

About Lundin Mining

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

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Cautionary Statement on Forward-Looking Information

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of applicable Canadian securities laws. All statements other than statements of historical facts included in this document constitute forward-looking information, including but not limited to statements regarding the Company's plans, prospects and business strategies; the Company's guidance on the timing and amount of future production and its expectations regarding the results of operations; expected costs; permitting requirements and timelines; timing and possible outcome of pending litigation; the results of any Preliminary Economic Assessment, Feasibility Study, or Mineral Resource and Mineral Reserve estimations, life of mine estimates, and mine and mine closure plans; anticipated market prices of metals, currency exchange rates, and interest rates; the development and implementation of the Company's Responsible Mining Management System; the Company's ability to comply with contractual and permitting or other regulatory requirements; anticipated exploration and development activities at the Company's projects; expectations and ability to complete the Josemaria Resources Inc. transaction; the Company's integration of acquisitions and any anticipated benefits thereof, including the Josemaria Resources Inc. transaction; and expectations for other economic, business, and/or competitive factors. Words such as "believe", "expect", "anticipate", "contemplate", "target", "plan", "goal", "aim", "intend", "continue", "budget", "estimate", "may", "will", "can", "could", "should", "schedule" and similar expressions identify forward-looking statements.

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

20221006006610

Highlights

Operational Performance

Production of all metals met or exceeded the Company's most recent annual production guidance. Due to increased sales volumes, production costs were higher than the prior year, however on a per unit basis cash costs were better than the most recent annual guidance for each operation.

Candelaria (80% owned): Candelaria produced, on a 100% basis, 151,719 tonnes of copper, approximately 91,000 ounces of gold and 1.4 million ounces of silver in concentrate during the year. Copper production met, and gold production exceeded, most recent guidance. Production of both metals exceeded the prior year which was impacted by strike related work stoppages and ore hardness. Due to higher sales volumes, production costs were $120.6 million higher than the prior year. Copper cash cost[1] of $1.51/lb was better than annual guidance, but slightly higher than the prior year due to the impact of higher mining costs.

Chapada (100% owned): Chapada produced 52,019 tonnes of copper and approximately 76,000 ounces of gold, with copper production exceeding guidance and gold production achieving the higher end of guidance. A new annual mill throughput record of 24.1 Mt processed was set in 2021. Copper production was also higher than the prior year, though gold production was lower due to planned lower grades. Production costs were $114.4 million higher than the prior year due to a non-cash write-down of ore stockpile inventory and inflationary impacts on costs. Full year copper cash cost of $1.05/lb was better than guidance though higher than the previous year due to higher mining costs resulting from inflationary pressures and lower gold production and sales.

Eagle (100% owned): Eagle's production of 18,353 tonnes of nickel and 18,419 tonnes of copper met guidance. Nickel production was higher than the prior year due to increased mining of high-grade Eagle East ore, while copper production was in-line with the prior year. Production costs were $25.4 million higher than the prior year primarily due to higher sales volumes. Nickel cash cost of negative $1.24/lb was better than guidance and the prior year due primarily to higher copper by-product prices.

Neves-Corvo (100% owned): Neves-Corvo produced 37,941 tonnes of copper for the year, meeting guidance and exceeding the prior year. Zinc production of 66,031 tonnes was below guidance and the prior year due to lower grades. Production costs were $71.1 million higher than the prior year due to inflationary increases and higher net sales volumes. Copper cash cost of $1.89/lb for the year was better than guidance and prior year due to higher zinc by-product prices and sales volumes.

The Zinc Expansion Project ("ZEP") continues to progress on schedule and on budget. In January 2021, ZEP officially restarted after a temporary suspension due to the COVID-19 pandemic. The ZEP was substantially completed at the end of 2021, and commissioning of the mine materials handling system and the expanded zinc processing plant commenced.

Zinkgruvan (100% owned): Zinc production of 77,766 tonnes exceeded guidance as well as the previous year due to higher grades. Lead production (22,183 tonnes) was lower than the prior year, impacted by grades and recoveries. Production costs were $9.4 million higher than the prior year, but on a per unit basis zinc cash cost of $0.53/lb for the current year was better than guidance and in-line with the prior year.

[1] This is a non-GAAP measure – see page 26 of this MD&A for discussion of non-GAAP and other performance measures.

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2021 Production, Cash Cost and Capital Expenditure Summary

Total production, cash costs and capital expenditures are compared to the most recent guidance as follows:

		Production		Cash Cost ($/lb)	
(Contained metal in concentrate)		**Actual**	*Guidance[a]*	**Actual**	*Guidance[a]*
Copper (t)	Candelaria (100%)	**151,719**	*150,000 - 155,000*	**1.51**	*1.55*
	Chapada	**52,019**	*48,000 - 50,000*	**1.05**	*1.10*
	Eagle	**18,419**	*18,000 - 20,000*		
	Neves-Corvo	**37,941**	*36,000 - 38,000*	**1.89**	*2.10*
	Zinkgruvan	**2,786**	*3,000 - 4,000*		
	Total	**262,884**	*255,000 - 267,000*		
Zinc (t)	Neves-Corvo	**66,031**	*67,000 - 70,000*		
	Zinkgruvan	**77,766**	*73,000 - 76,000*	**0.53**	*0.65*
	Total	**143,797**	*140,000 - 146,000*		
Gold (oz)	Candelaria (100%)	**91,000**	*85,000 - 90,000*		
	Chapada	**76,000**	*73,000 - 76,000*		
	Total	**167,000**	*158,000 - 166,000*		
Nickel (t)	Eagle	**18,353**	*18,000 - 20,000*	**(1.24)**	*(1.00)*

2021 Capital Expenditure[b]

($ thousands)	**Actual**	*Guidance[a]*
Candelaria (100%)	**312,388**	*325,000*
Chapada	**52,275**	*55,000*
Eagle	**16,279**	*20,000*
Neves-Corvo	**52,552**	*60,000*
Zinkgruvan	**41,325**	*45,000*
Other	**554**	-
Total Sustaining Capital	**475,373**	*505,000*
Zinc Expansion Project (Neves-Corvo)	**56,724**	*70,000*
Total Capital Expenditures	**532,097**	*575,000*

a. Guidance as disclosed in the Company's Management's Discussion and Analysis for the three and nine months ended September 30, 2021.

b. Sustaining capital expenditure is supplementary financial measure and expansionary capital expenditure is a non-GAAP measure – see page 26 of this MD&A for discussion of non-GAAP and other performance measures.

Financial Performance

- Gross profit for the year ended December 31, 2021 was $1,369.7 million, an increase of $871.6 million in comparison to the prior year due primarily to higher realized metal prices ($1,030.6 million), partially offset by higher production costs due to inflationary price increases.
- For the year ended December 31, 2021, net earnings of $879.3 million were $690.2 million higher than the prior year and adjusted earnings[1] of $820.6 million were higher than the prior year primarily due to higher gross profit and higher income from investment in associates partially offset by higher income tax expense.

[1] This is a non-GAAP measure – see page 26 of this MD&A for discussion of non-GAAP and other performance measures.

20221006006612

Corporate Updates

- On February 18, 2021, the Company announced an increase in its quarterly cash dividend to C$0.06 per share, or C$0.24 per share annualized, compared to the C$0.04 per share quarterly dividend paid in 2020. On July 28, 2021, the Company further increased the quarterly cash dividend to C$0.09 per share, or C$0.36 per share annualized. In addition, the Company declared an inaugural semi-annual variable performance dividend of C$0.09 per share. Total dividends declared in 2021 increased more than 140% over the previous year.

- On July 6, 2021, the Company published its annual Sustainability Report which provides updates on the economic, safety, environmental and social issues that are of greatest interest to communities near the Company's operations, employees, investors, and other stakeholders.

- On July 27, 2021, the Company announced that its 24% owned associate, Koboltti Chemicals Holdings Limited, had entered into an agreement to sell its specialty cobalt business to Jervois Mining Limited ("Jervois"). The consideration at closing was $208.0 million with the right to receive up to $40.0 million in contingent cash consideration based on the future performance of the business. The Company's share of net proceeds were comprised of $45.0 million in cash and approximately $8.0 million in Jervois shares. The transaction closed in the third quarter of 2021.

- On September 9, 2021, the Company announced that the President and Chief Executive Officer, Ms. Marie Inkster, would be stepping down and that Mr. Peter Rockandel, previously Senior Vice President, Corporate Development and Investor Relations would assume the role of President and Chief Executive Officer. Mr. Rockandel assumed this role as of November 1, 2021. Ms. Inkster remained on the Company's Board of Directors until December 31, 2021, at which time she stepped down and Mr. Rockandel was appointed in her place.

- On September 13, 2021, the Company reported its Mineral Resource and Mineral Reserve estimates as at June 30, 2021.

- On December 20, 2021, the Company announced it had entered into a definitive agreement to acquire all of the issued and outstanding shares of Josemaria Resources Inc. ("Josemaria Resources") for an implied equity value of approximately $485 million. The consideration will be subject to a total maximum cash consideration of approximately C$183 million and a total maximum share consideration of approximately 39.7 million Lundin Mining shares, equating to 30% of the consideration payable in cash and 70% payable in Lundin Mining shares. The Company will acquire 100% of the Josemaria copper-gold project located in the San Juan Province of Argentina.

- On February 10, 2022, the Company announced the discovery of a new copper-gold mineralized system called Saúva, located approximately 15 kilometres north of the Chapada mine. Following the initial discovery of Saúva in September 2021, an aggressive exploration drilling campaign was commenced with five drill rigs to better define the potential size of the discovery.

Financial Position and Financing

- Cash and cash equivalents increased by $452.6 million during 2021, ending the year at $594.1 million. Cash flow from operations of $1,485.0 million was used to fund capital expenditures of $532.1 million and financing activities of $496.6 million, including debt repayments, distributions of dividends to shareholders ($227.4 million) and to non-controlling interests ($56.0 million).

- As at December 31, 2021, the Company had a net cash[1] position of $563.1 million. As at February 17, 2022, the Company had cash and net cash balances of approximately $650.0 million and $620.0 million, respectively.

[1] This is a non-GAAP measure – see page 26 of this MD&A for discussion of non-GAAP and other performance measures.

20221006006613

Outlook

Production, cash cost and exploration investment guidance for 2022 remains unchanged from that provided on November 22, 2021 (see news release "Lundin Mining Provides Operational Outlook & Update"). Capital expenditure guidance for the operations has not changed, but the Company has approved a global Enterprise Resource Planning ("ERP") software upgrade project to optimize and standardize systems which is included in other capital expenditures in the guidance below.

2022 Production and Cash Cost Guidance

(contained metal in concentrate)		Production	Cash Costs ($/lb)[a]
Copper (t)	Candelaria (100%)	*155,000 - 165,000*	*1.55*[b]
	Chapada	*53,000 - 58,000*	*1.60*[c]
	Eagle	*15,000 - 18,000*	
	Neves-Corvo	*33,000 - 38,000*	*1.80*[b]
	Zinkgruvan	*2,000 - 3,000*	
	Total	*258,000 - 282,000*	
Zinc (t)	Neves-Corvo	*110,000 - 120,000*	
	Zinkgruvan	*78,000 - 83,000*	*0.55*[b]
	Total	*188,000 - 203,000*	
Gold (oz)	Candelaria (100%)	*83,000 - 88,000*	
	Chapada	*70,000 - 75,000*	
	Total	*153,000 - 163,000*	
Nickel (t)	Eagle	*15,000 - 18,000*	*(0.25)*

a. Cash costs are based on various assumptions and estimates, including but not limited to: production volumes, commodity prices (Cu: $3.90/lb, Zn: $1.15/lb, Pb: $0.90/lb, Au: $1,800/oz), foreign exchange rates (€/USD:1.20, USD/SEK:8.20, USD/CLP:700, USD/BRL:5.10) and production costs.

b. 68% of Candelaria's total gold and silver production are subject to a streaming agreement and silver production at Zinkgruvan and Neves-Corvo are also subject to streaming agreements. Cash costs are calculated based on receipt of approximately $420/oz gold and $4.20/oz to $4.52/oz silver.

c. Chapada cash cost is calculated on a by-product basis and do not include the effects of its copper stream agreements. Effects of the copper stream agreements are reflected in copper revenue and will impact realized price per pound.

2022 Capital Expenditure Guidance

	($ millions)
Candelaria (100% basis)	370
Chapada	65
Eagle	10
Neves-Corvo	95
Zinkgruvan	60
Other	25
Total Sustaining	**625**
Zinc Expansion Project (Neves-Corvo)	**30**
Total Capital Expenditures	**655**

2022 Exploration Investment Guidance

Total planned exploration expenditures are expected to be $45.0 million in 2022, unchanged from previous guidance. Approximately $40.0 million will be spent supporting significant in-mine and near-mine targets at our operations ($15.0 million at Candelaria, $10.0 million at Chapada, $8.0 million at Neves-Corvo, $5.0 million at Zinkgruvan and $2.0 million at Eagle). The remaining amounts are planned to advance activities on exploration stage and new business development projects.

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Selected Annual Financial Information[1,2]

($ millions, except share and per share amounts)	Year ended December 31, 2021	2020	2019
Revenue	**3,328.8**	2,041.5	1,892.7
Costs of goods sold:			
Production costs	**(1,436.3)**	(1,095.9)	(1,066.2)
Depreciation, depletion and amortization	**(522.8)**	(447.5)	(386.1)
Gross Profit	**1,369.7**	498.1	440.4
Net earnings attributable to:			
Lundin Mining shareholders	**780.3**	168.8	167.3
Non-controlling interests	**99.0**	20.3	21.9
Net earnings	**879.3**	189.1	189.2
Adjusted earnings[2]	**820.6**	225.2	159.5
Adjusted EBITDA[2]	**1,869.4**	856.9	705.7
Cash flow from operations	**1,485.0**	565.9	564.6
Adjusted operating cash flow[2]	**1,487.1**	644.6	550.7
Free cash flow[2]	**1,009.6**	199.4	60.9
Capital expenditures[3]	**532.1**	431.2	665.3
Per share amounts:			
Basic and diluted earnings per share ("EPS") attributable to shareholders	**1.06**	0.23	0.23
Adjusted EPS[2]	**1.11**	0.31	0.22
Adjusted operating cash flow per share[2]	**2.02**	0.88	0.75
Dividends declared (C$/share)	**0.39**	0.16	0.12
Total assets	**7,636.9**	7,058.5	6,917.2
Total debt and lease liabilities	**31.0**	203.0	308.5
Net cash (debt)[2]	**563.1**	(63.2)	(60.2)

Summary of Quarterly Results[1,4]

($ millions, except per share data)	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20
Revenue	1,018.6	756.4	872.3	681.5	529.5	600.7	533.3	378.0
Gross profit (loss)	433.2	303.9	380.2	252.5	179.4	199.3	142.1	(22.7)
Net earnings (loss)	266.1	190.6	268.4	154.2	120.8	133.6	48.3	(113.6)
- attributable to shareholders	228.8	173.7	242.6	135.2	119.2	122.4	38.7	(111.5)
Adjusted earnings (loss)[2]	281.5	168.4	226.3	144.3	106.7	106.4	52.8	(40.6)
Adjusted EBITDA[2]	623.0	411.3	480.7	354.4	234.8	300.3	231.5	90.3
EPS - Basic and Diluted	0.31	0.24	0.33	0.18	0.16	0.17	0.05	(0.15)
Adjusted EPS[2]	0.38	0.23	0.31	0.20	0.15	0.14	0.07	(0.06)
Cash flow from operations	384.2	523.1	419.0	158.7	172.7	272.2	37.6	83.4
Adjusted operating cash flow per share[2]	0.65	0.40	0.58	0.38	0.24	0.36	0.24	0.04
Capital expenditures[3]	153.9	133.8	131.9	112.5	100.2	89.8	100.2	141.1

1. Except where otherwise noted, financial data has been prepared in accordance with IFRS as issued by the IASB.
2. These are non-GAAP measures please see 26 of this MD&A for discussion of non-GAAP and other performance measures.
3. Capital expenditures are reported on a cash basis, as presented in the consolidated statement of cash flows.
4. The sum of quarterly amounts may differ from year-to-date results due to rounding.

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Revenue Overview

Sales Volumes by Payable Metal

(Contained metal in concentrate)	2021 Total	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Total	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Copper (tonnes)										
Candelaria (100%)	**148,213**	**43,417**	33,743	35,537	35,516	123,183	16,574	34,713	34,130	37,766
Chapada	**47,123**	**13,628**	13,869	12,247	7,379	47,119	10,966	11,220	13,446	11,487
Eagle	**16,522**	**3,155**	3,792	5,257	4,318	17,111	4,312	4,732	3,668	4,399
Neves-Corvo	**36,618**	**10,668**	9,071	10,314	6,565	30,799	4,708	6,892	11,471	7,728
Zinkgruvan	**1,806**	**19**	859	926	2	3,212	830	929	910	543
	250,282	**70,887**	61,334	64,281	53,780	221,424	37,390	58,486	63,625	61,923
Zinc (tonnes)										
Neves-Corvo	**53,622**	**15,058**	12,516	14,443	11,605	58,029	12,506	14,563	15,896	15,064
Zinkgruvan	**64,056**	**18,005**	16,043	14,305	15,703	62,150	22,399	15,002	10,465	14,284
	117,678	**33,063**	28,559	28,748	27,308	120,179	34,905	29,565	26,361	29,348
Gold (000 oz)										
Candelaria (100%)	**89**	**25**	20	23	21	73	11	21	19	22
Chapada	**68**	**18**	22	16	12	81	23	18	23	17
	157	**43**	42	39	33	154	34	39	42	39
Nickel (tonnes)										
Eagle	**15,012**	**3,390**	3,246	4,258	4,118	12,481	3,714	3,539	2,419	2,809
Lead (tonnes)										
Neves-Corvo	**4,890**	**1,592**	999	1,054	1,245	4,149	748	794	1,309	1,298
Zinkgruvan	**19,245**	**4,787**	4,825	4,928	4,705	23,556	5,475	6,352	5,705	6,024
	24,135	**6,379**	5,824	5,982	5,950	27,705	6,223	7,146	7,014	7,322
Silver (000 oz)										
Candelaria (100%)	**1,281**	**425**	297	287	272	966	119	254	272	321
Chapada	**93**	**33**	26	14	20	131	40	26	31	34
Eagle	**63**	**23**	16	9	15	79	21	16	22	20
Neves-Corvo	**960**	**307**	183	228	242	779	159	170	270	180
Zinkgruvan	**1,348**	**346**	354	356	292	1,544	327	441	427	349
	3,745	**1,134**	876	894	841	3,499	666	907	1,022	904

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Revenue Analysis

by Mine	Year ended December 31, 2021		2020		Change
($ thousands)	$	%	$	%	$
Candelaria (100%)	**1,591,109**	48	875,348	43	715,761
Chapada	**567,386**	17	445,399	22	121,987
Eagle	**462,488**	14	294,280	14	168,208
Neves-Corvo	**479,347**	14	257,046	13	222,301
Zinkgruvan	**228,435**	7	169,433	8	59,002
	3,328,765		2,041,506		1,287,259

by Metal	Year ended December 31, 2021		2020		Change
($ thousands)	$	%	$	%	$
Copper	**2,344,635**	70	1,325,125	65	1,019,510
Zinc	**305,432**	9	190,873	9	114,559
Gold	**249,176**	7	252,316	12	(3,140)
Nickel	**276,446**	8	172,022	8	104,424
Lead	**46,314**	1	40,003	2	6,311
Silver	**39,179**	1	40,534	2	(1,355)
Other	**67,583**	4	20,633	2	46,950
	3,328,765		2,041,506		1,287,259

Revenue for the year ended December 31, 2021 increased in comparison to the prior year due mainly to higher realized metal prices ($1,030.6 million) as well as higher overall sales volumes ($241.2 million).

Revenue from gold and silver for the year ended December 31, 2021 includes the partial recognition of an upfront purchase price on the sale of precious metals streams for Candelaria, Neves-Corvo, and Zinkgruvan as well as the cash proceeds which amount to approximately $416/oz for gold and between $4.16/oz and $4.48/oz for silver.

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

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

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

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Provisionally valued revenue for the year ended December 31, 2021

Metal	Payable metal	Valued at
Copper	84,961 t	$4.41 /lb
Zinc	21,681 t	$1.62 /lb
Gold	39 koz	$1,824 /oz
Nickel	1,427 t	$9.47 /lb

Full-Year Reconciliation of Realized Prices

	Year ended December 31, 2021				
($ thousands)	Copper	Zinc	Gold	Nickel	Total
Current period sales[1]	2,394,066	368,193	282,876	283,755	3,328,890
Prior period price adjustments	41,932	1,545	(4,451)	(2,742)	36,284
	2,435,998	369,738	278,425	281,013	3,365,174
Other metal sales					233,037
Copper stream cash effect					(17,485)
Gold stream cash effect					(80,832)
Less: Treatment & refining charges					(171,129)
Total Revenue					**3,328,765**
Payable Metal	**250,282 t**	**117,678 t**	**157 koz**	**15,012 t**	
Current period sales[1,2]	$4.34	$1.42	$1,802	$8.57	
Prior period adjustments[2]	0.07	0.01	(28)	(0.08)	
Realized prices[2, 3]	$4.41 /lb	$1.43 /lb	$1,774 /oz	$8.49 /lb	

	Year ended December 31, 2020				
	Copper	Zinc	Gold	Nickel	Total
Current period sales[1]	1,448,295	280,060	282,489	180,795	2,191,639
Prior period price adjustments	(43,504)	(7,296)	1,121	(9,554)	(59,233)
	1,404,791	272,764	283,610	171,241	2,132,406
Other metal sales					163,804
Copper stream cash effect					(12,809)
Gold stream cash effect					(63,922)
Less: Treatment & refining charges					(177,973)
Total Revenue					**2,041,506**
Payable Metal	**221,424 t**	**120,179 t**	**154 koz**	**12,481 t**	
Current period sales[1,2]	$2.97	$1.06	$1,839	$6.57	
Prior period adjustments[2]	(0.09)	(0.03)	7	(0.35)	
Realized prices[2, 3]	$2.88 /lb	$1.03 /lb	$1,846 /oz	$6.22 /lb	

1. Includes provisional price adjustments on current period sales.
2. This is a non-GAAP measure – see page 26 of this MD&A for discussion of non-GAAP and other performance measures.
3. The realized price for copper inclusive of the impact of streaming agreements for 2021 is $4.38/lb (2020: $2.85/lb). The realized price for gold inclusive of the impact of streaming agreements for 2021 is $1,259/oz (2020: $1,430/oz).

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Annual Financial Results

Production Costs

Production costs for the year ended December 31, 2021 were higher by $340.4 million in comparison to the prior year. The increase was primarily attributable to overall higher sales volumes as well as higher consumable costs at Chapada and Neves-Corvo due to inflationary increases and a non-cash write-down of ore stockpile inventory at Chapada of $65.0 million.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expense for the current year increased in comparison to the prior year primarily driven by higher sales volumes.

Depreciation by operation	Year ended December 31,		
($ thousands)	**2021**	2020	Change
Candelaria	**289,090**	244,509	44,581
Chapada	**46,097**	39,454	6,643
Eagle	**81,493**	72,807	8,686
Neves-Corvo	**63,168**	51,083	12,085
Zinkgruvan	**41,114**	37,781	3,333
Other	**1,802**	1,840	(38)
	522,764	447,474	75,290

General Exploration and Business Development

Total general exploration and business development expenses for the year ended December 31, 2021 were $44.9 million which was comparable to the prior year. Current year general exploration expenditures include increased exploration activity and the acquisition of new exploration properties in the Chapada region.

During 2021, exploration costs were spent primarily on in-mine and near-mine targets at the Company's operations. Drilling at Chapada, Neves-Corvo and Candelaria exceeded the metres forecast and met guided expenditures. Drilling at Chapada was concentrated between known mineralized trends and district targets with up to seven drill rigs in operation in the fourth quarter of 2021.

Income from Equity Investment in Associate

Income from equity investment in associate has increased during the year primarily due to the sale of the specialty cobalt business. Partial cash distributions of $41.2 million from the transaction were received during the year.

Other Expense

Other expenses were lower than the previous year and include the business interruption insurance settlement at Chapada of $16.0 million. The proceeds were subsequently received in 2022.

Foreign exchange losses recorded in other expense resulted from foreign exchange revaluation of working capital denominated in foreign currencies. Period end exchange rates having a meaningful impact on foreign exchange recorded at December 31, 2021 were:

	December 31, 2021	December 31, 2020
Chilean Peso (USD:CLP)	**845**	711
Euro (USD:€)	**0.88**	0.81
Brazilian Real (USD:BRL)	**5.58**	5.20
Swedish Kronor (USD:SEK)	**9.04**	8.19

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Income Taxes

Income tax expense (recovery) by mine ($ thousands)	Year ended December 31, 2021	2020	Change
Candelaria	**222,318**	38,697	183,621
Chapada	**72,451**	112,399	(39,948)
Eagle	**33,808**	7,121	26,687
Neves-Corvo	**22,732**	(23,042)	45,774
Zinkgruvan	**13,251**	651	12,600
Other	**1,126**	16,595	(15,469)
	365,686	152,421	213,265

Income taxes by classification ($ thousands)	Year ended December 31, 2021	2020	Change
Current income tax	**273,638**	52,944	220,694
Deferred income tax	**92,048**	99,477	(7,429)
	365,686	152,421	213,265

Income tax expense for the year ended December 31, 2021 was higher than the prior year primarily due to higher taxable earnings, partially offset by $38.0 million lower deferred tax expense on revaluation of non-monetary assets and translation of deferred taxes at Chapada (2020 - $39.7 million) and prior period adjustment recovery of $6.7 million (2020 – $18.0 million).

Included in Neves-Corvo's prior year's tax recovery is tax refunds of $14.1 million received related to 2008 and 2009 tax disputes and an investment tax credit of $4.1 million. Other taxes in 2020 include taxes on interest and foreign exchange revaluation on intercompany financing.

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Fourth Quarter Financial Results

Gross Profit

Gross profit for the current quarter was $433.2 million, $253.8 million higher in comparison to the prior year comparable quarter. The increase was primarily due to higher realized metal prices net of price adjustments ($189.2 million) as well as higher overall sales volumes. Production costs were also higher in the current quarter due to a write-down of ore stockpile inventory at Chapada of $65.0 million.

Fourth Quarter Reconciliation of Realized Prices

	Three months ended December 31, 2021				
($ thousands)	Copper	Zinc	Gold	Nickel	Total
Current period sales[1]	686,208	116,310	78,353	70,659	951,530
Prior period price adjustments	57,679	4,111	95	1,586	63,471
	743,887	120,421	78,448	72,245	1,015,001
Other metal sales					78,830
Copper stream cash effect					(5,874)
Gold stream cash effect					(22,582)
Less: Treatment & refining charges					(46,806)
Total Revenue					**1,018,569**
Payable Metal	**70,887 t**	**33,063 t**	**43 koz**	**3,390 t**	
Current period sales[1]	$4.39	$1.60	$1,844	$9.45	
Prior period adjustments	0.37	0.05	2	0.22	
Realized prices ($/lb, $/oz)[2]	$4.76 /lb	$1.65 /lb	$1,846 /oz	$9.67 /lb	

	Three months ended December 31, 2020				
($ thousands)	Copper	Zinc	Gold	Nickel	Total
Current period sales[1]	277,683	94,636	63,398	59,419	495,136
Prior period price adjustments	42,909	1,711	96	3,464	48,180
	320,592	96,347	63,494	62,883	543,316
Other metal sales					40,133
Copper stream cash effect					(3,481)
Gold stream cash effect					(9,770)
Less: Treatment & refining charges					(40,669)
Total Revenue					**529,529**
Payable Metal	**37,390 t**	**34,905 t**	**34 koz**	**3,714 t**	
Current period sales[1]	$3.37	$1.23	$1,894	$7.26	
Prior period adjustments	0.52	0.02	3	0.42	
Realized prices ($/lb)[2]	$3.89 /lb	$1.25 /lb	$1,897 /oz	$7.68 /lb	

1. Includes provisional price adjustments on current period sales.
2. The realized price for copper inclusive of the impact of streaming agreements for 2021 is $4.72/lb (2020: $3.85/lb). The realized price for gold inclusive of the impact of streaming agreements for 2021 is $1,315/oz (2020: $1,605/oz).

Net Earnings

Net earnings for the quarter ended December 31, 2021 were $266.1 million compared to net earnings of $120.8 million in the prior year comparable quarter. Net earnings were positively impacted by higher gross profit ($253.8 million), partially offset by higher income tax expense ($109.1 million).

Cash Flow from Operations

Cash flow from operations for the current quarter was $384.2 million, compared to the prior year comparable quarter of $172.7 million. The increase was largely due to higher gross profit before depreciation, partially offset by a comparative negative change in non-cash working capital quarter over quarter of $94.3 million.

20221006006621

Mining Operations

Production Overview

(Contained metal in concentrate)	2021 Total	Q4	Q3	Q2	Q1	2020 Total	Q4	Q3	Q2	Q1
Copper (tonnes)										
Candelaria (100%)	**151,719**	**45,573**	35,929	36,014	34,203	126,702	19,509	35,836	35,060	36,297
Chapada	**52,019**	**14,870**	16,050	11,258	9,841	50,038	11,368	12,990	13,799	11,881
Eagle	**18,419**	**3,636**	4,165	5,227	5,391	18,663	5,128	5,055	4,102	4,378
Neves-Corvo	**37,941**	**12,100**	8,083	10,317	7,441	32,032	5,880	6,518	10,559	9,075
Zinkgruvan	**2,786**	**817**	850	641	478	3,346	-	1,045	1,765	536
	262,884	**76,996**	65,077	63,457	57,354	230,781	41,885	61,444	65,285	62,167
Zinc (tonnes)										
Neves-Corvo	**66,031**	**18,750**	15,909	16,662	14,710	69,143	16,750	15,459	18,986	17,948
Zinkgruvan	**77,766**	**18,080**	22,860	18,171	18,655	73,601	24,678	17,328	12,596	18,999
	143,797	**36,830**	38,769	34,833	33,365	142,744	41,428	32,787	31,582	36,947
Gold (000 oz)										
Candelaria (100%)	**91**	**26**	20	24	21	76	13	21	21	21
Chapada	**76**	**20**	26	17	13	87	22	24	23	18
	167	**46**	46	41	34	163	35	45	44	39
Nickel (tonnes)										
Eagle	**18,353**	**4,101**	4,124	4,774	5,354	16,718	4,909	4,854	3,380	3,575
Lead (tonnes)										
Neves-Corvo	**5,419**	**1,644**	1,359	1,343	1,073	5,108	1,321	760	1,559	1,468
Zinkgruvan	**22,183**	**5,427**	6,952	5,095	4,709	24,128	6,745	5,571	3,799	8,013
	27,602	**7,071**	8,311	6,438	5,782	29,236	8,066	6,331	5,358	9,481
Silver (000 oz)										
Candelaria (100%)	**1,420**	**481**	341	318	280	1,074	155	283	305	331
Chapada	**257**	**80**	72	55	50	242	55	61	69	57
Eagle	**119**	**34**	30	25	30	140	37	33	35	35
Neves-Corvo	**1,636**	**522**	362	407	345	1,557	420	281	479	377
Zinkgruvan	**2,018**	**483**	658	457	420	2,064	514	499	389	662
	5,450	**1,600**	1,463	1,262	1,125	5,077	1,181	1,157	1,277	1,462

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

($ thousands)	Three months ended December 31, 2021	2020	Twelve months ended December 31, 2021	2020
Candelaria				
Production costs	**$154,751**	$105,407	**$580,819**	$460,215
Gross cost	**1.75**	2.58	**1.91**	1.78
By-product[1]	**(0.44)**	(0.41)	**(0.40)**	(0.33)
Cash Cost (Cu, $/lb)	**1.31**	2.17	**1.51**	1.45
AISC (Cu, $/lb)[2]	**2.25**	3.24	**2.52**	2.29
Chapada				
Production costs	**$129,710**	$41,018	**$291,846**	$177,404
Gross cost	**2.19**	1.69	**2.22**	1.75
By-product	**(1.12)**	(1.87)	**(1.17)**	(1.46)
Cash Cost (Cu, $/lb)	**1.07**	(0.18)	**1.05**	0.29
AISC (Cu, $/lb)	**1.75**	0.82	**1.75**	0.84
Eagle				
Production cost	**$41,080**	$37,941	**$169,508**	$144,060
Gross cost	**5.08**	4.01	**4.39**	4.54
By-product	**(5.30)**	(4.90)	**(5.63)**	(4.44)
Cash Cost (Ni, $/lb)	**(0.22)**	(0.89)	**(1.24)**	0.10
AISC (Ni, $/lb)	**1.43**	0.32	**0.41**	1.51
Neves-Corvo				
Production costs	**$86,734**	$53,923	**$291,110**	$219,956
Gross cost	**3.79**	5.40	**3.75**	3.48
By-product	**(2.26)**	(2.55)	**(1.86)**	(1.39)
Cash Cost (Cu, $/lb)	**1.53**	2.85	**1.89**	2.09
AISC (Cu, $/lb)	**2.59**	5.35	**2.73**	3.16
Zinkgruvan				
Production costs	**$28,708**	$26,822	**$102,025**	$92,640
Gross cost	**0.90**	0.83	**0.95**	0.96
By-product	**(0.32)**	(0.33)	**(0.42)**	(0.44)
Cash Cost (Zn, $/lb)	**0.58**	0.50	**0.53**	0.52
AISC (Zn, $/lb)	**0.94**	0.78	**0.86**	0.82

1. By-product is after related treatment and refining charges.
2. All-in Sustaining Cost ("AISC") is a non-GAAP measure – see page 26 of this MD&A for discussion of non-GAAP and other performance measures.

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Capital Expenditures [1]

	Year ended December 31,							
	2021				2020			
($ thousands)	Sustaining	Expansionary	Capitalized Interest	Total	Sustaining	Expansionary	Capitalized Interest	Total
Candelaria	312,388	-		312,388	216,018	-	-	216,018
Chapada	52,275	-		52,275	38,646	-	-	38,646
Eagle	16,279	-	-	16,279	11,259	-	-	11,259
Neves-Corvo	52,552	56,388	336	109,276	63,360	63,440	1,294	128,094
Zinkgruvan	41,325	-		41,325	36,946	-	-	36,946
Other	554		-	554	272	-	-	272
	475,373	56,388	336	532,097	366,501	63,440	1,294	431,235

1. Capital expenditures are reported on a cash basis, as presented in the consolidated statement of cash flows. Sustaining capital expenditure is supplementary financial measure and expansionary capital expenditure is a non-GAAP measure – see page 26 of this MD&A for discussion of non-GAAP and other performance measures.

20221006006624

Candelaria (Chile)

The Candelaria operations consist of an open pit and underground mines providing copper ore to two on-site processing plants located near Copiapó in the Atacama region of Chile, as well as a port facility and desalination plant located approximately 100km from the mine facilities in the town of Caldera. The Company holds an indirect 80% ownership interest in Candelaria with the remaining 20% interest indirectly held by Sumitomo Metal Mining Co., Ltd and Sumitomo Corporation. The plants have a combined processing capacity of 28 million tonnes per annum ("mtpa"), producing copper in concentrate. The primary metal is copper, with gold and silver as by-product metals.

Operating Statistics

		2021					2020				
(100% Basis)	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**23,753**	**6,998**	6,098	5,062	5,595	29,739	3,596	8,977	9,085	8,081
Ore milled (000s tonnes)	**27,849**	**7,066**	6,838	7,012	6,933	22,858	4,007	7,040	6,104	5,707
Grade										
Copper (%)	**0.59**	**0.69**	0.58	0.56	0.53	0.60	0.53	0.55	0.62	0.67
Gold (g/t)	**0.14**	**0.16**	0.13	0.13	0.13	0.14	0.13	0.13	0.14	0.15
Recovery										
Copper (%)	**92.5**	**93.4**	91.8	91.5	93.1	93.4	92.6	92.6	93.5	94.7
Gold (%)	**74.4**	**72.1**	73.8	77.5	74.7	74.9	75.1	75.1	74.0	73.0
Production (contained metal)										
Copper (tonnes)	**151,719**	**45,573**	35,929	36,014	34,203	126,702	19,509	35,836	35,060	36,297
Gold (000 oz)	**91**	**26**	20	24	21	76	13	21	21	21
Silver (000 oz)	**1,420**	**481**	341	318	280	1,074	155	283	305	331
Revenue ($000s)	**1,591,109**	**512,309**	326,903	399,907	351,990	875,348	166,827	280,417	255,132	172,972
Production costs ($000s)	**580,819**	**154,751**	140,363	148,764	136,941	460,215	105,407	120,597	115,523	118,688
Gross profit (loss) ($000s)	**721,200**	**275,529**	121,007	182,867	141,797	170,624	27,354	88,511	71,544	(16,785)
Cash cost ($ per pound copper)	**1.51**	**1.31**	1.62	1.52	1.65	1.45	2.17	1.37	1.36	1.31
AISC ($ per pound copper)	**2.52**	**2.25**	2.67	2.61	2.59	2.29	3.24	2.05	2.10	2.26

Gross Profit

Gross profit for the year ended December 31, 2021 was significantly higher than 2020, largely as a result of higher realized metal prices and higher sales volumes.

Production

Copper and gold production for the year ended December 31, 2021 were higher than the previous year and both metals met most recent guidance. The increase in production compared to the prior year was a result of higher milled tonnage in the current year, and in the fourth quarter of 2020 production was affected due to labour actions resulting in a prolonged work stoppage.

Production Costs and Cash Cost

Production costs were $120.6 million higher in the current year compared to the prior year mainly due to higher sales volumes.

Copper cash cost for the year ended December 31, 2021 was higher than the prior year though better than the most recent guidance. The increase in cash cost compared to the prior year was mostly due to higher maintenance, diesel and labour costs, as well as unfavourable impacts of foreign exchange in the first half of 2021.

AISC for 2021 were higher than those reported in the prior year, and reflect the higher cash cost as well as increased sustaining capital expenditures, especially higher deferred stripping costs.

In 2021, approximately 59,000 oz of gold and 874,000 oz of silver were subject to terms of a streaming agreement from which approximately $416/oz of gold and $4.16/oz of silver were received.

20221006006625

Chapada (Brazil)

The Chapada mine consists of four open pit mines and on-site processing facilities located in the northern Goiás State of Brazil, approximately 270 km northwest of the national capital of Brasilia. The processing plant has a capacity of 24.0 mtpa, producing high-quality gold-rich copper concentrate. The primary metal is copper, with gold and silver as by-product metals.

Operating Statistics

	2021					2020				
(100% Basis)	**Total**	**Q4**	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**37,294**	**10,845**	11,227	8,725	6,497	29,386	5,575	7,831	7,528	8,452
Ore milled (000s tonnes)	**24,121**	**5,711**	6,435	6,132	5,843	19,192	3,618	4,808	5,278	5,488
Grade										
Copper (%)	**0.27**	**0.30**	0.30	0.25	0.23	0.30	0.35	0.31	0.30	0.27
Gold (g/t)	**0.18**	**0.17**	0.21	0.17	0.15	0.24	0.30	0.25	0.23	0.20
Recovery										
Copper (%)	**80.4**	**87.0**	84.1	75.7	72.1	86.2	90.7	87.7	86.1	80.9
Gold (%)	**56.0**	**65.9**	58.3	52.3	46.2	59.7	64.6	62.7	60.0	51.0
Production (contained metal)										
Copper (tonnes)	**52,019**	**14,870**	16,050	11,258	9,841	50,038	11,368	12,990	13,799	11,881
Gold (000 oz)	**76**	**20**	26	17	13	87	22	24	23	18
Silver (000 oz)	**257**	**80**	72	55	50	242	55	61	69	57
Revenue ($000s)	**567,386**	**172,699**	160,332	148,137	86,218	445,399	133,567	113,586	114,125	84,121
Production costs ($000s)	**291,846**	**129,710**	59,489	63,667	38,980	177,404	41,018	41,723	43,985	50,678
Gross profit ($000s)	**229,443**	**27,833**	90,275	72,023	39,312	228,541	84,830	62,558	59,320	21,833
Cash cost ($ per pound copper)	**1.05**	**1.07**	0.62	1.32	1.33	0.29	(0.18)	0.21	0.21	0.92
AISC ($ per pound copper)	**1.75**	**1.75**	1.36	1.98	2.11	0.84	0.82	0.73	0.64	1.22

Gross Profit

Gross profit for the year ended December 31, 2021 was higher compared to the previous year largely due to higher realized metal prices offset by higher production costs.

Production

Copper production was higher than the prior year and higher than guidance for the year as a result of record throughput, as a new annual mill throughput record of 24.1 Mt processed was set in 2021. In addition, processing activities were interrupted in the prior year due to an unplanned power outage late in the third quarter. Gold production met guidance, though was lower than the prior year due to expected lower head grades.

Production Costs and Cash Cost

Production costs were $114.4 million higher than the prior year due to a non-cash write-down of ore stockpile inventories of $65.0 million as well as higher consumable prices for diesel and other operating contracts impacted by inflationary increases.

Copper cash cost was better than guidance, benefitting from favourable foreign exchange rates as well as strong by-product metal prices, but higher than the prior year due to lower by-product credits and cost increases from inflationary pressures. AISC was higher than the prior year due to higher sustaining capital expenditure.

Projects

The Company is continuing to evaluate options for long-term mine and plant expansion. Study work advanced in parallel with exploration efforts, largely focused on near-mine targets, with results to be incorporated in potential future expansionary plans.

During the year, approximately 66,300 metres of drilling were completed, exceeding the expectations for the year.

2022100600626

Eagle (USA)

The Eagle mine consists of the Eagle underground mine, located approximately 53 km northwest of Marquette, Michigan, U.S.A. and the Humboldt mill, located 61 km west of Marquette. The plant has a processing capacity of 0.7 mtpa, producing nickel and copper in concentrates. The primary metal is nickel with copper, and minor amounts of cobalt, gold, and platinum-group metals as by-product metals.

Operating Statistics

	2021					2020				
	Total	**Q4**	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**697**	**165**	169	177	186	758	204	180	185	189
Ore milled (000s tonnes)	**699**	**167**	166	180	186	761	205	179	183	194
Grade										
Nickel (%)	**3.1**	**2.9**	3.0	3.2	3.3	2.6	2.8	3.2	2.2	2.2
Copper (%)	**2.7**	**2.2**	2.6	3.0	3.0	2.5	2.6	2.9	2.3	2.4
Recovery										
Nickel (%)	**84.1**	**83.6**	82.4	83.9	86.1	83.9	84.4	84.3	82.5	83.9
Copper (%)	**97.3**	**96.8**	97.4	97.2	97.5	96.7	96.7	97.2	96.6	96.3
Production (contained metal)										
Nickel (tonnes)	**18,353**	**4,101**	4,124	4,774	5,354	16,718	4,909	4,854	3,380	3,575
Copper (tonnes)	**18,419**	**3,636**	4,165	5,227	5,391	18,663	5,128	5,055	4,102	4,378
Revenue ($000s)	**462,488**	**108,416**	101,311	133,893	118,868	294,280	102,940	91,314	52,689	47,337
Production costs ($000s)	**169,508**	**41,080**	39,641	48,527	40,260	144,060	37,941	36,973	31,788	37,358
Gross profit (loss) ($000s)	**211,487**	**48,203**	42,752	62,228	58,304	77,413	45,805	36,634	3,762	(8,788)
Cash cost ($ per pound nickel)	**(1.24)**	**(0.22)**	(0.80)	(2.01)	(1.62)	0.10	(0.89)	(0.63)	1.13	1.43
AISC ($ per pound nickel)	**0.41**	**1.43**	0.93	(0.23)	(0.17)	1.51	0.32	0.54	2.48	3.50

Gross Profit

Gross profit for the year ended December 31, 2021 was significantly higher than the prior year. The increase reflects higher realized metal prices and higher sales volumes.

Production

Both nickel and copper production for the current year met annual guidance with nickel production also higher than the prior year, due to increased mining in the high-grade Eagle East area.

Production Costs and Cash Cost

Production costs were $25.4 million higher than the prior year due to higher nickel sales volumes.

Nickel cash cost for the year ended December 31, 2021 was significantly better than the prior year and annual guidance due to a combination of higher nickel sales volumes and higher copper by-product credits.

AISC for the year ended December 31, 2021, were lower than the prior year as a result of lower cash cost.

20221006006627

Neves-Corvo (Portugal)

Neves-Corvo is located 220 km southeast of Lisbon, Portugal, in the western part of the Iberian Pyrite Belt and consists of an underground mine and on-site processing facilities. The copper plant has a processing capacity of 2.6 mtpa, producing copper in concentrate, and the zinc plant has a capacity of 1.1 mtpa producing zinc and lead concentrates, with an expansion project underway to increase this to 2.5 mtpa. The primary metal is copper, with zinc, lead and silver as by-product metals.

Operating Statistics

	2021					2020				
	Total	**Q4**	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, copper (000 tonnes)	**2,573**	**716**	580	646	631	2,396	475	566	715	640
Ore mined, zinc (000 tonnes)	**1,062**	**278**	251	275	258	1,091	291	242	272	286
Ore milled, copper (000 tonnes)	**2,564**	**724**	565	655	620	2,427	489	565	734	639
Ore milled, zinc (000 tonnes)	**1,060**	**284**	242	280	254	1,106	296	240	286	284
Grade										
Copper (%)	**1.9**	**2.1**	1.8	1.9	1.5	1.7	1.5	1.5	1.8	1.8
Zinc (%)	**7.8**	**8.1**	8.2	7.5	7.4	8.1	7.5	8.4	8.5	8.0
Recovery										
Copper (%)	**79.6**	**78.9**	77.8	81.7	80.0	79.1	79.0	78.4	81.3	77.4
Zinc (%)	**76.6**	**76.4**	76.5	77.5	76.0	76.2	74.2	75.9	76.7	77.7
Production (contained metal)										
Copper (tonnes)	**37,941**	**12,100**	8,083	10,317	7,441	32,032	5,880	6,518	10,559	9,075
Zinc (tonnes)	**66,031**	**18,750**	15,909	16,662	14,710	69,143	16,750	15,459	18,986	17,948
Lead (tonnes)	**5,419**	**1,644**	1,359	1,343	1,073	5,108	1,321	760	1,559	1,468
Silver (000 oz)	**1,636**	**522**	362	407	345	1,557	420	281	479	377
Revenue ($000s)	**479,347**	**156,008**	108,083	134,496	80,760	257,046	60,794	69,287	81,188	45,777
Production costs ($000s)	**291,110**	**86,734**	69,831	73,846	60,699	219,956	53,923	53,034	60,945	52,054
Gross profit (loss) ($000s)	**125,069**	**51,851**	22,313	44,085	6,820	(13,993)	(3,320)	2,954	6,299	(19,926)
Cash cost ($ per pound copper)	**1.89**	**1.53**	2.05	1.65	2.61	2.09	2.85	1.97	1.75	2.24
AISC ($ per pound copper)	**2.73**	**2.59**	2.86	2.34	3.38	3.16	5.35	2.93	2.32	3.28

Gross Profit (Loss)

Gross profit for the year ended December 31, 2021 was $125.1 million compared to a gross loss of $14.0 million recorded in 2020. Gross profit was positively impacted by higher realized metal prices, as well as higher sales volumes in 2021.

Production

Copper production for the year ended December 31, 2021 was higher than the prior year largely due to higher throughput and grades. Zinc production was lower than the prior year as a result of lower throughput and grades.

Copper production achieved the top end of the most recent guidance and zinc production was modestly below guidance.

Production Costs and Cash Cost

Production costs were $71.1 million higher than the prior year, largely as a result of inflationary cost increases and higher sales volumes.

Copper cash cost for the year ended December 31, 2021 was better than annual guidance and the prior year due to higher copper sales volumes and higher by-product credits, particularly in the fourth quarter.

AISC were lower compared to the prior year largely as a result of better cash cost as well as lower sustaining capital expenditures in the current year.

20221006006628

Projects

ZEP officially restarted in January 2021 after a proactive temporary suspension in March 2020 due to the COVID-19 pandemic.

ZEP continues to progress on schedule and on budget. Construction was substantially completed at the end of 2021 for both the underground mine and at surface. Commissioning of the mine materials handling system and the expanded zinc processing plant commenced during the fourth quarter. Upgrades to the shaft were completed during a planned annual maintenance shutdown in the third quarter, and preparations were made for the first quarter of 2022 final tie-ins for the expanded zinc plant..

A total of $56.4 million of expansionary capital expenditures was spent in 2021, with a further $30.0 million to be spent in 2022 to complete the project. Total pre-production capital cost estimate of $430.0 million (€360.0 million) for the project remains unchanged.

20221006006629

Zinkgruvan (Sweden)

The Zinkgruvan mine consists of an underground mine and on-site processing facilities, located approximately 200 km southwest of Stockholm, Sweden. The plant has processing capacity of 1.5 mtpa, of which 1.2 mpta is for zinc-lead ore and the remainder for copper ore. Products are zinc, lead and copper concentrates. The primary metal is zinc, with lead, silver and copper as by-products.

Operating Statistics

	2021					2020				
	Total	**Q4**	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, zinc (000 tonnes)	**1,200**	**295**	279	298	328	1,208	323	282	279	324
Ore mined, copper (000 tonnes)	**201**	**26**	66	66	43	215	29	61	81	44
Ore milled, zinc (000 tonnes)	**1,181**	**291**	289	267	334	1,208	324	316	239	329
Ore milled, copper (000 tonnes)	**178**	**52**	52	50	24	181	-	62	98	21
Grade										
Zinc (%)	**7.4**	**7.0**	8.9	7.6	6.3	6.7	8.3	6.2	5.9	6.4
Lead (%)	**2.4**	**2.3**	3.1	2.4	1.8	2.5	2.7	2.3	2.0	2.9
Copper (%)	**1.8**	**1.8**	1.9	1.5	2.2	2.2	-	2.0	2.1	2.8
Recovery										
Zinc (%)	**88.9**	**88.5**	89.1	89.1	88.8	90.4	91.9	88.8	89.5	90.4
Lead (%)	**78.3**	**80.8**	77.4	78.7	76.5	79.5	78.5	77.0	78.1	83.0
Copper (%)	**87.5**	**87.5**	88.5	85.0	89.5	85.2	-	83.3	84.8	90.6
Production (contained metal)										
Zinc (tonnes)	**77,766**	**18,080**	22,860	18,171	18,655	73,601	24,678	17,328	12,596	18,999
Lead (tonnes)	**22,183**	**5,427**	6,952	5,095	4,709	24,128	6,745	5,571	3,799	8,013
Copper (tonnes)	**2,786**	**817**	850	641	478	3,346	-	1,045	1,765	536
Silver (000 oz)	**2,018**	**483**	658	457	420	2,064	514	499	389	662
Revenue ($000s)	**228,435**	**69,137**	59,765	55,891	43,642	169,433	65,401	46,069	30,185	27,778
Production costs ($000s)	**102,025**	**28,708**	21,885	25,840	25,592	92,640	26,822	26,540	20,159	19,119
Gross profit ($000s)	**85,296**	**29,249**	28,630	20,100	7,317	39,012	24,905	9,665	2,239	2,203
Cash cost ($ per pound)	**0.53**	**0.58**	0.32	0.42	0.76	0.52	0.50	0.55	0.56	0.51
AISC ($ per pound)	**0.86**	**0.94**	0.61	0.76	1.10	0.82	0.78	0.74	1.03	0.79

Gross Profit

Gross profit for the year was $46.3 million higher than the prior year largely because of higher realized metal prices.

Production

Zinc production exceeded annual guidance for 2021 with copper production just under guidance. Compared to the prior year, zinc production was higher due to higher grades. Lead production was lower due to lower head grades and metal recoveries.

Production Costs and Cash Cost

Production costs were $9.4 million higher than the prior year due to higher mine costs and unfavourable foreign exchange.

Zinc cash cost in the current year were in-line with cash cost in 2020 as higher zinc sales volumes were offset by lower lead and copper by-product credits. Cash cost for the year was better than annual guidance.

AISC in 2021 were higher than in 2020 largely as a result of higher sustaining expenditures.

20221006006630

Metal Prices, LME Inventories and Smelter Treatment and Refining Charges

The average metal prices for copper, zinc, gold and nickel were all higher in 2021 compared to 2020. Also, during the last quarter of 2021 the metal prices for copper, zinc, gold and nickel all increased from the prior quarter. The average prices during the fourth quarter for copper, zinc and nickel were 3%, 12%, and 4% higher, respectively, than the average prices of the third quarter of 2021 while the price of gold was essentially unchanged. All metal prices, with the exception of gold, were higher in the current quarter compared to the prior year comparable quarter.

		Three months ended December 31,			Twelve months ended December 31,		
(Average LME Price)		**2021**	2020	Change	**2021**	2020	Change
Copper	US$/pound	**4.40**	3.25	35%	**4.23**	2.80	51%
	US$/tonne	**9,699**	7,166		**9,317**	6,181	
Zinc	US$/pound	**1.53**	1.19	28%	**1.36**	1.03	33%
	US$/tonne	**3,364**	2,628		**3,007**	2,267	
Gold	US$/ounce	**1,795**	1,874	-4%	**1,799**	1,770	2%
Nickel	US$/pound	**8.99**	7.23	24%	**8.39**	6.25	34%
	US$/tonne	**19,821**	15,930		**18,488**	13,789	

The LME inventory for copper, zinc and nickel all decreased during 2021 and ended the year 20% (Cu), 1% (Zn) and 59% (Ni) lower than the closing levels of 2020.

During the first four months of 2021 the treatment charges ("TC") and refining charges ("RC") in the spot market for copper concentrates between miners and commodity traders decreased from an average spot TC during January of $33 per dmt of concentrate and a spot RC of $0.033 per lb of payable copper to a spot TC of $12 per dmt of concentrate and a spot RC of $0.012 per lb of payable copper during April 2021. Starting in May, with slightly increased supply and scheduled smelter maintenance shutdowns, the spot TC's and copper RC's started to increase. During the remainder of the year the spot TC increased from the May level of $20 per dmt of concentrates and a spot RC of $0.02 per lb payable copper, peaking at a spot TC of $56 per dmt of concentrates and a spot RC of $0.056 per lb payable copper in November 2021, before dropping to a spot TC of $49 per dmt of concentrates and a spot RC of $0.049 per lb payable copper in December 2021. Over the April to September time frame, the Chinese smelter buying terms increased from a spot TC of $30 per dmt of concentrates and a spot RC of $0.03 per lb payable copper to a spot TC of $61 per dmt of concentrates and a spot RC of $0.061 per lb payable copper, where terms largely remained through the balance of the year.

The terms for annual contracts for copper concentrates for 2022 were reached in December 2021 at a TC of $65 per dmt with a RC of $0.065 per payable lb of copper. This represents an improvement for the smelters compared to the 2020 annual terms at a TC of $59.50 per dmt of concentrates and a RC of $0.0595 per payable lb of copper.

The spot TC, delivered China, for zinc concentrates remained very flat during the first four months of 2021, marginally ranging between $70 per dmt, flat, at the beginning of the year to $75 per dmt, flat, by the end of the April. After only a slight increase to $80 per dmt, flat in June 2021, the spot TC again remained quite stable, ending the year at $85 per dmt, flat. The TC for annual contracts for 2021 was settled at $159 per dmt of concentrates, flat, and represented an improvement of approximately $141 per dmt concentrates in favour of the mines compared to the prior year. The negotiation of annual terms for 2022 are not expected to be completed until the end of the first quarter of 2022.

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

20221006006631

Liquidity and Capital Resources

As at December 31, 2021, the Company had cash and cash equivalents of $594.1 million. With the on-going COVID-19 pandemic, there is still uncertainty in the marketplace, as well as potential risks to production, supply chain, delivery of concentrates and many other variables. However, the Company continues to expect to be able to fund all its contractual commitments with its operating cash flow, cash on hand and capital resources.

Cash flow from operations was $919.1 million higher than the prior year as higher gross profit before depreciation as well as a higher comparative change in non-cash working capital and long-term inventory partially offset by higher income taxes.

Cash flow used in investing activities increased when compared to the prior year due to higher capital investments in the current year. In 2020, there was a temporary suspension of ZEP, along with the deferral of other projects into 2021. Capital expenditures were lower than guided largely as a result of project schedule changes.

In 2021, the Company used $496.6 million in financing activities to repay debt ($195.8 million), distribute dividends to shareholders ($227.4 million) and to non-controlling interests ($56.0 million). Comparatively, in 2020 the Company repaid a lower amount of debt principal and distributed lower dividends to shareholders and distributions to non-controlling interests.

Capital Resources

As at December 31, 2021, the Company had $31.0 million of debt and lease liabilities outstanding, of which $25.9 million represented lease liabilities.

The Company has a credit facility of $800.0 million, with a $200.0 million accordion option, maturing in August 2023. As at December 31, 2021, no amount has been drawn against the credit facility (2020 - $58.4 million), other than letters of credit totalling $20.4 million. The credit facility bears interest on drawn funds at rates of LIBOR +1.75% to LIBOR +2.75%, depending on the Company's net leverage ratio. The credit facility is subject to customary covenants.

At December 31, 2021, the Company had no outstanding term loans (2020 - $100.0 million).

The Company also has an equipment financing line of credit of $28.3 million (€25.0 million) with an outstanding balance of $5.1 million at December 31, 2021 (2020 - $8.4 million). The Company previously had a commercial paper program of $34.0 million (€30.0 million) which expired in October 2021.

Included in the definitive agreement with Josemaria Resources, the Company has provided a $100 million bridge financing facility with drawdowns based on approved budgets. As of February 17, 2022, $29.8 million had been advanced to Josemaria Resources under the facility.

The Company purchased approximately 4.5 million shares under its Normal Course Issuer Bid ("NCIB") for total consideration of $40.7 million during 2021 (2020 - 2.2 million shares, $11.1 million consideration). All of the common shares purchased have been cancelled. The Company renewed its NCIB which allows the Company to purchase up to 63,762,574 common shares over a twelve month period commencing December 9, 2021. In addition, the Company entered into an automatic share purchase plan with its designated 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.

Exploration, acquisition, development and operation activities require significant investment of resources and capital. The Company allocates such resources and capital to support business objectives, and the availability of required resources and capital is subject to market conditions and the Company's financial position. Similarly, a sudden shift in regulation or investor requirements or expectations could force the Company to assume unanticipated additional costs for equipment and technology – for example, to implement more rapid than anticipated carbon reduction or other environmental measures. This may further expose the Company to liquidity

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risks in meeting its capital expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable.

The Company has limited financial resources and there is no assurance that sufficient additional funding or financing will be available to the Company or its direct and indirect subsidiaries on acceptable terms, or at all, for further exploration or development of its properties or to fulfill its obligations under any applicable agreements. General market conditions, volatile metals and key consumable prices, a claim against the Company, a significant disruption to the Company's business, or other factors may make it difficult to secure the necessary financing. These factors may impact the Company's ability to obtain financing, loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. Furthermore, actions taken by central banks to impact fiscal and monetary policies have increased levels of volatility and market turmoil. As a result of this uncertainty, the Company's growth could be adversely impacted, including through the delay or indefinite postponement of the exploration and development of the Company's properties, and the trading price of its securities could be adversely affected.

The Company may incur substantial debt from time to time to finance working capital, capital expenditures, investments or acquisitions or for other purposes. If the Company does so, the risks related to the Company's indebtedness could intensify, including, among other things: increased difficulty in satisfying existing debt obligations; limitations on the ability to obtain additional financing, or imposed requirements to make non-strategic divestitures; imposed hedging requirements; imposed restrictions on the Company's cash flows, for debt repayment; increased vulnerability to general adverse economic and industry conditions; interest rate risk exposure as borrowings may be at variable rates of interest; decreased flexibility in planning for and reacting to changes in the industry in which it competes; reduced competitiveness as compared to less leveraged competitors; and increased cost of borrowing.

The terms of the Company's credit facility require that it satisfy various affirmative and negative covenants and to meet certain financial ratios and tests. These covenants limit, among other things, the Company's ability to incur further indebtedness if doing so would cause it to fail to meet certain financial covenants, create certain liens on assets or engage in certain types of transactions. The Company can provide no assurances that in the future, it will not be limited in its ability to respond to changes in business or competitive activities or be restricted in its ability to engage in mergers, acquisitions or dispositions of assets.

The Company may issue additional securities to raise funds, to pay for acquisitions or for other reasons. The Company cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of common shares. Sales or issuances of substantial numbers of common shares, or the expectation that such sales could occur, may adversely affect prevailing market prices of the Company's common shares. In connection with any issuance of common shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

The Company is exposed to various counterparty risks including, among others: financial institutions that hold the Company's cash; companies that have payables to the Company, including concentrate customers; the Company's insurance providers; the Company's lenders and other banking counterparties; companies that have received deposits from the Company for the future delivery of equipment; third parties that have agreed to indemnify the Company upon the occurrence of certain events; and joint venture/operations partners.

The Company maintains relationships with various banking partners for its operating activities in the jurisdictions in which the Company operates. The Company's access to funds under its credit facilities or other debt arrangements is dependent on the ability of the financial institutions that are counterparties to the facilities to meet their funding commitments. Default by financial institutions could require the Company to take measures to conserve cash until the markets stabilize or until alternative credit or other funding arrangements for the Company's business needs can be obtained.

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Contractual Obligations, Commitments and Contingencies

The Company has the following contractual obligations and capital commitments as at December 31, 2021:

	Payments due by period[1]			
$ thousands	<1 year	1-5 years	Thereafter	Total
Reclamation and closure provisions	27,501	121,213	476,248	624,963
Long-term debt and lease liabilities	15,645	15,419	2,456	33,520
Capital commitments	98,201	12,959	-	111,160
Defined pension obligations	917	3,576	1,906	6,399
	142,264	153,168	480,611	776,042

1. Reported on an undiscounted basis, before inflation.

From time to time, the Company is involved in legal proceedings that arise in the ordinary course of its business. Additionally, the Company has other commitments and contingencies as discussed in the Company's Consolidated Financial Statements Note 23 "Commitments and Contingencies".

Financial Instruments

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

For a detailed discussion of the Company's financial instruments refer to Note 22 of the Company's Consolidated Financial Statements.

Sensitivities

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

Foreign Currency Denominated Production Costs

For the year ended December 31, 2021, Candelaria production costs are approximately 55% CLP denominated and Chapada production costs are approximately 80% BRL denominated.

Production costs for Eagle, Neves-Corvo and Zinkgruvan are substantially denominated in their functional currencies.

Market and Liquidity Risks and Sensitivities

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

Commodity prices, primarily copper, zinc, gold and nickel are key performance drivers and fluctuations in the prices of these commodities can have a dramatic effect on the results of operations. Prices can fluctuate widely and are affected by numerous factors beyond the Company's control. The prices of metals are influenced by supply and demand, exchange rates, interest rates and interest rate expectations, inflation or deflation and expectations with respect to inflation or deflation, speculative activities, changes in global economies, and geopolitical, social and other factors. The supply of metals consists of a combination of new mine production, recycling and existing stocks held by governments, producers and consumers.

If market prices for metals fall below the Company's full production costs and remain at such levels for any sustained period of time, the Company may experience losses and may decide to discontinue mining operations or development of a project at one or more of its properties. If the prices drop significantly, the economic prospects of the mines and projects in which the Company has an interest could be significantly reduced or

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rendered uneconomic, in which case the Company may need to restate its Mineral Resource and Mineral Reserve estimates. Low metal prices will affect the Company's liquidity, and if they persist for an extended period of time, the Company may have to look for other sources of cash flow to maintain liquidity until metal prices recover. A sustained and material impact on the Company's liquidity may also impact the Company's ability to comply with financial covenants under its credit facilities.

Metal Prices

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

Metal	Payable Metal	Provisional price on December 31, 2021	Change	Effect on Revenue ($millions)
Copper	84,961 t	$4.41/lb	+/- 10%	+/- $82.6
Zinc	21,681 t	$1.62/lb	+/- 10%	+/- $7.7
Gold	39 koz	$1,824/oz	+/- 10%	+/- $7.1
Nickel	1,427 t	$9.47/lb	+/- 10%	+/- $3.0

Related Party Transactions

The Company enters into related party transactions that are in the normal course of business and on an arm's length basis. Related party disclosures can be found in Note 25 of the Company's December 31, 2021 Consolidated Financial Statements.

Changes in Accounting Policies and Critical Accounting Estimates and Judgments

The Company describes its significant accounting policies as well as any changes in accounting policies in Note 2 "Basis of Presentation and Summary of Significant Accounting Policies" of the December 31, 2021 Consolidated Financial Statements.

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Non-GAAP and Other Performance Measures

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

Net Cash (Debt)

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

	As at December 31,		
($thousands)	**2021**	2020	2019
Cash and cash equivalents	**594,069**	141,447	250,563
Current portion of total debt and lease liabilities	**14,617**	116,942	80,782
Debt and lease liabilities	**16,386**	86,106	227,767
	31,003	203,048	308,549
Deferred financing fees (netted in above)	**-**	1,622	2,238
	31,003	204,670	310,787
Net cash (debt)	**563,066**	**(63,223)**	**(60,224)**

Adjusted Operating Cash Flow and Adjusted Operating Cash Flow per Share

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

Adjusted operating cash flow per share can be reconciled to the Company's cash provided by operating activities as follows:

	Year ended December 31,		
($thousands, except share and per share amounts)	**2021**	2020	2019
Cash provided by operating activities	**1,484,954**	565,888	564,559
Changes in non-cash working capital items	**2,136**	78,714	(13,813)
Adjusted operating cash flow	**1,487,090**	644,602	550,746
Basic weighted average number of shares outstanding	**736,789,666**	734,074,514	735,309,697
Adjusted operating cash flow per share	**2.02**	0.88	0.75

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($thousands, except share and per share amounts)	Three months ended December 31, 2021	2020
Cash provided by operating activities	**384,177**	172,665
Changes in non-cash working capital items	**97,326**	3,071
Adjusted operating cash flow	**481,503**	175,736
Basic weighted average number of shares outstanding	**735,233,287**	734,346,812
Adjusted operating cash flow per share	**0.65**	0.24

Free Cash Flow

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

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

($thousands)	Year ended December 31, 2021	2020	2019
Cash provided by operating activities	**1,484,954**	565,888	564,559
Sustaining capital expenditures	**(475,373)**	(366,501)	(503,627)
Free cash flow	**1,009,581**	199,387	60,932

($thousands)	Three months ended December 31, 2021	2020
Cash provided by operating activities	**384,177**	172,665
Sustaining capital expenditures	**(136,560)**	(93,657)
Free cash flow	**247,617**	79,008

Adjusted EBITDA, Adjusted Earnings and Adjusted EPS

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

As a result of a change in accounting policy in 2020, foreign currency translation differences on deferred tax liabilities and assets have been retrospectively restated. This change is described in Note 2 (iv) "Voluntary change in accounting policy" of the December 31, 2020 Consolidated Financial Statements.

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

	Year ended December 31,		
($thousands)	**2021**	2020	2019
Net earnings	**879,301**	189,057	189,177
Add back:			
Depreciation, depletion and amortization	**522,764**	447,474	386,117
Finance income and costs	**41,387**	46,624	38,792
Income taxes	**365,686**	152,421	77,711
	1,809,138	835,576	691,797
Unrealized foreign exchange	**27,648**	(12,582)	(4,153)
Revaluation loss of derivative liability	**3,836**	21,812	21,935
Revaluation of marketable securities	**(7,094)**	707	1,495
Income from investment in associates	**(24,895)**	(3,302)	(6,239)
Ore stockpile inventory write-down	**65,025**	-	-
Business interruption insurance settlement	**(16,000)**	-	-
Project standby and suspension costs	**-**	10,043	-
Labour action costs	**-**	5,133	-
Other	**11,758**	(518)	857
Total adjustments - EBITDA	**60,278**	21,293	13,895
Adjusted EBITDA	**1,869,416**	856,869	705,692

	Three months ended December 31,	
($thousands)	**2021**	2020
Net earnings	**266,070**	120,772
Add back:		
Depreciation, depletion and amortization	**145,367**	85,338
Finance income and costs	**11,070**	8,403
Income taxes	**127,495**	18,393
	550,002	232,906
Unrealized foreign exchange	**24,121**	(280)
Unrealized revaluation loss on derivative liability	**4,581**	(1,405)
Income from investment in associates	**(2,661)**	(322)
Ore stockpile write-down	**65,025**	-
Business interruption insurance settlement	**(16,000)**	-
Project standby and suspension costs	**-**	3,702
Labour action costs	**-**	5,133
Other	**(2,114)**	(4,937)
Total adjustments - EBITDA	**72,952**	1,891
Adjusted EBITDA	**622,954**	234,797

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

	Year ended December 31,		
($thousands, except share and per share amounts)	**2021**	2020	2019
Net earnings attributable to Lundin Mining shareholders	**780,348**	168,798	167,256
Add back:			
Total adjustments - EBITDA	**60,278**	21,293	13,895
Tax effect on adjustments	**(21,817)**	11,886	(2,584)
Deferred tax arising from foreign exchange on non-monetary balances	**6,115**	57,962	(14,300)
Deferred tax arising from foreign exchange translation	**(4,385)**	(18,278)	(2,708)
Tax asset revaluations	**-**	5,675	-
Prior period tax refund and interest	**-**	(19,161)	(2,100)
Other	**64**	(2,934)	-
Total	**40,255**	56,443	(7,797)
Adjusted earnings	**820,603**	225,241	159,459
Basic weighted average number of shares outstanding	**736,789,666**	734,074,514	735,309,697
Net earnings attributable to Lundin Mining shareholders	**1.06**	0.23	0.23
Total adjustments	**0.05**	0.08	(0.01)
Adjusted EPS	**1.11**	0.31	0.22

	Three months ended December 31,	
($thousands, except share and per share amounts)	**2021**	2020
Net earnings attributable to Lundin Mining shareholders	**228,780**	119,199
Add back:		
Total adjustments - EBITDA	**72,952**	1,891
Tax effect on adjustments	**(19,088)**	(33)
Deferred tax arising from foreign exchange on non-monetary balances	**1,171**	(1,653)
Deferred tax arising from foreign exchange translation	**(2,652)**	(10,265)
Other	**368**	(2,419)
Total	**52,751**	(12,479)
Adjusted earnings	**281,531**	106,720
Basic weighted average number of shares outstanding	**735,233,287**	734,346,812
Net earnings attributable to Lundin Mining shareholders	**0.31**	0.16
Total adjustments	**0.07**	(0.01)
Adjusted EPS	**0.38**	0.15

Realized Price per Pound

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

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Capital Expenditures

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

- **Sustaining capital expenditures** – Expenditures which maintain existing operations and sustain production levels.
- **Expansionary capital expenditures** – Expenditures which increase current or future production capacity, cash flow or earnings potential.

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

Cash Cost per Pound

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

- **Cash cost per pound, gross** – Total cash costs directly attributable to mining operations, excluding any allocation of upfront streaming proceeds or capital expenditures for deferred stripping, are divided by the sales volume of the primary metal to arrive at gross cash cost per pound. As this measure is not impacted by fluctuations in sales of by-product metals, it is generally more consistent across periods.
- **Cash cost per pound, net of by-products** – Credits for by-products sales are deducted from total cash costs directly attributable to mining operations. By-product revenue is adjusted for the terms of streaming agreements, but excludes any deferred revenue from the allocation of upfront cash received. The net cash costs are divided by the sales volume of the primary metal to arrive at net cash cost per pound. The inclusion of by-product credits provides a broader economic measurement, incorporating the benefit of other metals extracted in the production of the primary metal.

All-in Sustaining Cost ("AISC") per Pound

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

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

	Twelve months ended December 31, 2021					
Operations ($000s, unless otherwise noted)	**Candelaria (Cu)**	**Chapada (Cu)**	**Eagle (Ni)**	**Neves-Corvo (Cu)**	**Zinkgruvan (Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	148,213	47,123	15,012	36,618	64,056	
Pounds (000s)	326,753	103,888	33,096	80,729	141,219	
Production costs						1,436,278
Less: Royalties and other						(57,887)
Ore stockpile inventory write-down						(65,025)
						1,313,366
Deduct: By-product credits						(646,950)
Add: Treatment and refining charges						122,330
Cash cost	494,213	108,782	(40,883)	152,416	74,218	788,746
Cash cost per pound ($/lb)	**1.51**	**1.05**	**(1.24)**	**1.89**	**0.53**	
Add: Sustaining capital expenditure	312,388	52,275	16,279	52,552	41,325	
Royalties	-	13,858	28,241	9,856	-	
Interest expense	4,818	3,436	708	75	71	
Leases & other	10,487	3,463	9,202	5,408	5,499	
All-in sustaining cost	821,906	181,814	13,547	220,307	121,113	
AISC per pound ($/lb)	**2.52**	**1.75**	**0.41**	**2.73**	**0.86**	

($000s, unless otherwise noted)	2022 Guidance				
Cash cost	570,000	200,000	(10,000)	150,000	100,000
Cash cost per pound($/lb)	1.55	1.60	(0.25)	1.80	0.55

	Twelve months ended December 31, 2020					
Operations ($000s, unless otherwise noted)	**Candelaria (Cu)**	**Chapada (Cu)**	**Eagle (Ni)**	**Neves-Corvo (Cu)**	**Zinkgruvan (Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	123,183	47,119	12,481	30,799	62,150	
Pounds (000s)	271,572	103,879	27,516	67,900	137,017	
Production cost						1,095,911
Less: Royalties and other						(47,906)
Labour action cost						(5,133)
						1,042,872
Deduct: By-product credits						(516,436)
Add: Treatment and refining charges						115,243
Cash cost	394,919	30,399	2,620	141,945	71,796	641,679
Cash cost per pound ($/lb)	**1.45**	**0.29**	**0.10**	**2.09**	**0.52**	
Add: Sustaining capital expenditure	216,018	38,646	11,259	63,360	36,946	
Royalties	-	11,550	18,401	2,146	-	
Interest expense	4,242	4,440	1,250	363	68	
Leases & other	6,945	2,588	8,082	6,818	2,974	
All-in sustaining cost	622,124	87,623	41,612	214,632	111,784	
AISC per pound ($/lb)	**2.29**	**0.84**	**1.51**	**3.16**	**0.82**	

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Three months ended December 31, 2021						
Operations ($000s, unless otherwise noted)	**Candelaria (Cu)**	**Chapada (Cu)**	**Eagle (Ni)**	**Neves-Corvo (Cu)**	**Zinkgruvan (Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	43,417	13,628	3,390	10,668	18,005	
Pounds (000s)	95,718	30,045	7,474	23,519	39,694	
Production costs						440,032
Less: Royalties and other						(15,192)
Ore stockpile inventory write-down						(65,025)
						359,815
Deduct: By-product credits						(180,394)
Add: Treatment and refining charges						35,963
Cash cost	125,630	32,255	(1,623)	36,065	23,057	215,384
Cash cost per pound ($/lb)	**1.31**	**1.07**	**(0.22)**	**1.53**	**0.58**	
Add: Sustaining capital expenditure	85,747	14,419	3,865	19,204	13,013	
Royalties	-	4,061	6,307	4,280	-	
Interest expense	1,271	859	177	18	17	
Leases & other	2,557	980	1,968	1,244	1,251	
All-in sustaining cost	215,205	52,574	10,694	60,811	37,338	
AISC per pound ($/lb)	**2.25**	**1.75**	**1.43**	**2.59**	**0.94**	

Three months ended December 31, 2020						
Operations ($000s, unless otherwise noted)	**Candelaria (Cu)**	**Chapada (Cu)**	**Eagle (Ni)**	**Neves-Corvo (Cu)**	**Zinkgruvan (Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	16,574	10,966	3,714	4,708	22,399	
Pounds (000s)	36,539	24,176	8,188	10,379	49,381	
Production costs						264,829
Less: Royalties and other						(20,691)
Labour action cost						(5,133)
						239,005
Deduct: By-product credits						(143,194)
Add: Treatment and refining charges						25,858
Cash cost	79,329	(4,382)	(7,317)	29,591	24,448	121,669
Cash cost per pound ($/lb)	**2.17**	**(0.18)**	**(0.89)**	**2.85**	**0.50**	
Add: Sustaining capital expenditure	36,289	18,659	2,331	23,612	12,764	
Royalties	-	3,676	5,201	325	-	
Interest expense	1,040	1,113	312	137	21	
Leases & other	1,849	662	2,068	1,855	1,430	
All-in sustaining cost	118,507	19,728	2,595	55,520	38,663	
AISC per pound ($/lb)	**3.24**	**0.82**	**0.32**	**5.35**	**0.78**	

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Managing Risks

Risks and Uncertainties

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

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

Management's Report on Internal Controls

Disclosure controls and procedures ("DCP")

DCP have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operation of DCP. Management has evaluated the effectiveness of the Company's DCP and has concluded that they were effective as at December 31, 2021.

Internal control over financial reporting ("ICFR")

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

Control Framework

Management assesses the effectiveness of the Company's ICFR using the Internal Control – Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Management conducted an evaluation of the effectiveness of ICFR and concluded that it was effective as at December 31, 2021.

Changes in ICFR

There have been no changes in the Company's ICFR during the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Outstanding Share Data

As at February 17, 2022, the Company has 735,839,890 common shares issued and outstanding, and 8,279,889 stock options and 1,841,050 share units outstanding under the Company's incentive plans.

Other Information

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

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Consolidated Financial Statements of

Lundin Mining Corporation

December 31, 2021

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Management's Report

The accompanying consolidated financial statements of Lundin Mining Corporation (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

President and Chief Executive Officer

(Signed) Jinhee Magie

Senior Vice President and Chief Financial Officer

Toronto, Ontario, Canada
February 17, 2022

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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, 2021 and 2020, 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, 2021 and 2020;
- 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
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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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, 2021. 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
Assessment of impairment indicators for the Company's mineral properties, plant and equipment. *Refer to note 2 – Basis of presentation and summary of significant accounting policies and note 6 – Mineral properties, plant and equipment to the consolidated financial statements.* The Company's mineral properties, plant and equipment carrying value was $5,051 million as at December 31, 2021, contained in various cash generating units (CGUs). Management assesses whether there is an indication that an asset or group of assets within a CGU may be impaired at the end of each reporting period. Management applies significant judgment in assessing whether indicators of impairment exist for a CGU which would necessitate impairment testing. Internal and external factors considered by management include commodity prices, foreign exchange rates, capital and production cost forecasts, reserve and resource quantities and discount rates. When impairment indicators exist, management estimates the recoverable amount of the CGU and compares it against the CGU's carrying amount. As at December 31, 2021, management has concluded that there are no impairment indicators on the Company's mineral properties, plant and equipment.	Our approach to addressing the matter included the following procedures, among others: • Understood management's process over their assessment of impairment indicators. • Evaluated management's significant judgments relating to the existence of indicators of impairment as at December 31, 2021. This included comparing commodity prices, foreign exchange rates and discount rates with external market and industry data, and assessing that capital and production cost forecasts are supported by current and past performance of the CGUs and whether these assumptions aligned with evidence obtained in other areas of the audit, as applicable. • Evaluated management's analysis of whether there was a significant reduction in the reserve and resource quantities by considering the most recent reserve and resource estimates prepared by management's experts. 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.

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Key audit matter	How our audit addressed the key audit matter
Management's estimates of the reserve and resource quantities are prepared by or under the supervision of and verified by Qualified Persons as defined in National Instrument 43-101 (management's experts). We considered this a key audit matter due to the magnitude of mineral properties, plant and equipment and the subjectivity in applying procedures to evaluate audit evidence relating to the significant judgments made by management in their assessment of indicators of impairment.	
Annual goodwill impairment. *Refer to note 2 – Basis of presentation and summary of significant accounting policies and note 8 – Goodwill to the consolidated financial statements.* The total net carrying amount of goodwill as at December 31, 2021 amounted to $243 million, primarily allocated between Neves-Corvo and Chapada CGUs. 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. 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 other assets of that CGU.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amounts of the Neves-Corvo and Chapada CGUs, which included the following: – Tested the appropriateness of the fair value less cost of disposal method and discounted cash flow projection models used by management. – 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.

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Key audit matter	How our audit addressed the key audit matter
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 include forecasted commodity prices, foreign exchange rates, capital and production cost forecasts, reserve and resource quantities and discount rates. Another component of the recoverable amounts is the fair value estimates for reserve and resource quantities not captured in the cash flow projection models, which are valued using third party market information. Management's estimates of the reserve and resource quantities are prepared by or under the supervision of and verified by Qualified Persons as defined in National Instrument 43-101 (management's experts). We considered this a key audit matter due to subjectivity and complexity in applying audit procedures to test key assumptions used by management in determining the recoverable amounts of the CGUs using discounted cash flow projection models and the key assumption in the fair value estimates for reserve and resource quantities not captured in the cash flow projection models. Professionals with specialized skill and knowledge in the field of valuations assisted us in performing our procedures.	– For the reserve and resource quantities, tested that these were consistent with the most recent reserve and resource estimates prepared by management's experts. 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. – Professionals with specialized skill and knowledge in the field of valuations assisted in assessing the reasonability of the discount rates used. – For the component of the recoverable amounts relating to the fair value estimates for reserve and resource quantities not captured in the cash flow projection models, tested how management developed the estimate through the assistance of professionals with specialized skill and knowledge in the field of valuation to assess the reasonability of the third party market information used and the amount of the reserve and resource quantities included in the fair value estimate.

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.

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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.

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- 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.

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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 17, 2022

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LUNDIN MINING CORPORATION

CONSOLIDATED BALANCE SHEETS
(in thousands of US dollars)

	As at December 31, 2021	As at December 31, 2020
ASSETS		
Cash and cash equivalents (Note 3)	$ 594,069	$ 141,447
Trade and other receivables (Note 4)	602,674	360,557
Income taxes receivable	85,642	61,416
Inventories (Note 5)	227,383	254,044
Other current assets	16,817	20,462
Total current assets	1,526,585	837,926
Restricted funds	54,753	56,611
Long-term inventory (Note 5)	719,599	692,362
Other non-current assets	14,933	9,699
Mineral properties, plant and equipment (Note 6)	5,050,899	5,125,611
Investment in associate (Note 7)	15,083	22,342
Deferred tax assets (Note 21)	12,050	62,743
Goodwill (Note 8)	243,005	251,183
	6,110,322	6,220,551
Total assets	$ 7,636,907	$ 7,058,477
LIABILITIES		
Trade and other payables (Note 9)	$ 438,602	$ 317,029
Income taxes payable	226,293	69,738
Current portion of debt and lease liabilities (Note 10)	14,617	116,942
Current portion of deferred revenue (Note 11)	76,202	80,832
Current portion of reclamation and other closure provisions (Note 12)	31,829	2,844
Total current liabilities	787,543	587,385
Debt and lease liabilities (Note 10)	16,386	86,106
Deferred revenue (Note 11)	617,265	658,734
Reclamation and other closure provisions (Note 12)	414,226	441,401
Other long-term liabilities	61,688	76,000
Provision for pension obligations	8,149	11,219
Deferred tax liabilities (Note 21)	738,917	701,103
	1,856,631	1,974,563
Total liabilities	2,644,174	2,561,948
SHAREHOLDERS' EQUITY		
Share capital (Note 13)	4,199,756	4,201,277
Contributed surplus	58,166	52,098
Accumulated other comprehensive loss	(249,929)	(177,215)
Retained earnings (deficit)	437,160	(98,231)
Equity attributable to Lundin Mining Corporation shareholders	4,445,153	3,977,929
Non-controlling interests	547,580	518,600
Total shareholders' equity	4,992,733	4,496,529
Total liabilities and shareholders' equity	$ 7,636,907	$ 7,058,477

Commitments and contingencies (Note 23)

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

APPROVED BY THE BOARD OF DIRECTORS

(Signed) Lukas H. Lundin - **Director** (Signed) Dale C. Peniuk - **Director**

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LUNDIN MINING CORPORATION

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended December 31, 2021 and 2020

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

	2021	2020
Revenue (Note 15)	$ 3,328,765	$ 2,041,506
Cost of goods sold		
Production costs (Note 16)	(1,436,278)	(1,095,911)
Depreciation, depletion and amortization	(522,764)	(447,474)
Gross profit	1,369,723	498,121
General and administrative expenses	(52,196)	(44,171)
General exploration and business development (Note 18)	(44,938)	(44,212)
Finance income (Note 19)	3,112	6,491
Finance costs (Note 19)	(44,499)	(53,115)
Income from equity investment in associate (Note 7)	24,895	3,302
Other expense (Note 20)	(11,110)	(24,938)
Earnings before income taxes	1,244,987	341,478
Current tax expense (Note 21)	(273,638)	(52,944)
Deferred tax expense (Note 21)	(92,048)	(99,477)
Net earnings	$ 879,301	$ 189,057
Net earnings attributable to:		
Lundin Mining Corporation shareholders	$ 780,348	$ 168,798
Non-controlling interests	98,953	20,259
Net earnings	$ 879,301	$ 189,057
Basic and diluted earnings per share attributable to Lundin Mining Corporation shareholders:	$ 1.06	$ 0.23
Weighted average number of shares outstanding (Note 13(d))		
Basic	736,789,666	734,074,514
Diluted	739,300,413	735,322,739

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

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LUNDIN MINING CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2021 and 2020
(in thousands of US dollars)

		2021		2020
Net earnings	$	**879,301**	$	189,057
Other comprehensive (loss) income, net of taxes				
Item that will not be reclassified to net earnings:				
Remeasurements for post-employment benefit plans		**5,053**		138
Item that may be reclassified subsequently to net earnings:				
Effects of foreign exchange		**(92,945)**		107,296
Item that was reclassified to net earnings:				
Cumulative translation adjustment (Note 20)		**16,205**		-
Other comprehensive (loss) income		**(71,687)**		107,434
Total comprehensive income	$	**807,614**	$	296,491
Comprehensive income attributable to:				
Lundin Mining Corporation shareholders	$	**707,634**	$	276,232
Non-controlling interests		**99,980**		20,259
Total comprehensive income	$	**807,614**	$	296,491

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, 2021 and 2020
(in thousands of US dollars, except for shares)

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings (deficit)	Non-controlling interests	Total
Balance, December 31, 2020	736,039,350	$ 4,201,277	$ 52,098	$ (177,215)	$ (98,231)	$ 518,600	$ 4,496,529
Distributions declared (Note 14)	-	-	-	-	-	(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 (Note 13(e))	-	-	-	-	(229,816)	-	(229,816)
Share purchase (Note 13(f))	(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**
Balance, December 31, 2019	734,233,642	$ 4,184,667	$ 51,339	$ (284,649)	$ (178,298)	$ 524,341	$ 4,297,400
Distributions declared	-	-	-	-	-	(26,000)	(26,000)
Exercise of share-based awards	4,018,308	26,254	(8,846)	-	-	-	17,408
Share-based compensation	-	-	9,605	-	-	-	9,605
Dividends declared	-	-	-	-	(87,282)	-	(87,282)
Share purchase	(2,212,600)	(9,644)	-	-	(1,449)	-	(11,093)
Net earnings	-	-	-	-	168,798	20,259	189,057
Other comprehensive income	-	-	-	107,434	-	-	107,434
Total comprehensive income	-	-	-	107,434	168,798	20,259	296,491
Balance, December 31, 2020	736,039,350	$ 4,201,277	$ 52,098	$ (177,215)	$ (98,231)	$ 518,600	$ 4,496,529

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

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LUNDIN MINING CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020
(in thousands of US dollars)

Cash provided by (used in)	**2021**	2020
Operating activities		
Net earnings	**$ 879,301**	$ 189,057
Items not involving cash and other adjustments		
Depreciation, depletion and amortization	**522,764**	447,474
Share-based compensation	**14,841**	9,605
Foreign exchange loss (gain)	**27,648**	(12,582)
Finance costs, net (Note 19)	**41,387**	46,624
Recognition of deferred revenue	**(83,327)**	(65,104)
Deferred tax expense	**92,048**	99,477
Earnings from equity investment in associate (Note 7)	**(24,895)**	(3,302)
Revaluation of derivative liability (Note 20)	**3,836**	21,812
Ore stockpile inventory write-down (Note 5)	**65,025**	-
Loss on disposal of assets (Note 20)	**6,634**	882
Other	**21,781**	8,087
Reclamation payments (Note 12)	**(9,175)**	(2,582)
Other payments	**(2,191)**	(8,611)
Changes in long-term inventory	**(68,587)**	(86,235)
Changes in non-cash working capital items (Note 28)	**(2,136)**	(78,714)
	1,484,954	565,888
Investing activities		
Investment in mineral properties, plant and equipment	**(532,097)**	(431,235)
Contingent consideration received	**-**	25,714
Payment of Chapada derivative liability (Note 9)	**(25,000)**	(25,000)
Interest received	**562**	5,980
Distributions from associate, net (Note 7)	**32,154**	9,917
Other	**4,368**	(6,355)
	(520,013)	(420,979)
Financing activities		
Interest paid	**(7,299)**	(11,313)
Principal payments of lease liabilities	**(17,875)**	(15,186)
Principal repayments of debt (Note 10)	**(195,813)**	(489,293)
Proceeds from debt (Note 10)	**33,171**	386,551
Dividends paid to shareholders	**(227,392)**	(88,002)
Share purchase (Note 13)	**(40,710)**	(11,093)
Proceeds from common shares issued	**15,275**	17,408
Distributions paid to non-controlling interests	**(56,000)**	(26,000)
	(496,643)	(236,928)
Effect of foreign exchange on cash balances	**(15,676)**	(17,097)
Increase (decrease) in cash and cash equivalents during the year	**452,622**	(109,116)
Cash and cash equivalents, beginning of year	**141,447**	250,563
Cash and cash equivalents, end of year	**$ 594,069**	$ 141,447

Supplemental cash flow information (Note 28)

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

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1. NATURE OF OPERATIONS

Lundin Mining Corporation is a diversified Canadian base metals mining company primarily producing copper, zinc, gold and nickel. The Company owns 80% of the Candelaria and Ojos del Salado mining complex ("Candelaria") located in Chile. The Company's wholly-owned operating assets include the Chapada mine located in Brazil, the Eagle mine located in the United States of America ("USA"), the Neves-Corvo mine located in Portugal, and the Zinkgruvan mine located in Sweden. On December 20, 2021, the Company announced that it had entered into a definitive agreement to acquire Josemaria Resources Inc. (Note 29).

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$ is to Canadian dollars, SEK is to Swedish krona, € refers to the Euro, CLP refers to the Chilean peso and BRL refers to the Brazilian real.

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

These consolidated financial statements were approved by the Board of Directors of the Company for issue on February 17, 2022.

(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.

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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.

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(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 direct 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 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 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.

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iv. Development costs incurred on an area of interest once management has determined that, based on a feasibility study, a property is capable of economical commercial production as a result of having established a Proven and Probable Mineral Reserve are capitalized. Development costs are directly attributable to the construction of a mine. 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 are capitalized to the 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) 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.

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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.

(j) 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.

(k) 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.

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(l) 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.

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.

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.

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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.

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.

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.

(m) 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.

(n) 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.

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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.

(o) 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. 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.

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(p) 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.

(q) 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.

(r) 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.

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(s) 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.

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 and derivative assets 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. Cash flows from the Company's derivative liability incorporate metal prices and volatility. Financial liabilities at FVTPL are initially recognized at fair value with changes to fair values 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 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.

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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.

(iii) New standards and interpretations adopted

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

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

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

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

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

(iv) New standards and interpretations not yet adopted

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 is currently evaluating the impact of these amendments on its consolidated financial statements.

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(v) Critical accounting estimates 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. These estimates 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.

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

Areas where critical accounting estimates 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.

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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.

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.

For CGUs that have recorded goodwill, the estimated recoverable amount of the unit is compared to its carrying value at least once each year, or when circumstances indicate that the value may have become impaired.

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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.

(vi) Critical accounting judgments in applying the entity's accounting policies

Management exercises judgment in applying the Company's accounting policies. These judgments are based on management's best estimates. Areas where critical accounting judgments have the most significant effect on the consolidated financial statements include:

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.

As at December 31; 2021, management did not identify any impairment indicators on the Company's mineral properties, plant and equipment.

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.

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3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	December 31, 2021	December 31, 2020
Cash	$ 533,560	$ 127,033
Short-term deposits	60,509	14,414
	$ 594,069	$ 141,447

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	December 31, 2021	December 31, 2020
Trade receivables	$ 507,697	$ 271,113
Value added tax	37,136	38,631
Prepaid expenses	25,972	25,860
Other receivables	31,869	24,953
	$ 602,674	$ 360,557

Included in other receivables is 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 (Note 20).

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 26.

The fair value of trade and other receivables is disclosed in Note 22.

The carrying amounts of trade and other receivables are mainly denominated as follows: $528.0 million, CLP 24.0 billion, €21.6 million, C$4.1 million, SEK 37.7 million and BRL 79.2 million as at December 31, 2021 (2020 - $272.7 million, CLP 32.8 billion, €16.4 million, C$2.0 million, SEK 36.3 million and BRL 57.2 million).

5. INVENTORIES

Inventories are comprised of the following:

	December 31, 2021	December 31, 2020
Ore stockpiles	$ 28,307	$ 66,312
Concentrate stockpiles	56,526	60,758
Materials and supplies	142,550	126,974
	$ 227,383	$ 254,044

Long-term inventory is comprised of ore stockpiles. As at December 31, 2021, the Company had $422.3 million (2020 - $401.3 million) and $297.3 million (2020 - $291.1 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 $68.1 million (December 31, 2020 - nil). The write-down was included in production costs ($65.0 million) (Note 16) and depreciation, depletion and amortization ($3.1 million).

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6. MINERAL PROPERTIES, PLANT AND EQUIPMENT

Mineral properties, plant and equipment comprise the following:

Cost	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2019	$ 4,647,606	$ 2,981,865	$ 427,637	$ 8,057,108
Additions	188,076	40,090	232,009	460,175
Disposals and transfers	50,587	186,139	(267,197)	(30,471)
Effects of foreign exchange	173,524	72,280	29,248	275,052
As at December 31, 2020	5,059,793	3,280,374	421,697	8,761,864
Additions	266,275	48,564	278,676	593,515
Disposals and transfers	115,230	193,130	(330,489)	(22,129)
Effects of foreign exchange	(155,524)	(66,219)	(27,292)	(249,035)
As at December 31, 2021	**$ 5,285,774**	**$ 3,455,849**	**$ 342,592**	**$ 9,084,215**

Accumulated depreciation, depletion and amortization	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2019	$ 1,955,156	$ 1,036,396	$ -	$ 2,991,552
Depreciation	319,783	204,345	-	524,128
Disposals and transfers	-	(24,369)	-	(24,369)
Effects of foreign exchange	107,426	37,516	-	144,942
As at December 31, 2020	2,382,365	1,253,888	-	3,636,253
Depreciation	314,573	225,829	-	540,402
Disposals and transfers	19,031	(31,886)	-	(12,855)
Effects of foreign exchange	(95,773)	(34,711)	-	(130,484)
As at December 31, 2021	**$ 2,620,196**	**$ 1,413,120**	**$ -**	**$ 4,033,316**

Net book value	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2020	$ 2,677,428	$ 2,026,486	$ 421,697	$ 5,125,611
As at December 31, 2021	**$ 2,665,578**	**$ 2,042,729**	**$ 342,592**	**$ 5,050,899**

During 2021, the Company capitalized $15.1 million (2020 - $10.9 million) of finance costs to assets under construction, at a weighted average interest rate of 4.5% (2020 - 4.4%).

During 2021, the Company capitalized $179.6 million (2020 - $99.1 million) of deferred stripping costs to mineral properties. The depreciation expense related to deferred stripping for the year was $131.2 million (2020 - $150.3 million). Included in the mineral properties balance at December 31, 2021 is $464.6 million (2020 - $292.7 million) related to deferred stripping at Candelaria and nil (2020 - $88.0 million) for the underground development of the Zinc Expansion Project at the Neves-Corvo mine, which are currently non-depreciable.

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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, 2019	$ 44,364
Additions	10,010
Depreciation	(15,604)
Disposals	(1,052)
Effects of foreign exchange	1,152
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**

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

7. INVESTMENT IN ASSOCIATE

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

As at December 31, 2019	$ 28,957
Distributions	(9,917)
Share of equity income	3,302
As at December 31, 2020	22,342
Distributions, net	(32,154)
Share of equity income	24,895
As at December 31, 2021	**$ 15,083**

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

On September 1, 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 the year.

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8. 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, 2019	$ 134,284	$ 97,211	$ 10,713	$ 242,208
Effects of foreign exchange	-	8,975	-	8,975
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**

[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 2021 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 2021. 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 22), which were not based on observable market data. The R&R were based on the Company's last published estimate dated June 30, 2021. 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, 2021 and 2020, 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.

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Key assumptions for Chapada

	2021	2020
Copper price $/lb	3.40 - 4.10	3.25 - 3.50
Gold price $/oz	1,550 - 1,800	1,600 - 1,900
After-tax discount rate	7.3%	6.5%
BRL/$ exchange rate	5.20 - 5.70	4.50 - 5.10
Life of mine	32 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, 2021 and 2020, 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

	2021	2020
Copper price $/lb	3.40 - 4.10	3.25 - 3.50
Zinc price $/lb	1.10 - 1.30	1.10 - 1.15
After-tax discount rate	9.0%	9.0%
$/€ exchange rate	1.15 - 1.20	1.20 - 1.25
Life of mine	11 years	13 years

Ojos

For the Ojos CGU impairment review, the Company used a FVLCD model (level 3 measurement). For the years ended December 31, 2021 and 2020, 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

	2021	2020
Copper price $/lb	3.40 - 4.10	3.25 - 3.50
After-tax discount rate	8.5%	8.5%
CLP/$ exchange rate	800 - 820	700 - 750
Life of mine	9 years	9 years

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9. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	December 31, 2021	December 31, 2020
Trade payables	$ 199,545	$ 126,044
Unbilled goods and services	80,067	66,411
Employee benefits payable	71,078	71,943
Chapada derivative liability - current portion	24,973	24,958
Royalties payable	16,876	8,630
Distributions payable to non-controlling interests (Note 14)	15,000	-
Prepayment from customers	9,165	2,543
Other	21,898	16,500
	$ 438,602	$ 317,029

During 2021, the Company paid the second $25.0 million tranche of the derivative liability related to the Chapada acquisition (Note 23). The third tranche has been reclassified from other long-term liabilities to trade and other payables. The long-term portion of the derivative liability of $42.5 million (December 31, 2020 - $63.7 million) is included in other long-term liabilities.

10. DEBT AND LEASE LIABILITIES

Debt and lease liabilities are comprised of the following:

	December 31, 2021	December 31, 2020
Revolving credit facility (a)	$ -	$ 58,378
Term loans (b)	-	100,000
Lease liabilities (c)	25,878	36,312
Line of credit (d)	5,125	8,358
Debt and lease liabilities	31,003	203,048
Less: current portion	14,617	116,942
Long-term portion	$ 16,386	$ 86,106

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

	Leases	Debt	Total
As at December 31, 2019	$ 42,616	$ 265,933	$ 308,549
Additions	9,641	386,551	396,192
Payments	(16,665)	(489,293)	(505,958)
Disposals	(1,091)	-	(1,091)
Interest	1,479	-	1,479
Financing fee amortization	-	616	616
Effects of foreign exchange	332	2,929	3,261
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
Less: current portion	12,005	2,612	14,617
Long-term portion	**$ 13,873**	**$ 2,513**	**$ 16,386**

a) The Company has a secured revolving credit facility of $800.0 million with a $200.0 million accordion option, maturing August 2023. The credit facility bears interest on drawn funds at rates of LIBOR +1.75% to LIBOR +2.75% (or an alternative benchmark rate as selected by the administrative agent), depending on the Company's net leverage ratio. The revolving credit facility is subject to customary covenants. During the first half of the year, the Company repaid the outstanding amount of $60.0 million. As at December 31, 2021, there was no balance outstanding (December 31, 2020 - $60.0 million), other than letters of credit totalling $20.4 million (SEK 162.0 million and €2.2 million) (December 31, 2020 - $22.5 million). Deferred financing fees of $1.3 million were reclassified to other assets during the second quarter of 2021. As at December 31, 2020, deferred financing fees of $1.6 million were netted against long-term debt.

b) At December 31, 2020, Candelaria had two outstanding unsecured fixed term loans in the amounts of $80.0 million and $20.0 million. These loans matured on July 27, 2021 and August 12, 2021, respectively, and accrued interest at a rate of 1.1% per annum, with interest payable upon maturity. Both loans were repaid prior to their maturity dates on July 19, 2021 and July 30, 2021, respectively.

During the first quarter of 2021, Mineração Maracá Indústria e Comércio S/A ("Chapada"), a subsidiary of the Company which owns the Chapada mine, obtained two unsecured fixed term loans, each in the amount of $2.5 million. The term loans accrued interest at a rate of 1.0% and 1.1% per annum with interest payable upon maturity. Both loans were repaid on their respective maturity dates of May 10, 2021 and June 9, 2021. During the second quarter of 2021, Chapada obtained an additional unsecured fixed term loan in the amount of $2.5 million with interest accruing at a rate of 1.0% per annum, payable upon maturity on July 9, 2021. The loan was repaid before the maturity date on June 25, 2021.

During the third quarter of 2021, Chapada obtained three additional unsecured fixed term loans, each in the amount of $4.5 million and maturing on October 8, 2021. The term loans accrued interest at rates of 0.5% to 1.0% per annum with interest payable upon maturity. The three loans were repaid during the third quarter, prior to their maturity date.

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

d) Sociedade Mineira de Neves-Corvo, S.A. ("Somincor"), a subsidiary of the Company which owns the Neves-Corvo mine, has a $28.3 million (€25.0 million) line of credit for equipment financing. As at December 31, 2021, the balance outstanding was $5.1 million (€4.5 million) (December 31, 2020 - $8.4 million). Interest rates vary from a fixed rate of 0.88% to EURIBOR +0.84%, dependent on the piece of equipment, with the debt maturing throughout 2023 and 2024.

e) Somincor had a commercial paper program which matured in October 2021. The $34.0 million (€30.0 million) program incurred interest at EURIBOR +0.84%. During the first quarter of 2021, Somincor drew down $12.2 million (€10.0 million) under this program and repaid the amount in full on February 26, 2021.

f) 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, 2021 was $153.1 million (2020 - $134.4 million). The Company has short-term leases related to mining equipment and office space. Short-term lease expense for the period ended December 31, 2021 was $7.1 million (2020 - $5.0 million).

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

	Leases	Debt	Total
Less than one year	$ 13,033	$ 2,612	$ 15,645
One to five years	12,906	2,513	15,419
More than five years	2,456	-	2,456
Total undiscounted obligations as at December 31, 2021	**$ 28,395**	**$ 5,125**	**$ 33,520**

11. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

As at December 31, 2019	$ 758,146
Recognition of revenue	(63,068)
Variable consideration adjustment	(3,354)
Finance costs	41,404
Effects of foreign exchange	6,438
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
Less: current portion	76,202
Long-term portion	**$ 617,265**

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 2020 and 2021 which were recognized through revenue and finance costs.

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For the year ended December 31, 2021, the Company recognized finance costs at a weighted average rate of 5.5% (2020 - 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 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 $416/oz of gold and $4.16/oz of silver (2020 - $412/oz of gold and $4.12/oz of silver), subject to a 1% annual inflationary adjustment. In 2021, approximately 59,000 oz of gold and 874,000 oz of silver (2020 - approximately 48,000 oz of gold and 658,000 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 2021, approximately 3.7 Mlbs (2020 – 3.6 Mlbs) were delivered under this agreement. The deferred revenue is being recognized as copper is delivered to Sandstorm under the contract.

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 2021, approximately 3.6 Mlbs (2020 – 4.0 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 sales 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 2021, the Company received approximately $4.38 per ounce of silver (2020 - $4.34). The agreement extends to the earlier of September 2057 and the end of mine life.

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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 sales 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 2021, the Company received approximately $4.46/oz of silver (2020 - $4.43/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 29.3 million oz has been delivered since the inception of the contract in 2004.

12. RECLAMATION AND OTHER CLOSURE PROVISIONS

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

	Reclamation provisions	Other closure provisions	Total
Balance, December 31, 2019	$ 343,112	$ 40,672	$ 383,784
Accretion	10,363	-	10,363
Changes in estimate	18,785	2,117	20,902
Changes in discount rate	17,933	-	17,933
Payments	(2,582)	-	(2,582)
Effects of foreign exchange	12,227	1,618	13,845
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
Less: current portion	27,501	4,328	31,829
Long-term portion	**$ 379,465**	**$ 34,761**	**$ 414,226**

The Company expects these liabilities to be settled between 2022 and 2065. The provisions are discounted using current market pre-tax discount rates which range from 0.2% to 10.6% (December 31, 2020 - 0.1% to 7.2%).

13. 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, 2021, there were 734,987,154 fully paid voting common shares issued (2020 - 736,039,350 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.

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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 2021, the Company granted 413,500 time-vesting SUs to employees and officers that expire in 2024. The time-vesting 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% (2020 - 11%). The weighted average fair value per time-vesting SU granted during 2021 was C$14.92 (2020 - C$7.07). The Company recorded share-based compensation expense of $5.9 million for 2021 (2020 - $4.2 million) with a corresponding credit to contributed surplus related to time-vesting SUs. As at December 31, 2021, there was $3.8 million (2020 - $5.3 million) of unamortized stock-based compensation expense related to time-vesting SUs.

ii) *Performance-vesting SUs*

During 2021, the Company granted 155,750 performance-vesting SUs to officers that expire in 2024. The performance-vesting SUs vest three years from the grant date with the number of SUs being variable, which can range from zero to 311,500 contingent upon achieving applicable performance vesting conditions. The fair value of the performance-vesting SUs are based on the Monte Carlo model and an estimated forfeiture rate of approximately 11%. The weighted average fair value per performance-vesting SU granted during 2021 was C$18.83. The Company recorded share-based compensation expense of $1.3 million for 2021 with a corresponding credit to contributed surplus related to performance-vesting SUs. As at December 31, 2021, there was $0.9 million of unamortized stock-based compensation expense related to performance-vesting SUs.

During 2021, 686,416 common shares (2020 - 529,328) 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.

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 $7.6 million for 2021 (2020 - $5.4 million) with a corresponding credit to contributed surplus.

During 2021, the Company granted 1,985,500 stock options to employees and officers that expire in 2028. 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 0.33% to 0.74% (2020 - 0.33% to 1.38%), expected life of 4.4 years (2020 - 3.2 years) and expected price volatility of 46% to 47% (2020 - 42% to 49%). Volatility is determined using the historical daily volatility over the expected life of the options. A forfeiture rate of approximately 11% was applied (2020 - 11%). The weighted average fair value per stock option granted during 2021 was C$5.30 (2020 - C$1.94). As at December 31, 2021, there was $3.1 million of unamortized stock-based compensation expense (2020 - $3.1 million) related to stock options.

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During 2021, 2,724,988 common shares (2020 - 3,488,980) were issued as a result of stock options being exercised.

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

	Number of SUs	Number of options	Weighted average exercise price (C$)
Outstanding, December 31, 2019	2,122,410	11,008,365	7.07
Granted	1,033,500	4,004,000	7.08
Forfeited	(92,482)	(1,847,140)	7.98
Exercised	(529,328)	(3,488,980)	6.46
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**

The following table summarizes options outstanding as at December 31, 2021:

	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	2,265,966	2.2	6.61	1,328,964	2.2	6.60
7 to 9.99	4,535,959	2.4	7.43	2,593,966	1.8	7.69
10 to 12.99	-	-	-	-	-	-
13 to 15.99	1,851,000	6.2	14.91	298,800	6.1	14.90
	8,652,925	**3.1**	**8.82**	**4,221,730**	**2.2**	**7.86**

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

	December 31, 2021	December 31, 2020
Basic weighted average number of shares outstanding	**736,789,666**	734,074,514
Effect of dilutive securities	**2,510,747**	1,248,225
Diluted weighted average number of shares outstanding	**739,300,413**	735,322,739
Antidilutive securities	**416,050**	31,000

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

(e) Dividends

The Company declared dividends in the amount of $229.8 million (2020 - $87.3 million), or C$0.39 per share, for the year ended December 31, 2021 (2020 - C$0.16 per share).

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(f) Normal course issuer bid

In 2020, the Company obtained approval from the TSX for the renewal of its normal course issuer bid ("NCIB") to purchase up to 63,682,170 common shares between December 9, 2020 and December 8, 2021. Daily purchases (other than pursuant to a block purchase exemption) on the TSX under the NCIB were limited to a maximum of 524,753 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.

In December 2021, the Company obtained approval from the TSX for the renewal of its 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 are limited to a maximum of 565,398 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 2020.

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.

For the year ended December 31, 2020, 2,212,600 shares were purchased under the NCIB at an average price of C$6.69 per share for total consideration of $11.1 million. All of the common shares purchased were cancelled.

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14. 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	**2021**	2020	**2021**	2020
Total current assets	**$ 505,300**	$ 349,549	**$ 103,683**	$ 194,962
Total non-current assets	**$ 2,705,657**	$ 2,692,701	**$ 170,865**	$ 176,812
Total current liabilities	**$ 306,339**	$ 386,416	**$ 48,370**	$ 34,291
Total non-current liabilities	**$ 522,387**	$ 503,438	**$ 43,976**	$ 48,652

Summarized Statements of Earnings and Comprehensive Income

	Candelaria mine		Ojos mine	
For the years ended December 31	**2021**	2020	**2021**	2020
Total sales	**$ 1,618,214**	$ 885,344	**$ 293,916**	$ 214,654
Net earnings	**$ 391,506**	$ 44,541	**$ 103,371**	$ 55,368
Net comprehensive income	**$ 392,533**	$ 44,541	**$ 103,371**	$ 55,368
Distributions declared to non-controlling interests	**$ 29,000**	$ 20,000	**$ 42,000**	$ 6,000

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.

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15. REVENUE

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

		2021		2020
Revenue from contracts with customers:				
Copper	$	**2,257,571**	$	1,255,922
Zinc		**294,612**		199,034
Nickel		**273,532**		176,498
Gold		**249,845**		246,581
Lead		**44,560**		39,562
Silver		**38,963**		34,415
Other		**65,605**		24,578
		3,224,688		1,976,590
Provisional pricing adjustments on concentrate sales		**104,077**		64,916
Revenue	$	**3,328,765**	$	2,041,506

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

		2021		2020
Revenue from contracts with customers:				
Japan	$	**667,478**	$	403,682
Spain		**607,005**		384,761
Canada		**449,370**		303,801
Chile		**400,854**		118,839
Germany		**300,157**		168,843
Finland		**290,774**		219,954
China		**119,611**		189,271
Other		**389,439**		187,439
		3,224,688		1,976,590
Provisional pricing adjustments on concentrate sales		**104,077**		64,916
Revenue	$	**3,328,765**	$	2,041,506

Revenue from contracts with customers for the year ended December 31, 2021 includes an increase of $9.3 million (2020 - increase of $2.0 million) due to variable consideration adjustments.

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16. PRODUCTION COSTS

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

		2021		2020
Direct mine and mill costs	$	**1,282,164**	$	980,381
Transportation		**102,159**		83,433
Royalties		**51,955**		32,097
Total production costs	$	**1,436,278**	$	1,095,911

For the year ended December 31, 2021, direct mine and mill costs include a long-term ore stockpile write-down to net realizable value at Chapada of $65.0 million (Note 5) (2020 - nil).

During the year ended December 31, 2021, the Company incurred $7.1 million (2020 - $12.8 million) related to union negotiation settlements at the Company's Candelaria operations in Chile. In addition, incremental production costs of $5.1 million were incurred at Candelaria in 2020 while its operations were temporarily suspended.

17. EMPLOYEE BENEFITS

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

		2021		2020
Production costs				
Wages and benefits	$	**287,816**	$	261,070
Retirement benefits		**1,656**		1,339
Share-based compensation		**2,310**		2,007
		291,782		264,416
General and administrative expenses				
Wages and benefits		**22,756**		20,164
Retirement benefits		**804**		854
Share-based compensation		**12,351**		7,470
Departure benefit (Note 25)		**3,879**		-
		39,790		28,488
General exploration and business development				
Wages and benefits		**3,976**		4,108
Retirement benefits		**34**		41
Share-based compensation		**180**		128
		4,190		4,277
Total employee benefits	$	**335,762**	$	297,181

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18. GENERAL EXPLORATION AND BUSINESS DEVELOPMENT

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

		2021		2020
General exploration	$	**36,736**	$	26,187
Project development		**7,431**		16,097
Corporate development		**771**		1,928
Total general exploration and business development	$	**44,938**	$	44,212

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

19. FINANCE INCOME AND COSTS

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

		2021		2020
Interest income	$	**613**	$	5,985
Deferred revenue finance costs		**(27,872)**		(30,436)
Accretion expense on reclamation provisions		**(9,108)**		(10,363)
Interest expense and bank fees		**(6,025)**		(10,837)
Lease liability interest		**(1,494)**		(1,479)
Other		**2,499**		506
Total finance costs, net	$	**(41,387)**	$	(46,624)

Finance income	$	**3,112**	$	6,491
Finance costs		**(44,499)**		(53,115)
Total finance costs, net	$	**(41,387)**	$	(46,624)

20. OTHER INCOME AND EXPENSE

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

		2021		2020
Insurance settlement	$	**16,000**	$	-
Revaluation of marketable securities		**7,094**		(707)
Foreign exchange (loss) gain		**(8,920)**		12,962
Loss on disposal of assets		**(6,634)**		(882)
Revaluation of derivative liability		**(3,836)**		(21,812)
Other expense		**(14,814)**		(14,499)
Total other expense, net	$	**(11,110)**	$	(24,938)

As a result of a mill interruption at Chapada in 2020, the Company recognized a $16.0 million insurance settlement which was received in the first quarter of 2022.

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During the year, the Company reclassified $16.2 million previously recorded in accumulated other comprehensive loss to foreign exchange loss, in the consolidated statement of earnings, on the wind up of a wholly owned Irish subsidiary.

21. CURRENT AND DEFERRED INCOME TAXES

		2021		2020
Current tax expense:				
Current tax on net taxable earnings	$	**277,194**	$	70,937
Adjustments in respect of prior years		**(3,556)**		(17,993)
		273,638		52,944
Deferred tax expense:				
Origination and reversal of temporary differences		**78,521**		92,190
Change in tax rates		**-**		5,675
Utilization and recognition of previously unrecognized tax losses and temporary differences		**(11)**		(3,162)
Temporary differences for which no deferred asset was recognized		**13,538**		4,774
		92,048		99,477
Total tax expense	$	**365,686**	$	152,421

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:

		2021		2020
Earnings excluding income taxes	$	**1,244,987**	$	341,478
Combined basic federal and provincial rates		**26.5%**		26.5%
Income taxes based on Canadian statutory income tax rates	$	**329,922**	$	90,492
Effect of different tax rates in foreign jurisdictions		**61,176**		41,683
Tax calculated at domestic tax rates applicable to earnings in the respective countries		**391,098**		132,175
Tax effects of:				
Non-deductible and non-taxable items (a)		**(28,864)**		(10,814)
Change in tax rates		**-**		5,675
Adjustments in respect of prior years (b)		**(15,386)**		(14,657)
Tax losses and temporary differences for which no deferred income tax asset was recognized		**13,538**		4,774
Foreign exchange impact on temporary differences and other translation amounts (c)		**1,673**		39,684
Utilization and recognition of previously unrecognized tax losses and temporary differences		**(11)**		(3,162)
Tax recovery associated with government grants and other tax credits (d)		**(7,888)**		(8,862)
Net withholding tax on accrued interest receivable		**12,371**		7,292
Other		**(845)**		316
Total tax expense	$	**365,686**	$	152,421

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The Company operates in tax jurisdictions that have tax rates ranging from 20.6% to 34%.

a) Included in the non-taxable items of $28.9 million in 2021 is the impact of the tax depletion allowance at Eagle of $15.5 million (2020 - $8.7 million).

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

c) $1.7 million (2020 - $39.7 million) is the net impact on deferred tax expense as a result of the revaluation of non-monetary assets in Brazil and the translation of deferred tax liabilities from BRL to USD.

d) In 2021, Neves-Corvo recorded $5.8 million in investment tax credits (2020 - $4.1 million).

Deferred tax liabilities, net

		December 31, 2021		December 31, 2020
Deferred tax assets	**$**	**12,050**	$	62,743
Deferred tax liabilities		**(738,917)**		(701,103)
Deferred tax liabilities, net	**$**	**(726,867)**	$	(638,360)

Net deferred tax liabilities of $739.8 million (2020 - $747.1 million) are expected to be settled after 12 months and net deferred tax assets of $12.9 million (2020 - $108.7 million) 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, 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)**

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	As at December 31, 2019	(Expensed)/ recovered	Equity adjustment	Effects of foreign exchange	As at December 31, 2020
Deferred tax assets:					
Loss carryforwards	$ 167,965	$ 2,516	$ -	$ 927	$ 171,408
Reclamation and other closure provisions	59,797	(1,297)	-	1,293	59,793
Deferred revenue	9,848	(612)	-	1,107	10,343
Future tax credits	7,123	4,065	-	990	12,178
Leases	9,488	(2,242)	-	-	7,246
Other	8,331	(4,519)	-	(277)	3,535
Deferred tax liabilities:					
Mineral properties, plant and equipment	(662,647)	(49,871)	-	(6,832)	(719,350)
Right-of-use assets	(11,103)	3,194	-	-	(7,909)
Provisions	(19,648)	73	(574)	(2,495)	(22,644)
Mining royalty taxes	(14,483)	(4,434)	-	-	(18,917)
Long-term inventory	(77,055)	(44,172)	-	(949)	(122,176)
Fair value gains	(9,689)	(2,178)	-	-	(11,867)
	$ (532,073)	$ (99,477)	$ (574)	$ (6,236)	$ (638,360)

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 $24.6 million (2020 - $15.5 million) arising from the provision for reclamation at Eagle and $13.5 million (2020 - $7.0 million) in respect of losses amounting to $52.6 million (2020 - $54.6 million) that can be carried forward against future taxable income.

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22. 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, 2021 and December 31, 2020:

		December 31, 2021		December 31, 2020	
	Level	Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Fair value through profit or loss					
Restricted funds	1	**$ 54,753**	**$ 54,753**	$ 56,611	$ 56,611
Trade receivables (provisional)	2	**519,351**	**519,351**	234,979	234,979
Marketable securities	1	**10,493**	**10,493**	3,594	3,594
		$ 584,597	**$ 584,597**	$ 295,184	$ 295,184
Financial liabilities					
Amortized cost					
Debt	3	**$ 5,125**	**$ 5,125**	$ 166,736	$ 166,736
Fair value through profit or loss					
Chapada derivative liability (Note 9)	2	**$ 67,495**	**$ 67,495**	$ 88,659	$ 88,659

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

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

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

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

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

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

Trade receivables – The fair value of trade receivables that contain provisional pricing sales arrangements are valued using quoted forward market prices. The Company recognized positive pricing adjustments of $104.1 million in revenue during the year ended December 31, 2021 (2020 - $64.9 million positive pricing adjustments).

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

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

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

23. COMMITMENTS AND CONTINGENCIES

a) The Company has capital commitments of $111.2 million on various initiatives, of which $98.2 million is expected to be paid during 2022.

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 and the second $25.0 million tranche in 2021. The maximum contingent consideration has since been reduced to $75.0 million over the next three 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 $18.2 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 taxations 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 amount 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 $61.1 million and additional penalty taxes of $29.5 million, excluding possible additional penalties and interest, related to taxation years 2020 through to December 31, 2021, in addition to a deferred tax asset of $12.0 million recorded at December 31, 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 amount 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, 2021. The Company believes it has applied the correct withholding tax rate according to the Canada-Chile tax treaty.

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The Company has filed claims against the tax assessments related to taxation years 2014 to 2017. For tax assessments related to 2018 and 2019 received in 2021, as with prior assessments, the Company will be challenging the IRS' decision. 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) 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.

i) 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 $138.0 million (C$175.0 million) and punitive damages of $7.9 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 dismissed both motions. The decision of the Ontario Superior Court of Justice was appealed by the plaintiff, which is expected to be heard in 2022.

ii) On January 18, 2018, the Company was notified of claims in the Copiapó Court of Appeals ("CCA") alleging contamination to marine habitat as a result of vessel loading activities at the Punta Padrones port owned by Candelaria. The claims seek damages totalling approximately $32.3 million (CLP 27.3 billion). The Company's response sought dismissal of the claims based primarily on the lack of evidence supporting the environmental damage caused by the port facility, the imprecise nature of the monetary claims being made and the absence of actual damages. On February 25, 2019, the presiding judge in the CCA issued a ruling dismissing all claims. The plaintiff Caldera fishermen filed an appeal with the Valparaíso Court of Appeals which was heard on February 24, 2021. On April 19, 2021, the Valparaíso Court of Appeals dismissed the appeal of the plaintiff Caldera fishermen and confirmed the lower court ruling that dismissed all claims. On May 6, 2021, the plaintiff sought leave to appeal to the Supreme Court of Chile. The Company is awaiting the court's determination.

24. SEGMENTED INFORMATION

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

LUNDIN MINING CORPORATION
Notes to consolidated financial statements
For the years ended December 31, 2021 and 2020
(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)	(291,846)	(169,508)	(291,110)	(102,025)	(970)	(1,436,278)
Depreciation, depletion and amortization	(289,090)	(46,097)	(81,493)	(63,168)	(41,114)	(1,802)	(522,764)
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.

LUNDIN MINING CORPORATION
Notes to consolidated financial statements
For the years ended December 31, 2021 and 2020
(Tabular amounts in thousands of US dollars, except for shares and per share amounts)

For the year ended December 31, 2020

	Candelaria Chile	Chapada Brazil	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	$ 875,348	$ 445,399	$ 294,280	$ 257,046	$ 169,433	$ -	$ 2,041,506
Cost of goods sold							
Production costs	(460,215)	(177,404)	(144,060)	(219,956)	(92,640)	(1,636)	(1,095,911)
Depreciation, depletion and amortization	(244,509)	(39,454)	(72,807)	(51,083)	(37,781)	(1,840)	(447,474)
Gross profit (loss)	170,624	228,541	77,413	(13,993)	39,012	(3,476)	498,121
General and administrative expenses	-	-	-	-	-	(44,171)	(44,171)
General exploration and business development	(25,549)	(5,101)	(32)	(1,709)	(6,499)	(5,322)	(44,212)
Finance (costs) income	(30,638)	(16,369)	(1,711)	13,797	(2,901)	(8,802)	(46,624)
Income from equity investment in associate	-	-	-	-	-	3,302	3,302
Other (expense) income	(12,737)	7,890	(3,302)	1,420	(1,843)	(16,366)	(24,938)
Income tax (expense) recovery	(38,697)	(112,399)	(7,121)	23,042	(651)	(16,595)	(152,421)
Net earnings (loss)	$ 63,003	$ 102,562	$ 65,247	$ 22,557	$ 27,118	$ (91,430)	$ 189,057
Capital expenditures	$ 216,018	$ 38,646	$ 11,259	$ 128,094	$ 36,946	$ 272	$ 431,235
Total non-current assets[1]	$ 2,866,178	1,314,109	$ 327,742	$ 1,242,432	$ 309,391	$ 31,646	$ 6,091,498

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

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25. 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 (Note 7).

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:

		2021		2020
Wages and salaries	**$**	**8,372**	$	6,562
Pension benefits		**194**		169
Share-based compensation		**8,486**		4,128
Departure benefit		**3,879**		-
	$	**20,931**	$	10,859

26. 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, 2021 is the carrying value of its trade 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 are required 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, 2021, the Company has four customers that individually account for more than 10% of the Company's total sales. These customers represent approximately 17%, 16%, 16% and 14% of total sales.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents and restricted funds, 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.

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(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 10).

The maturities of the Company's non-current liabilities are disclosed in Note 10 and Note 23. 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 €, SEK, BRL and CLP.

The Company's risk management objective 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 €, SEK, BRL and CLP 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
€	+/-10%	+/- $10,017
CLP	+/-10%	+/- $9,662
SEK	+/-10%	+/- $3,556
BRL	+/-10%	+/- $2,951

The impact of a US dollar change against the € and SEK by 10% at December 31, 2021 would have a $133.6 milllion (2020 - $136.0 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.

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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, 2021	Change	Effect on Revenue ($millions)
Copper	84,961 t	$4.41/lb	+/-10%	+/-$82.6
Zinc	21,681 t	$1.62/lb	+/-10%	+/-$7.7
Gold	39 koz	$1,824/oz	+/-10%	+/-$7.1
Nickel	1,427 t	$9.47/lb	+/-10%	+/-$3.0

(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. Currently, the interest rates on the Company's revolving credit facility includes a variable rate component referenced to LIBOR (or an alternative benchmark rate as selected by the administrative agent).

No amounts were drawn on the credit facility at December 31, 2021.

27. 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.

28. SUPPLEMENTARY CASH FLOW INFORMATION

		2021		2020
Changes in non-cash working capital items consist of:				
Trade and income taxes receivable, inventories, and other current assets	$	**(270,388)**	$	(78,918)
Trade and income taxes payable, and other current liabilities		**268,252**		204
	$	**(2,136)**	$	(78,714)
Operating activities included the following cash payments:				
Income taxes paid	$	**129,987**	$	35,612

During the year ended December 31, 2021, total interest paid, including capitalized interest, was $7.6 million (2020 - $12.6 million). Total interest received for the year ended December 31, 2021 was $0.6 million (2020 - $6.0 million).

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29. ARRANGEMENT AGREEMENT FOR THE ACQUISITION OF JOSEMARIA RESOURCES

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

The Company will acquire 100% of the Josemaria copper-gold project located in the San Juan Province of Argentina.

Under the terms of the Transaction, Josemaria Resources shareholders may elect to receive in exchange for each Josemaria Resources common share (a "Josemaria Resources Share"), 0.1487 of a common share of the Company or C$1.60 cash or any combination thereof issuable to all Josemaria Resources shareholders (collectively, the "Consideration"). The Consideration will be subject to a total maximum cash consideration of approximately C$183 million and a total maximum share consideration of approximately 39.7 million common shares, equating to 30% of the Transaction Consideration payable in cash and 70% of the Transaction Consideration payable in the Company's common shares, respectively. The Consideration implies a purchase price of C$1.60 per Josemaria Resources Share, representing a 29% premium to Josemaria Resources' 10-day volume weighted average price on the TSX for the period ended December 17, 2021. Any cash payments on Josemaria Resources Shares traded on the Nasdaq Stockholm Exchange will be paid in SEK in accordance with Euroclear Sweden principles.

Completion of the Transaction is expected to occur early in the second quarter of 2022 and is subject to regulatory approvals and the satisfaction of customary closing conditions, in addition to Josemaria Resources shareholder and court approval.

The Arrangement Agreement includes a $100 million bridge financing facility with drawdowns based on budgets approved by the Company. As of February 17, 2022, $29.8 million had been advanced to Josemaria Resources under the facility.