lundin mining

Management's Discussion and Analysis
For the three months ended March 31, 2019

This management's discussion and analysis ("MD&A") has been prepared as of April 24, 2019 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 2019. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Company's presentation currency is United States ("US") dollars. Reference herein of $ is to United States dollars, C$ is to Canadian dollars, CLP is to Chilean pesos, SEK is to Swedish krona and € refers to the Euro.

About Lundin Mining

Lundin Mining Corporation ("Lundin", "Lundin Mining" or the "Company") is a diversified Canadian base metals mining company with operations in Chile, the USA, Portugal and Sweden, primarily producing copper, zinc and nickel. In addition, Lundin Mining holds an indirect 24% equity stake in the Freeport Cobalt Oy business, which includes a cobalt refinery located in Kokkola, Finland.

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 MD&A, including but not limited to statements regarding the prospects of the industry and Lundin Mining prospects, plans, future financial and operating performance and business strategy, constitute forward-looking information. Forward-looking information is based on current expectations, estimates, forecasts and projections as well as beliefs and assumptions made by the Company's management. Such forward-looking information includes, but is not limited to, statements about the Company's plans, prospects, position, future results, and business strategies; the timing and amount of future production; costs of production; project and permitting timelines; the Company's outlook and guidance on estimated metal production and production profile; costs, and exploration and capital expenditures; timing and possible outcome of pending litigation; technical information, including the results of any Preliminary Economic Assessment, Feasibility Study, or Mineral Resource and Mineral Reserve estimations (as such terms are defined in the definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum Council on May 10, 2014 (the "CIM Standards"), life of mine estimates, and mine and mine closure plans; the parameters and assumptions underlying the Mineral Resource and Mineral Reserve estimates and financial analysis; anticipated market prices of metals, currency exchange rates, and interest rates; the Company's anticipated capital and operating costs for its material mineral properties; 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; the receipt and maintenance of all necessary permitting and approvals; the Company's intentions with respect to exploration and development activities at its projects; expectations regarding the results of operations and production at the Company's mines; the intentions of the Company regarding the acquisition of the Chapada mine (the "Chapada Acquisition") and the terms, timing, completion and any anticipated benefits thereof; and the Company's integration of acquisitions (including the Chapada Acquisition) and any anticipated benefits thereof. Words such as "aim", "anticipate", "assumption", "believe", "budget", "commitment", "continue", "contingent", "endeavour", "estimate", "expansionary", "expect", "exploration", "feasibility", "flexibility", "forecast", "focus", "forecast", "foresee", "forward", "future", "growth", "guidance", "initiative", "intend", "likely", "model", "objective", "on track", "opportunity", "option", "outlook", "PEA", "phase", "plan", "positioning", "potential", "predict", "preliminary", "priority", "profile", "project", "probable", "proposed", "prospect", "ramp-up", "risk", "schedule", "seek", "strategy", "study", "target", "uncertainty" or "view", or any variations of or similar terminology or statements that certain actions, events or results "could", "may", "might", "should", "would", or "will" be taken, occur, or be achieved, or the negatives or variations of any of the foregoing terms or expressions, are intended to identify such forward-looking information.

Forward-looking information is based on various factors 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 and other metals; anticipated costs; ability to achieve goals; and that the political environment in which the Company operates will continue to support the development and operation of mining projects. Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, metal price volatility; discrepancies between actual and estimated production; Mineral Reserve and Mineral Resource estimates, and metallurgical recoveries; mining operational and development risks; litigation risks; regulatory restrictions (including environmental regulatory restrictions and liability); changes in national and local government legislation, taxation, controls or regulations and/or change in the administration of laws, policies and practices, expropriation or nationalization of property and political or economic developments in jurisdictions in which the Company carries on business, or may carry on business in the future; delays, suspensions or technical challenges associated with capital projects; higher prices for fuel, steel, power, labour and other consumables; currency fluctuations; the speculative nature of mineral exploration; the global economic climate; dilution; share price volatility; competition; loss of key employees; additional funding requirements; and defective title to mineral claims or property. Although the Company believes that the expectations reflected in the forward-looking information contained herein are reasonable, these statements, by their nature, involve risks and uncertainties and are not guarantees of future performance. 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.

Forward-looking information and statements are subject to a variety of known and unknown risks and uncertainties, and ultimately, actual events or results may differ materially from those reflected in the forward-looking information. Risks and uncertainties that may impact the Company's performance include, without limitation, risks inherent in and/or associated with operating in foreign countries; uncertain political and economic environments; community activism, shareholder activism and risks related to negative publicity with respect to the Company or the mining industry in general; changes in laws, regulations or policies including but not limited to those related to permitting and approvals, environmental management, labour, trade relations, and transportation; delays or the inability to obtain necessary governmental approvals and/or permits; regulatory investigations, enforcement, sanctions and/or related or other litigation; risks associated with business arrangements and partners over which the Company does not have full control; risks associated with acquisitions and related integration efforts (including with respect to the Chapada Acquisition); the risk that the Chapada Acquisition will not be completed on the terms set out in the definitive purchase agreement, or at all; competitive responses to the announcement of the Chapada Acquisition; competition; development or mining results not being consistent with the Company's expectations; estimates of future production and operations; operating, cash and all-in sustaining cost estimates; allocation of resources and capital; litigation; uninsurable risks; volatility and fluctuations in metal and commodity prices; the estimation of asset carrying values; funding requirements and availability of financing; indebtedness; foreign currency fluctuations; interest rate volatility; changes in the Company's share price, and equity markets, in general; changing taxation regimes; counterparty and credit risks; health and safety risks; risks related to the environmental impact of the Company's operations and products and management thereof; unavailable or inaccessible infrastructure and risks related to ageing infrastructure; 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; actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; ore processing efficiency; risks relating to attracting and retaining of highly skilled employees; ability to retain key personnel; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; the price and availability of energy and key operating supplies or services; the inherent uncertainty of exploration and development, and the potential for unexpected costs and expenses including, without limitation, for mine closure and reclamation at current and historical operations; 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; actual ore mined and/or metal recoveries varying from Mineral Resource and Mineral Reserve estimates; mine plans, and life of mine estimates; the possibility that future exploration, development or mining results will not be consistent with expectations; natural phenomena such as earthquakes, flooding, and unusually severe weather; 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; security at the Company's operations; breach or compromise of key information technology systems; materially increased or unanticipated reclamation obligations; risks related to mine closure activities; risks related to closed and historical sites; title risk and the potential of undetected encumbrances; risks associated with the structural stability of waste rock dumps or tailings storage facilities; and other risks and uncertainties, including but not limited to those described in the "Risk and Uncertainties" section of the Annual Information Form for the year ended December 31, 2018 and the "Managing Risks" section of the Company's MD&A for the year ended December 31, 2018, which are available on SEDAR at www.sedar.com under the Company's profile. 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 so 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 MD&A. 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.

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Highlights

Operational Performance

All metal production exceeded expectations during the first quarter, with the exception of copper which was impacted by lower than planned grades at Neves-Corvo. Metal production for 2019 is expected to achieve annual guidance last reported.

Candelaria (80% owned): The Candelaria operations produced, on a 100% basis, 32,778 tonnes of copper, and approximately 20,000 ounces of gold and 320,000 ounces of silver in concentrate during the quarter. Copper production in the quarter was higher than the prior year comparable period primarily due to higher mill throughput. Copper cash costs[1] of $1.62/lb for the quarter were marginally higher than full year guidance but lower than the prior year quarter. Candelaria is on track to meet annual 2019 copper production. Copper head grades are expected to increase in the second half of the year as more ore is sourced directly from Phase 10 of the open pit.

Ramp-up of the Candelaria Underground mine continues with the North Sector achieving a current production rate of approximately 10,500 tonnes per day. Development of the South Sector is progressing well with a production start-up date now projected by the end of the third quarter of 2019.

Eagle (100% owned): Eagle produced 4,213 tonnes of nickel and 3,897 tonnes of copper during the quarter. Nickel and copper production were both lower than the prior year quarter due to planned lower ore grades and severe winter weather conditions which impacted ore transportation to the mill. Nickel cash costs of $0.37/lb for the quarter were better than full year guidance and the prior year comparable period, primarily due the implementation of IFRS 16, *Leases* which resulted in a reduction in cash costs of $0.11/lb in the current quarter.

Development of Eagle East continues to progress ahead of schedule and budget, with first ore scheduled into the mill by the fourth quarter of 2019.

Neves-Corvo (100% owned): Neves-Corvo produced 8,868 tonnes of copper and 18,773 tonnes of zinc for the quarter. For copper, the impact of lower head grades was partially offset by higher recoveries this quarter. Zinc head grades, in contrast, were 5% higher than the prior year comparable period and positively impacted production. Copper cash costs of $0.92/lb for the quarter were lower than full year guidance and the prior year period owing to higher-by-product credits.

Construction on the Zinc Expansion Project (“ZEP”) was approximately 54% complete at quarter-end. Surface facilities construction continued with the SAG building and flotation equipment installation. Underground development advanced with breakthrough of the last conveyor gallery and continued civil and mechanical construction. Careful monitoring of timeline and cost is ongoing to ensure the project remains on track.

Zinkgruvan (100% owned): Zinc production of 21,673 tonnes was higher than the prior year quarter reflecting higher head grades, while lead production of 5,832 tonnes was lower than the prior year quarter due to lower throughput. First quarter zinc cash costs of $0.44/lb were slightly higher than full year guidance but remain on target to achieve annual guidance. Zinc cash costs approximated the prior year comparable period.

Total Production

(Contained metal in concentrate - tonnes)	**2019 Q1**	**2018 Total**	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Copper[a]	**46,122**	**199,630**	48,206	52,770	51,098	47,556
Zinc	**40,446**	**152,041**	42,024	36,062	37,075	36,880
Nickel	**4,213**	**17,573**	3,501	4,697	4,234	5,141

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

[1] Cash cost per pound is a non-GAAP measure – see page 21 of this MD&A for discussion of non-GAAP measures.

Financial Performance

- Gross profit for the quarter ended March 31, 2019 was $141.2 million, a decrease of $8.7 million in comparison to the $149.9 million reported in the first quarter of the prior year. The decrease was primarily due to lower revenues as a result of lower sales volumes ($70.4 million), partially offset by lower production costs ($34.7 million) and depreciation expense ($10.8 million).
- Net earnings for the quarter ended March 31, 2019 were $60.9 million, a decrease of $26.2 million from the $87.1 million reported in the first quarter of 2018. The decrease was attributable to lower gross profit, lower income from equity investment ($16.7 million) and higher income taxes ($5.3 million), partially offset by lower interest expense.
- Net cash[1] for the quarter ended March 31, 2019 was $658.9 million, a decrease of $145.5 million in comparison to December 31, 2018. The decrease was attributable to lower operating cashflows, increased spend on capital investments, and an increase in lease liabilities of $30.0 million as a result of the implementation of IFRS 16, *Leases* on January 1, 2019.

Corporate Highlights

- On April 15, 2019, the Company announced it had entered into a definitive purchase agreement with Yamana Gold Inc. ("Yamana") to purchase its 100% ownership stake in Mineração Maracá Indústria e Comércio S/A, which owns the Chapada copper-gold mine located in Brazil, for cash consideration of $800 million, subject to customary adjustments. In addition, Yamana will retain a 2.0% net smelter return royalty on future gold production from the Suruca gold deposit and receive contingent consideration of up to $125 million over five years if certain gold price thresholds are met and contingent consideration of $100 million on potential construction of a pyrite roaster.

  The purchase price is expected to be funded from the Company's current cash balance and a portion of its $550 million revolving credit facility. Completion of the acquisition is expected to occur early in the third quarter of 2019 and is subject to typical closing conditions, including third-party and requisite regulatory approvals.

Financial Position

- Cash and cash equivalents decreased $80.7 million during the quarter ended March 31, 2019, from $815.4 million to $734.7 million.
- Cash flow from operations for the quarter ended March 31, 2019 was $62.1 million, a decrease of $110.8 million in comparison to the $172.9 million reported in the first quarter of 2018. The decrease was primarily attributable to lower comparative change in non-cash working capital ($79.4 million) and lower revenue and production costs.
- Cash used in investing activities increased when compared to the prior year quarter. During the first quarter of 2019, investments in mineral properties, plant and equipment increased to $182.0 million from $150.7 million in the prior year comparable period. The increase in capital investments related primarily to ZEP ($18 million) and the Mine Fleet Reinvestment Program at Candelaria ($12 million).
- During the quarter, Candelaria completed a $35 million term loan financing to assist with management of short-term working capital.
- As of April 24, 2019, the cash balance was approximately $760 million.

[1] Net cash is a non-GAAP measure – see page 21 of this MD&A for discussion of non-GAAP measures.

Outlook

2019 Production, Cash Cost and Capital Expenditure Guidance

Production, cash cost and capital expenditure guidance for 2019 remains unchanged from that provided on November 28, 2018 (see news release "*Lundin Mining Provides Operational Outlook & Update").*

(contained tonnes in concentrate)		Tonnes	Cash Costs[a]
Copper	Candelaria (100%)	*145,000 - 155,000*	*$1.60/lb[b]*
	Eagle	*12,000 - 15,000*	
	Neves-Corvo	*40,000 - 45,000*	*$1.70/lb*
	Zinkgruvan	*2,000 - 3,000*	
	Total	*199,000 - 218,000*	
Zinc	Neves-Corvo	*71,000 - 76,000*	
	Zinkgruvan	*76,000 - 81,000*	*$0.40/lb*
	Total	*147,000 - 157,000*	
Nickel	Eagle	*12,000 - 15,000*	*$2.20/lb*

a. Cash costs are based on various assumptions and estimates, including but not limited to: production volumes, as noted above, commodity prices (Cu: $2.80/lb, Zn: $1.10/lb, Ni: $6.00/lb, Pb: $0.95/lb), foreign exchange rates (€/USD:1.15, USD/SEK:9.00, USD/CLP:650) and operating costs.
b. 68% of Candelaria's total gold and silver production are subject to a streaming agreement and as such cash costs are calculated based on receipt of $408/oz and $4.08/oz respectively, on gold and silver sales in the year.

2019 Guidance[a]	$ millions
Candelaria (100% basis)	
Capitalized Stripping	*130*
Los Diques TSF	*10*
New Mine Fleet Investment	*75*
Candelaria Mill Optimization Project	*50*
Candelaria Underground Development	*40*
Other Sustaining	*70*
Candelaria Sustaining	*375*
Eagle Sustaining	*15*
Neves-Corvo Sustaining	*65*
Zinkgruvan Sustaining	*50*
Total Sustaining Capital	***505***
Eagle East	*30*
ZEP (Neves-Corvo)	*210*
Total Expansionary Capital	***240***
Total Capital Expenditures	***745***

a. Forecast capital expenditures have been reported on a cash basis.

2019 Exploration Investment Guidance

Exploration investments are expected to decrease from $80 million to $70 million in 2019, of which $59 million will be spent on in-mine and near mine-targets ($14 million at Candelaria, $15 million at Eagle, $23 million at Zinkgruvan and $7 million at Neves-Corvo). The majority of the decrease is due to a change in focus from near-mine targets at Eagle to regional targets with fewer drill rigs.

Selected Quarterly Financial Information[1]

($ millions, except share and per share amounts)	Three months ended March 31, 2019	2018
Revenue	**416.4**	470.5
Cost of goods sold:		
Production costs	**(205.1)**	(239.7)
Depreciation, depletion and amortization	**(70.1)**	(80.9)
Gross profit	**141.2**	149.9
General and administrative expenses	**(13.6)**	(12.4)
General exploration and business development	**(18.7)**	(19.8)
Finance income and costs, net	**(3.7)**	(10.1)
(Loss) income from equity investment in associate	**(11.9)**	4.8
Other income and expenses, net	**(1.5)**	0.2
Earnings before income taxes	**91.8**	112.6
Income tax expense	**(30.9)**	(25.5)
Net earnings	**60.9**	87.1
Attributable to: Lundin Mining shareholders	**51.7**	81.3
Non-controlling interests	**9.3**	5.8
Net earnings	**60.9**	87.1
Cash flow from operations	**62.1**	172.9
Capital expenditures (including capitalized interest)[2]	**182.0**	150.7
Total assets	**5,959.8**	6,393.0
Long-term debt and lease liabilities	**30.7**	446.1
Net cash	**658.9**	1,183.2
Shareholders' equity	**4,228.8**	4,171.2
Key Financial Data:		
Basic and diluted earnings per share attributable to shareholders	**0.07**	0.11
Operating cash flow per share[3]	**0.19**	0.23
Dividends declared (C$/share)	**0.03**	0.03
Shares outstanding:		
Basic weighted average	**735,256,205**	729,599,641
Diluted weighted average	**736,073,671**	732,282,574
End of period	**736,314,859**	731,024,659

1. Except where otherwise noted, financial data has been prepared in accordance with IFRS as issued by the IASB. Upon the adoption of new standards, the Company has elected not to restate comparative periods presented.
2. Capital expenditures are reported on a cash basis, as presented in the consolidated statement of cash flows.
3. Operating cash flow per share is a non-GAAP measure – see page 21 of this MD&A for discussion of non-GAAP measures.

Summary of Quarterly Results[1]

($ millions, except per share data)	Q1-19	Q4-18	Q3-18	Q2-18	Q1-18	Q4-17	Q3-17	Q2-17
Revenue	416.4	407.7	379.7	467.7	470.5	533.3	601.7	454.7
Cost goods of sold	(275.2)	(335.7)	(320.1)	(312.6)	(320.6)	(280.7)	(341.2)	(311.4)
Gross profit	141.2	72.0	59.6	155.1	149.9	252.6	260.5	143.3
Net earnings	60.9	31.8	9.1	87.5	87.1	154.0	156.6	85.0
- attributable to shareholders, continuing	51.7	28.8	7.0	78.8	81.3	133.0	131.8	49.0
- attributable to shareholders, total	51.7	28.8	7.0	78.8	81.3	133.0	131.8	70.0
EPS Continuing - Basic and diluted	0.07	0.04	0.01	0.11	0.11	0.18	0.18	0.07
EPS Total - Basic and diluted	0.07	0.04	0.01	0.11	0.11	0.18	0.18	0.10
Cash flow from operations	62.1	44.2	140.9	118.3	172.9	230.1	249.5	179.2
Capital expenditures (cash basis)	182.0	234.1	173.7	193.2	150.7	197.9	117.3	84.5

1. The sum of quarterly amounts may differ from year-to-date results due to rounding.

Revenue Overview

Sales Volumes by Payable Metal

(Contained metal in concentrate)	2019	2018				
	Q1	Total	Q4	Q3	Q2	Q1
Copper (tonnes)						
Candelaria (100%)	**31,073**	132,626	32,465	32,832	34,542	32,787
Eagle	**3,047**	16,480	3,987	4,678	3,295	4,520
Neves-Corvo	**7,710**	44,729	10,700	13,525	11,371	9,133
Zinkgruvan	**-**	1,385	18	495	872	-
	41,830	195,220	47,170	51,530	50,080	46,440
Zinc (tonnes)						
Neves-Corvo	**15,397**	61,150	15,492	16,434	15,746	13,478
Zinkgruvan	**16,026**	62,922	20,475	12,288	13,565	16,594
	31,423	124,072	35,967	28,722	29,311	30,072
Nickel (tonnes)						
Eagle	**1,691**	15,151	3,929	3,400	2,755	5,067
Gold (000 oz)						
Candelaria (100%)	**19**	76	20	19	19	18
Lead (tonnes)						
Neves-Corvo	**1,276**	5,577	1,243	1,420	1,732	1,182
Zinkgruvan	**3,874**	23,097	9,430	5,544	3,036	5,087
	5,150	28,674	10,673	6,964	4,768	6,269
Silver (000 oz)						
Candelaria (100%)	**283**	1,103	289	284	264	266
Eagle	**13**	72	16	27	10	19
Neves-Corvo	**226**	871	307	190	215	159
Zinkgruvan	**228**	1,401	529	341	295	236
	750	3,447	1,141	842	784	680

Revenue Analysis

by Mine	**Three months ended March 31,**				
	2019		2018		Change
($ thousands)	$	%	$	%	$
Candelaria (100%)	**232,661**	56	218,242	46	14,419
Eagle	**46,208**	11	92,214	20	(46,006)
Neves-Corvo	**85,147**	20	97,658	21	(12,511)
Zinkgruvan	**52,368**	13	62,368	13	(10,000)
	416,384		470,482		(54,098)

by Metal	**Three months ended March 31,**				
	2019		2018		Change
($ thousands)	$	%	$	%	$
Copper	**266,090**	64	275,362	59	(9,272)
Zinc	**82,674**	20	86,704	18	(4,030)
Nickel	**25,825**	6	54,815	12	(28,990)
Gold	**22,705**	5	22,250	5	455
Lead	**9,765**	2	15,031	3	(5,266)
Silver	**7,914**	2	7,589	2	325
Other	**1,411**	1	8,731	1	(7,320)
	416,384		470,482		(54,098)

Revenue for the quarter ended March 31, 2019 was $416.4 million, a decrease of $54.1 million in comparison to the $470.5 million reported in the first quarter of the prior year. The decrease was due to lower sales volumes ($70.4 million) resulting from delayed shipments and lower production, primarily at Eagle, partially offset by higher metal prices, net of price adjustments ($15.2 million).

Revenue from gold and silver for the quarter ended March 31, 2019 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 $408/oz for gold and between $4.08/oz and $4.34/oz for silver.

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.

Provisionally valued revenue as of March 31, 2019

Metal	Tonnes Payable	Valued at $ per lb	Valued at $ per tonne
Copper	58,168	2.94	6,486
Zinc	23,603	1.34	2,959
Nickel	1,389	5.89	12,977

Quarterly Reconciliation of Realized Prices

	Three months ended March 31, 2019				Three months ended March 31, 2018			
($ thousands)	**Copper**	**Zinc**	**Nickel**	**Total**	**Copper**	**Zinc**	**Nickel**	**Total**
Current period sales[1]	268,742	90,571	21,989	381,302	315,312	98,745	67,103	481,160
Prior period price adjustments	18,442	4,760	9,220	32,422	(15,656)	1,462	323	(13,871)
	287,184	95,331	31,209	413,724	299,656	100,207	67,426	467,289
Other metal sales				42,908				54,423
Less: Treatment & refining charges				(40,248)				(51,230)
Total Revenue				**416,384**				**470,482**
Payable Metal (tonnes)	**41,830**	**31,423**	**1,691**		**46,440**	**30,072**	**5,067**	
Current period sales ($/lb)[1]	$2.91	$1.31	$5.90		$3.08	$1.49	$6.01	
Prior period adjustments ($/lb)	0.20	0.07	2.47		(0.15)	0.02	0.03	
Realized prices ($/lb)	**$3.11**	**$1.38**	**$8.37**		**$2.93**	**$1.51**	**$6.04**	

1. Includes provisional price adjustments on current period sales.

Financial Results

Production Costs

Production costs for the quarter ended March 31, 2019 were $205.1 million, a decrease of $34.6 million in comparison to the $239.7 million reported in the first quarter of the prior year. Lower production costs are largely directly attributable to decreased sales volumes in the current quarter, particularly at Eagle.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expense for the quarter ended March 31, 2019 was $70.1 million, a decrease of $10.8 million in comparison to the $80.9 million reported in 2018. The decrease was almost entirely attributable to lower sales volumes at Eagle.

During the three months ended March 31, 2019, the Company capitalized $50.6 million (2018 - $40.8 million) of deferred stripping costs to mineral properties. The depreciation expense related to deferred stripping was $3.2 million (Q1 2018 - $6.8 million) for the quarter ended March 31, 2019. Included in the mineral properties balance is $605.9 million (December 31, 2018 - $555.3 million) which is currently non-depreciable.

Depreciation by operation	**Three months ended March 31,**		
($ thousands)	**2019**	2018	Change
Candelaria	**39,799**	38,600	1,199
Eagle	**10,175**	20,976	(10,801)
Neves-Corvo	**12,603**	14,654	(2,051)
Zinkgruvan	**7,064**	6,291	773
Other	**463**	349	114
	70,104	80,870	(10,766)

Loss from equity investment in associate

A loss from equity investment in associate was recognized in the first quarter of 2019 due mainly to inventory revaluations as a result of lower cobalt prices.

Finance income and costs

Finance income and costs of $3.7 million for the quarter ended March 31, 2019 reflects a decrease of $6.4 million against the prior year comparable quarter costs of $10.1 million. Interest expense has decreased mainly due to the repayment of long-term debt in 2018.

Income Taxes

Income taxes by mine

Income tax expense ($ thousands)	**Three months ended March 31,** **2019**	2018	Change
Candelaria	**13,714**	(138)	13,852
Eagle	**177**	5,247	(5,070)
Neves-Corvo	**4,670**	4,499	171
Zinkgruvan	**6,130**	7,005	(875)
Other	**6,154**	8,932	(2,778)
	30,845	25,545	5,300

Income taxes by classification

Income tax expense ($ thousands)	**Three months ended March 31,** **2019**	2018	Change
Current income tax	**25,708**	28,984	(3,276)
Deferred income tax	**5,137**	(3,439)	8,576
	30,845	25,545	5,300

Income tax expense of $30.8 million for the three months ended March 31, 2019 was $5.3 million lower than the $25.5 million expense recorded in the comparable quarter of the prior year.

The $13.9 million increase in income tax expense at Candelaria resulted from higher taxable earnings in the current quarter. In the prior period, refundable tax on dividends in Chile increased from 20.9% to 27% resulting in a $6.5 million deferred tax recovery.

The $5.1 million decrease in income tax expense at Eagle was due to lower taxable earnings, compared to the prior year quarter.

Mining Operations

Production Overview

	2019	2018				
(Contained metal in concentrate)	**Q1**	Total	Q4	Q3	Q2	Q1
Copper (tonnes)						
Candelaria (100%)	**32,778**	134,578	33,011	35,323	34,397	31,847
Eagle	**3,897**	17,974	3,908	5,178	4,115	4,773
Neves-Corvo	**8,868**	45,692	11,287	11,746	11,899	10,760
Zinkgruvan	**579**	1,386	-	523	687	176
	46,122	199,630	48,206	52,770	51,098	47,556
Zinc (tonnes)						
Neves-Corvo	**18,773**	75,435	18,465	18,905	20,230	17,835
Zinkgruvan	**21,673**	76,606	23,559	17,157	16,845	19,045
	40,446	152,041	42,024	36,062	37,075	36,880
Nickel (tonnes)						
Eagle	**4,213**	17,573	3,501	4,697	4,234	5,141
Gold (000 oz)						
Candelaria (100%)	**20**	78	21	20	20	17
Lead (tonnes)						
Neves-Corvo	**1,653**	6,571	1,418	1,524	1,872	1,757
Zinkgruvan	**5,832**	24,613	8,161	5,515	3,914	7,023
	7,485	31,184	9,579	7,039	5,786	8,780
Silver (000 oz)						
Candelaria (100%)	**321**	1,207	307	330	295	275
Eagle	**27**	158	41	46	28	43
Neves-Corvo	**498**	1,791	508	458	420	405
Zinkgruvan	**479**	2,155	607	531	452	565
	1,325	5,311	1,463	1,365	1,195	1,288

Cash Cost Overview[1]

	Three months ended March 31,	
	2019	2018
Candelaria (cost/lb Cu)		
Gross cost	**1.87**	1.93
By-product[2]	**(0.25)**	(0.22)
Net Cash Cost	**1.62**	1.71
All-in Sustaining Cost[3]	**3.30**	2.91
Eagle (cost/lb Ni)		
Gross cost	**5.84**	3.84
By-product	**(5.47)**	(3.35)
Net Cash Cost	**0.37**	0.49
All-in Sustaining Cost	**1.65**	1.17
Neves-Corvo (cost/lb Cu)		
Gross cost	**3.43**	3.21
By-product	**(2.51)**	(2.07)
Net Cash Cost	**0.92**	1.14
All-in Sustaining Cost	**1.72**	1.84
Zinkgruvan (cost/lb Zn)		
Gross cost	**0.68**	0.78
By-product	**(0.24)**	(0.35)
Net Cash Cost	**0.44**	0.43
All-in Sustaining Cost	**0.69**	0.71

1. Beginning in 2019, resulting from the implementation of IFRS 16, *Leases*, sustaining lease liability costs previously recorded in cash cost are presented in AISC.
2. By-product is after related treatment and refining charges.
3. All-in Sustaining Cost ("AISC") is a non-GAAP measure – see page 21 of this MD&A for discussion of non-GAAP measures.

Capital Expenditures [1,2]

	Three months ended March 31,					
	2019			2018		
($ thousands)	Sustaining	Expansionary	**Total**	Sustaining	Expansionary	Total
by Mine						
Candelaria	108,946	-	**108,946**	90,868	-	90,868
Eagle	1,917	7,695	**9,612**	2,848	6,798	9,646
Neves-Corvo	10,876	42,371	**53,247**	11,481	24,415	35,896
Zinkgruvan	10,149	-	**10,149**	11,177	-	11,177
Other	43	-	**43**	3,125	-	3,125
	131,931	50,066	**181,997**	119,499	31,213	150,712

1. Capital expenditures are reported on a cash basis, as presented in the consolidated statement of cash flows.
2. Sustaining and expansionary capital expenditures are non-GAAP measures – see page 21 of this MD&A for discussion of non-GAAP measures.

Candelaria - Chile

Operating Statistics

	2019	2018				
(100% Basis)	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**3,737**	17,799	3,432	3,771	6,225	4,372
Ore milled (000s tonnes)	**7,206**	27,585	7,017	7,241	7,137	6,190
Grade						
Copper (%)	**0.49**	0.53	0.52	0.54	0.52	0.56
Recovery						
Copper (%)	**91.9**	91.2	89.8	91.0	91.6	92.6
Production (contained metal)						
Copper (tonnes)	**32,778**	134,578	33,011	35,323	34,397	31,847
Gold (000 oz)	**20**	78	21	20	20	17
Silver (000 oz)	**321**	1,207	307	330	295	275
Revenue ($000s)	**232,661**	838,772	200,434	176,511	243,585	218,242
Gross profit ($000s)	**78,659**	180,959	38,630	13,568	73,259	55,502
Cash cost ($ per pound)	**1.62**	1.68	1.65	1.64	1.71	1.71
AISC ($ per pound)	**3.30**	3.34	3.99	3.58	2.92	2.91

Gross Profit

Gross profit for the three months ended March 31, 2019 was $23.2 million higher than the prior year comparable period, largely due to higher metal prices and price adjustments in the current period.

Production

Copper production for the three months ended March 31, 2019 was higher than the comparable period in 2018. The increase in copper production was largely the result of higher mill throughput, partially offset by lower grades. Candelaria is on track to meet annual 2019 copper production. Copper head grades are expected to increase in the second half of the year as more ore is sourced directly from Phase 10 of the open pit.

Cash Costs

Copper cash costs for the three months ended March 31, 2019 were $0.09/lb lower than the prior year comparable period, largely as a result of favourable foreign exchange in the current quarter.

All-in sustaining costs were higher than the prior year comparable quarter due to higher sustaining capital expenditures ($0.30/lb) described under Projects below.

Approximately 13,000 oz of gold and 193,000 oz of silver were subject to terms of a streaming agreement in which $408/oz and $4.08/oz were recognized for gold and silver, respectively.

Projects

The Candelaria Mill Optimization Project is on track and approximately 45% complete. Electro-mechanical work progressed on the primary crusher’s new electrical room, which is expected to be completed early in the second quarter of 2019. Work has commenced at the cyclone clusters area and contract work continued at the ball mills area. Electrical and structural contracts started mobilization at the end of the current quarter.

Ramp-up of the Candelaria Underground mine continues with the North Sector achieving a current production rate of approximately 10,500 tonnes per day, representing an 18% increase in ore production over 2018. Development of the South Sector is progressing well and ahead of schedule, with production start-up date now projected by the end of the third quarter 2019. Studies for further optimization of the Candelaria Underground continue.

Approximately 71% of the equipment under the Mine Fleet Investment program has been received and placed in service. All but one of the remaining equipment is expected to be delivered in 2019.

Eagle Mine - USA

Operating Statistics

	2019	2018				
	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**165**	753	192	192	183	186
Ore milled (000s tonnes)	**165**	754	195	192	185	182
Grade						
Nickel (%)	**3.0**	2.8	2.2	2.9	2.7	3.4
Copper (%)	**2.4**	2.5	2.1	2.8	2.3	2.7
Recovery						
Nickel (%)	**85.0**	82.8	81.5	82.6	83.6	83.6
Copper (%)	**97.6**	97.0	96.4	97.2	96.8	97.7
Production (contained metal)						
Nickel (tonnes)	**4,213**	17,573	3,501	4,697	4,234	5,141
Copper (tonnes)	**3,897**	17,974	3,908	5,178	4,115	4,773
Revenue ($000s)	**46,208**	265,863	50,914	59,084	63,651	92,214
Gross profit ($000s)	**18,458**	74,218	(128)	13,341	24,220	36,785
Cash cost ($ per pound)	**0.37**	1.01	1.76	0.87	1.09	0.49
AISC ($ per pound)	**1.65**	1.84	2.55	1.76	2.14	1.17

Gross Profit

Gross profit for the three months ended March 31, 2019 was lower than the prior year comparable period. This was largely a reflection of lower production and delayed shipments due to extreme weather conditions. Lower sales volumes were partially offset by higher prices and price adjustments and lower depreciation.

Production

For the three months ended March 31, 2019, nickel production was 928 tonnes lower than the prior year comparable period, while copper production was 876 tonnes lower than the first quarter of 2018. In addition to the expected lower head grades, extreme weather conditions interrupted transportation of ore from the mine to the mill in January and February 2019, resulting in lower mill throughput.

Cash Costs

Nickel cash costs for the three months ended March 31, 2019 were lower than the prior year and guidance. The implementation of IFRS 16, *Leases* resulted in a reduction in cash costs of $0.11/lb in the current quarter, which was offset by a corresponding increase in all-in sustaining cost.

All-in sustaining costs for the quarter ended March 31, 2018 were higher than that reported in the comparable prior year period due to higher per-unit sustaining capital expenditures ($0.74/lb) resulting from low nickel sales.

Projects

During the first quarter of 2019, $7.7 million in expansionary capital expenditures were incurred in support of the Eagle East project. Access ramp development to Eagle East and vertical raise development for the Eagle East ventilation circuit progressed during the quarter and development is tracking ahead of schedule and under budget.

Production of Eagle East ore remains scheduled into the mill in the fourth quarter of this year.

Neves-Corvo Mine - Portugal

Operating Statistics

	2019	2018				
	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, copper (000 tonnes)	**689**	2,693	696	688	618	691
Ore mined, zinc (000 tonnes)	**296**	1,119	280	273	283	283
Ore milled, copper (000 tonnes)	**670**	2,692	704	696	641	651
Ore milled, zinc (000 tonnes)	**286**	1,125	287	280	278	280
Grade						
Copper (%)	**1.7**	2.2	2.1	2.2	2.5	2.2
Zinc (%)	**8.0**	7.8	7.6	7.9	8.3	7.6
Recovery						
Copper (%)	**79.3**	75.5	76.8	76.3	74.2	74.6
Zinc (%)	**78.3**	80.6	79.1	81.0	82.0	80.4
Production (contained metal)						
Copper (tonnes)	**8,868**	45,692	11,287	11,746	11,899	10,760
Zinc (tonnes)	**18,773**	75,435	18,465	18,905	20,230	17,835
Lead (tonnes)	**1,653**	6,571	1,418	1,524	1,872	1,757
Silver (000 oz)	**498**	1,791	508	458	420	405
Sales ($000s)	**85,147**	404,263	91,059	104,730	110,816	97,658
Gross profit ($000s)	**18,744**	85,311	3,408	19,339	37,606	24,958
Cash cost (€ per pound)	**0.81**	1.09	1.31	1.28	0.81	0.93
Cash cost ($ per pound)	**0.92**	1.28	1.49	1.48	0.96	1.14
AISC ($ per pound)	**1.72**	1.95	2.64	1.90	1.46	1.84

Gross Profit

Gross profit for the three months ended March 31, 2019 was $6.2 million lower than the comparable period in 2018. The decrease was mainly attributable to lower zinc realized metal prices, net of price adjustments and lower copper sales volumes.

Production

Copper production for the three months ended March 31, 2019 was lower than the comparable period in 2018. The decrease in copper production is a result of lower head grades due to a change in mine sequencing.

Zinc production for the three months ended March 31, 2019 was higher than the first quarter of 2018 largely as a result of higher head grades.

Cash Costs

Copper cash costs for the quarter ended March 31, 2019 were lower than that of the corresponding period in 2018, largely as a result of higher per unit by-product credits due to lower sales volumes. The implementation of IFRS 16, *Leases* resulted in a reduction in cash costs of $0.07/lb in the current quarter, which was offset by a corresponding increase in all-in sustaining cost.

All-in sustaining costs were lower than the prior year comparable period as a result of lower sustaining capital expenditures ($0.10/lb).

Projects

During the first quarter of 2019, ZEP advanced with major construction activities underway and overall has achieved 54% completion as at March 31, 2019.

Underground development included the final breakthrough of all the conveyor ramps. Concrete foundation works advanced in all three underground electrical sub-stations and structural steel was completed at one transfer point and is significantly advanced at the crusher.

Surface construction has progressed, including completion of flotation building steel and cladding, completion of the SAG mill rough set and steel erection frame and near completion of flotation cell installation. Surface facilities are scheduled for commissioning and ramp up in the first quarter of 2020.

Careful monitoring of timeline and cost is ongoing to ensure the project remains on track.

Zinkgruvan Mine - Sweden

Operating Statistics

	2019	2018				
	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, zinc (000 tonnes)	**269**	1,203	330	276	288	309
Ore mined, copper (000 tonnes)	**52**	97	-	23	34	40
Ore milled, zinc (000 tonnes)	**252**	1,202	325	280	288	309
Ore milled, copper (000 tonnes)	**41**	111	-	35	62	14
Grade						
Zinc (%)	**9.3**	7.0	7.9	6.7	6.6	6.8
Lead (%)	**2.9**	2.6	3.1	2.5	1.8	2.8
Copper (%)	**1.6**	1.4	-	1.7	1.3	1.4
Recovery						
Zinc (%)	**92.5**	90.6	91.7	91.2	89.4	89.9
Lead (%)	**78.6**	79.1	80.2	78.8	73.5	81.3
Copper (%)	**89.1**	88.4	-	90.6	87.0	88.2
Production (contained metal)						
Zinc (tonnes)	**21,673**	76,606	23,559	17,157	16,845	19,045
Lead (tonnes)	**5,832**	24,613	8,161	5,515	3,914	7,023
Copper (tonnes)	**579**	1,386	-	523	687	176
Silver (000 oz)	**479**	2,155	607	531	452	565
Revenue ($000s)	**52,368**	216,691	65,334	39,384	49,605	62,368
Gross profit ($000s)	**26,983**	100,517	30,800	14,514	21,007	34,196
Cash cost (SEK per pound)	**4.08**	2.97	2.12	3.13	3.51	3.47
Cash cost ($ per pound)	**0.44**	0.34	0.23	0.35	0.41	0.43
AISC ($ per pound)	**0.69**	0.62	0.50	0.62	0.71	0.71

Gross Profit
Gross profit for the three months ended March 31, 2019 was lower than the first quarter of 2018, due to lower realized metal prices.

Production
Zinc production for the first quarter of 2019 was 14% higher than the prior year comparable period, and March saw record zinc production. The increase was due to higher head grades and recovery rates.

Lead production for the quarter was lower than the comparable period in the prior year. Lower throughput due to a change in the mine sequencing resulted in the decrease year-over-year.

Cash Costs
Zinc cash costs and all-in sustaining cost were in-line with the comparable prior year period.

Exploration

Candelaria Mine, Chile (Copper, Gold)
During the first quarter of 2019, a total of 13,543 metres were drilled by five rigs in the Candelaria Underground Norte Sector and the Española project. A new 3D model was generated in order to consolidate and refine available regional and mine data.

Eagle Mine, USA (Nickel, Copper)
Drilling continued with four rigs drilling 8,855 metres in the near-mine area during the first quarter of 2019. Exploration efforts will be changing focus from near-mine to regional targets.

Neves-Corvo, Portugal (Copper, Zinc)
Drilling has focused on exploration targets to the north and south of the mine area with a total of 7,502 metres drilled by three rigs in the first quarter of 2019. The exploration geophysics program has progressed on schedule.

Zinkgruvan, Sweden (Zinc, Lead)
A total of 12,421 metres from six surface and three underground rigs were drilled in the first quarter of 2019. Surface drilling continued to focus in the Dalby and Flaxen exploration concessions. Underground exploration development drifting has progressed by more than 360 metres, all in the Dalby area.

Metal Prices, LME Inventories and Smelter Treatment and Refining Charges

The average metal prices for copper, zinc and nickel for the first quarter 2019 were higher than the average prices for the last quarter of 2018 by: 1% copper, 3% zinc and 7% nickel. The prices for copper, zinc and nickel increased each month through the quarter on the backdrop of positive sentiment surrounding global trade discussions.

		Three months ended March 31,		
(Average LME Price)		**2019**	2018	Change
Copper	US$/pound	2.82	3.16	-11%
	US$/tonne	6,215	6,961	
Zinc	US$/pound	1.23	1.55	-21%
	US$/tonne	2,702	3,421	
Nickel	US$/pound	5.61	6.02	-7%
	US$/tonne	12,369	13,276	

The LME inventory for copper increased during the first quarter of 2019 by 29% while the LME inventories decreased for zinc and nickel by 59% and 12%, respectively.

The treatment charges ("TC") and refining charges ("RC") in the spot market for copper concentrates between mining companies and commodity trading companies decreased slightly during the first quarter of 2019. January saw miner-to-trader spot TC's at $80 per dmt of concentrate and a spot RC at $0.080 per lb of payable copper; however, by the end of March the TC had decreased to $65 per dmt of concentrate with a RC of $0.065 per payable lb of copper contained. Also, the spot terms at which the Chinese copper smelters buy have fallen from a TC of $84 per dmt of concentrate and a RC of $0.084 per payable lb of copper over January to a TC of $75 per dmt of concentrate and a RC of $0.075 per payable lb of copper at the end of March. The terms for annual contracts for copper concentrates for 2019 were reached in November 2018 at a TC of $80.80 per dmt of concentrate with a RC of $0.0808 per payable lb of copper. This represents an improvement for the mines compared to the 2018 annual terms at a TC of $82.25 per dmt of concentrates and a RC of $0.08225 per payable lb of copper.

The Company's nickel concentrate production from Eagle is sold under long-term contracts.

The spot TC for zinc concentrates in China has continued to increase during the quarter. At the end of December 2018, the spot market in China for zinc concentrates traded at $187 per dmt of concentrates, flat, i.e. without escalators. During January and February, the spot TC increased significantly to $213-$235 per dmt, flat, on extremely limited activity in the Chinese market because of the Lunar holiday. In March, once China returned from holidays, the spot TC continued to rise to levels of $257 per dmt, flat. At the end of March there had been no reported settlement in the negotiations between mines and smelters for annual contracts for zinc concentrates. However, in early April, a reported settlement was reached at $245 per dmt at a base price range of $2,700 to $3,000, with the reintroduction of small up and down scales. Adoption of this settlement globally would represent an improvement of approximately $100 per dmt of concentrate in favour of the smelters compared to the reported 2018 annual settlement.

Liquidity and Capital Resources

As at March 31, 2019, the Company had cash and cash equivalents of $734.7 million. The Company expects to be able to fund all its contractual commitments and obligations through operating cash flow generated, cash on hand and available debt facilities.

Capital Resources

As at March 31, 2019, the Company had $75.9 million of long-term debt and lease liabilities, which included a new fixed term loan of $35 million secured by Candelaria in the first quarter of 2019. The loan accrues interest at a rate of 3.1% per annum, with interest payable upon maturity, in January 2020. Lease liabilities increased during the first quarter due to the implementation of IFRS 16, *Leases*.

Contractual Obligations, Commitments and Contingencies

The Company has contractual obligations and capital commitments as described in the Note 21 "Commitments and Contingencies" in the Company's Condensed Interim Consolidated Financial Statements. From time to time, the Company may also be involved in legal proceedings that arise in the ordinary course of its business.

Financial Instruments

The Company does not currently utilize complex financial instruments in hedging metal price, foreign exchange or interest rate exposure. Any hedging activity requires approval of the Company's Board of Directors. The Company will not hold or issue derivative instruments for speculation or trading purposes.

Provisional priced trade receivables of $77.2 million and a derivative asset of $25.3 million are the Company's only Level 2 fair valued financial instruments and no Level 3 instruments are held.

Provisionally priced trade receivables are valued using forward LME prices until final prices are settled at a future date. The derivative asset is related to contingent consideration and is determined using a valuation method that incorporates metal price, metal price volatility and expiry date.

The Company's revenue from operations is received in US dollars while a significant portion of its expenses are incurred in CLP, €, SEK and other currencies. Accordingly, foreign currency fluctuations may adversely affect the Company's financial position and operating results. The Company regularly reviews its exposure to currency price volatility as part of its financial risk management efforts. Hedging activities approved by the Company's Board of Directors may be undertaken from time to time to mitigate the potential impact of currency price volatility.

For a detailed discussion of the Company's financial instruments refer to Note 20 of the Company's Condensed Interim Consolidated Financial Statements.

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 and the $.

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

Metal	Tonnes Payable	Provisional price on March 31, 2019 ($US/tonne)	Change	Effect on Revenue ($millions)
Copper	58,168	6,486	+/- 10%	+/- $37.7
Zinc	23,603	2,959	+/- 10%	+/- $7.0
Nickel	1,389	12,977	+/- 10%	+/- $1.8

The following table presents the Company's sensitivity to certain currencies and the impact of exchange rates, against the US dollar, on cost of goods sold:

Currency	Change	For the three months ended March 31, 2019 ($millions)
Chilean peso	+/- 10%	+/- $10.7
Euro	+/- 10%	+/- $6.5
Swedish krona	+/- 10%	+/- $2.6

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 23 of the Company's March 31, 2019 Condensed Interim Consolidated Financial Statements.

Changes in Accounting Policies and Critical Accounting Estimates and Judgments

The Company describes its significant accounting policies as well as any changes in accounting policies in Note 2 "Basis of Presentation and Significant Accounting Policies" of the March 31, 2019 Condensed Interim Consolidated Financial Statements. No significant changes in accounting policies have occurred other than the implementation of new IFRS as issued by the IASB.

Non-GAAP Performance Measures

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

Net Cash

Net cash is a performance measure used by the Company to assess its financial position. Net cash is defined as cash and cash equivalents, less long-term debt and lease liabilities, excluding deferred financing fees and can be reconciled as follows:

($thousands)	**March 31, 2019**	December 31, 2018[1]
Current portion of long-term debt and lease liabilities	**(45,214)**	(3,830)
Long-term debt and lease liabilities	**(30,676)**	(7,162)
	(75,890)	(10,992)
Cash and cash equivalents	**734,742**	815,429
Net cash	**658,852**	804,437

Operating Cash Flow per Share

Operating cash flow per share is a performance measure used by the Company to assess its ability to generate cash from its operations, while also taking into consideration changes in the number of outstanding shares of the Company. Operating cash flow per share is defined as cash provided by operating activities, less changes in non-cash working capital items, divided by the basic weighted average number of shares outstanding.

Operating cash flow per share can be reconciled to cash provided by operating activities as follows:

	Three months ended March 31,	
($thousands, except share and per share amounts)	**2019**	2018[1]
Cash provided by operating activities	**62,140**	172,858
Changes in non-cash working capital items	**76,981**	(2,432)
Operating cash flow before changes in non-cash working capital items	**139,121**	170,426
Weighted average common shares outstanding	**735,256,205**	729,599,641
Operating cash flow per share	**0.19**	0.23

Capital Expenditures

Identifying capital expenditures, on a cash basis, using a sustaining or expansionary classification provides management 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. Sustaining and expansionary capital expenditures are reported excluding capitalized interest.

1. Upon the adoption of new IFRS standards as issued by the IASB, the Company has elected not to restate comparative periods presented.

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 not an IFRS 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.

AISC per Pound

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

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

Three months ended March 31, 2019					
Operations	**Candelaria**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):					
Tonnes	31,073	1,691	7,710	16,026	
Pounds (000s)	68,504	3,728	16,998	35,331	
Production costs					205,070
Less: items included in the above					
Non-cash inventory					(199)
Royalties and other					(3,947)
					200,924
Deduct: By-product credits					(88,143)
Add: Treatment and refining charges					30,973
Cash cost	111,103	1,372	15,589	15,690	143,754
Cash cost per pound ($/lb)	**1.62**	**0.37**	**0.92**	**0.44**	
Add: Sustaining capital expenditure(1)	112,815	2,756	10,681	8,397	
Royalties	-	1,204	1,554	-	
Interest expense(2)	1,477	489	193	76	
Leases & Other(2)	779	315	1,164	299	
All-in sustaining cost	226,174	6,136	29,181	24,462	
AISC per pound ($/lb)	**3.30**	**1.65**	**1.72**	**0.69**	

Three months ended March 31, 2018					
Operations	**Candelaria**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):					
Tonnes	32,787	5,067	9,133	16,594	
Pounds (000s)	72,283	11,171	20,135	36,583	
Production costs					239,736
Less: items included in the above					
Non-cash inventory					1,504
Royalties and other					(7,128)
					234,112
Deduct: By-product credits					(108,138)
Add: Treatment and refining charges					41,839
Cash cost	123,777	5,466	22,921	15,649	167,813
Cash cost per pound ($/lb)	**1.71**	**0.49**	**1.14**	**0.43**	
Add: Sustaining capital expenditure	85,846	3,145	11,574	9,771	
Royalties	-	4,199	1,789	-	
Interest expense	882	263	132	131	
Leases & Other	-	-	635	252	
All-in sustaining cost	210,505	13,073	37,051	25,803	
AISC per pound ($/lb)	**2.91**	**1.17**	**1.84**	**0.71**	

1. Sustaining capital expenditure, as reported in AISC, is presented on an accrual basis and excludes capitalized interest.
2. Beginning in 2019, resulting from the implementation of IFRS 16, *Leases*, sustaining lease liability costs previously recorded in cash cost are included in AISC.

Managing Risks

Risks and Uncertainties

The operations of Lundin Mining are exposed to a number of inherent risks and uncertainties, including those related to health and safety, environment, fluctuations in commodity prices, foreign exchange rates and other risks as discussed in this document. For a complete discussion on risks, refer to the "Risks and Uncertainties" section of the Company's most recently filed Annual Information Form ("AIF").

Outstanding Share Data

As at April 24, 2019, the Company has 736,452,654 common shares issued and outstanding, and 13,506,425 stock options and 2,345,220 share units outstanding under the Company's incentive plans.

Management's Report on Internal Controls

Disclosure controls and procedures ("DCP")

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

Internal control over financial reporting ("ICFR")

The Company's ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. However, due to inherent limitations ICFR may not prevent or detect all misstatements and fraud. Management will continue to monitor the effectiveness of its ICFR and may make modifications from time to time as considered necessary.

Control Framework

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

Changes in ICFR

There have been no changes in the Company's ICFR during the three month period ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's financial reporting.

Other Information

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

Condensed Interim Consolidated Financial Statements of

Lundin Mining Corporation

March 31, 2019
(Unaudited)

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS (Unaudited - in thousands of US dollars)	**March 31, 2019**	December 31, 2018[1]
ASSETS		
Cash and cash equivalents (Note 3)	**$ 734,742**	$ 815,429
Trade and other receivables (Note 4)	**332,087**	384,332
Income taxes receivable	**100,066**	75,602
Inventories (Note 5)	**185,869**	160,993
Other current assets (Note 6)	**37,663**	7,242
Total current assets	**1,390,427**	1,443,598
Restricted cash	**44,745**	44,424
Long-term inventory (Note 5)	**236,367**	241,545
Other non-current assets (Note 7)	**8,967**	34,644
Mineral properties, plant and equipment (Note 8)	**3,945,691**	3,829,345
Investment in associate (Note 9)	**124,783**	136,943
Deferred tax assets	**100,920**	94,472
Goodwill	**107,932**	109,794
	4,569,405	4,491,167
Total assets	**$ 5,959,832**	$ 5,934,765
LIABILITIES		
Trade and other payables (Note 10)	**$ 306,833**	$ 380,016
Income taxes payable	**42,232**	42,971
Current portion of debt and lease liabilities (Note 11)	**45,214**	3,830
Current portion of deferred revenue (Note 12)	**61,195**	61,478
Current portion of reclamation and other closure provisions	**3,300**	6,604
Total current liabilities	**458,774**	494,899
Debt and lease liabilities (Note 11)	**30,676**	7,162
Deferred revenue (Note 12)	**521,619**	527,376
Reclamation and other closure provisions	**292,053**	292,086
Other long-term liabilities	**2,715**	3,406
Provision for pension obligations	**10,214**	11,068
Deferred tax liabilities	**414,973**	405,202
	1,272,250	1,246,300
Total liabilities	**1,731,024**	1,741,199
SHAREHOLDERS' EQUITY		
Share capital (Note 13)	**4,191,624**	4,177,660
Contributed surplus	**46,515**	49,424
Accumulated other comprehensive loss	**(280,330)**	(260,179)
Deficit	**(240,704)**	(275,759)
Equity attributable to Lundin Mining Corporation shareholders	**3,717,105**	3,691,146
Non-controlling interests	**511,703**	502,420
	4,228,808	4,193,566
	$ 5,959,832	$ 5,934,765

Commitments and contingencies (Note 21)

Subsequent event (Note 26)

[1]In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)(a)), the comparatives for the 2018 reporting period have not been restated.

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

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

	Three months ended March 31,	
	2019	2018[1]
Revenue (Note 14)	**$ 416,384**	$ 470,482
Cost of goods sold		
Production costs (Note 15)	**(205,070)**	(239,736)
Depreciation, depletion and amortization	**(70,104)**	(80,870)
Gross profit	**141,210**	149,876
General and administrative expenses	**(13,618)**	(12,425)
General exploration and business development	**(18,700)**	(19,847)
Finance income (Note 17)	**5,066**	5,040
Finance costs (Note 17)	**(8,802)**	(15,172)
(Loss) income from equity investment in associate (Note 9)	**(11,935)**	4,804
Other (expense) income (Note 18)	**(1,427)**	329
Earnings before income taxes	**91,794**	112,605
Current tax expense (Note 19)	**(25,708)**	(28,984)
Deferred tax (expense) recovery (Note 19)	**(5,137)**	3,439
Net earnings	**$ 60,949**	$ 87,060
Net earnings attributable to:		
Lundin Mining Corporation shareholders	**$ 51,666**	$ 81,249
Non-controlling interests	**9,283**	5,811
Net earnings	**$ 60,949**	$ 87,060
Basic and diluted earnings per share attributable to Lundin Mining Corporation shareholders:		
Net earnings	**$ 0.07**	$ 0.11
Weighted average number of shares outstanding (Note 13)		
Basic	**735,256,205**	729,599,641
Diluted	**736,073,671**	732,282,574

[1]In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)(a)), the comparatives for the 2018 reporting period have not been restated.

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited - in thousands of US dollars)

	Three months ended March 31, 2019	2018[1]
Net earnings	**$ 60,949**	$ 87,060
Other comprehensive (loss) income, net of taxes		
Item that may be reclassified subsequently to net earnings:		
Effects of foreign exchange	**(20,151)**	18,768
Other comprehensive (loss) income	**(20,151)**	18,768
Total comprehensive income	**$ 40,798**	$ 105,828
Comprehensive income attributable to:		
Lundin Mining Corporation shareholders	**$ 31,515**	$ 100,017
Non-controlling interests	**9,283**	5,811
Total comprehensive income	**$ 40,798**	$ 105,828

[1]In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)(a)), the comparatives for the 2018 reporting period have not been restated.

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Non-controlling interests	Total
Balance, December 31, 2018[1]	733,534,879	$ 4,177,660	$ 49,424	$ (260,179)	$ (275,759)	$ 502,420	$ 4,193,566
Exercise of share-based awards	2,779,980	13,964	(7,605)	-	-	-	6,359
Share-based compensation	-	-	4,696	-	-	-	4,696
Dividends declared (Note 13)	-	-	-	-	(16,611)	-	(16,611)
Net earnings	-	-	-	-	51,666	9,283	60,949
Other comprehensive loss	-	-	-	(20,151)	-	-	(20,151)
Total comprehensive income	-	-	-	(20,151)	51,666	9,283	40,798
Balance, March 31, 2019	**736,314,859**	**$ 4,191,624**	**$ 46,515**	**$ (280,330)**	**$ (240,704)**	**$ 511,703**	**$ 4,228,808**
Balance, December 31, 2017	728,418,632	$ 4,152,469	$ 48,926	$ (196,657)	$ (336,353)	$ 482,830	$ 4,151,215
IFRS 9 & *IFRS 15* adjustments	-	-	-	(9,879)	(66,982)	-	(76,861)
Balance, January 1, 2018	728,418,632	4,152,469	48,926	(206,536)	(403,335)	482,830	4,074,354
Exercise of share-based awards	2,606,027	12,302	(5,992)	-	-	-	6,310
Share-based compensation	-	-	2,585	-	-	-	2,585
Dividends declared	-	-	-	-	(17,534)	-	(17,534)
Deferred tax adjustment	-	(294)	-	-	-	-	(294)
Net earnings	-	-	-	-	81,249	5,811	87,060
Other comprehensive income	-	-	-	18,768	-	-	18,768
Total comprehensive income	-	-	-	18,768	81,249	5,811	105,828
Balance, March 31, 2018[1]	731,024,659	$ 4,164,477	$ 45,519	$ (187,768)	$ (339,620)	$ 488,641	$ 4,171,249

[1]In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)(a)), the comparatives for the 2018 reporting period have not been restated.

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited - in thousands of US dollars)

	Three months ended March 31,	
	2019	2018[1]
Cash provided by (used in)		
Operating activities		
Net earnings	**$ 60,949**	$ 87,060
Items not involving cash and other adjustments		
Depreciation, depletion and amortization	**70,104**	80,870
Share-based compensation	**4,696**	2,585
Foreign exchange loss	**554**	3,779
Finance costs	**3,736**	10,132
Recognition of deferred revenue (Note 12)	**(12,524)**	(12,538)
Deferred tax expense (recovery)	**5,137**	(3,439)
Loss (earnings) from equity investment in associate (Note 9)	**11,935**	(4,804)
Revaluation of derivative asset (Note 18)	**(170)**	(2,204)
Other	**635**	(1,288)
Reclamation payments	**(4,165)**	(1,659)
Other payments	**(2,390)**	(749)
Changes in long-term inventory	**624**	12,681
Changes in non-cash working capital items (Note 24)	**(76,981)**	2,432
	62,140	172,858
Investing activities		
Investment in mineral properties, plant and equipment	**(181,997)**	(150,712)
Interest received	**4,124**	4,847
Proceeds from sale of marketable securities	**-**	35,446
Distributions from associate	**225**	115
Other	**371**	(1,087)
	(177,277)	(111,391)
Financing activities		
Interest paid	**(1,387)**	(596)
Proceeds from common shares issued	**6,359**	7,556
Principal payments of lease liabilities	**(2,638)**	-
Proceeds from term loan (Note 11)	**35,000**	-
Other	**-**	(1,536)
	37,334	5,424
Effect of foreign exchange on cash balances	**(2,884)**	5,179
(Decrease) increase in cash and cash equivalents during the period	**(80,687)**	72,070
Cash and cash equivalents, beginning of period	**815,429**	1,567,038
Cash and cash equivalents, end of period	**$ 734,742**	$ 1,639,108

Supplemental cash flow information (Note 24)

[1]In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)(a)), the comparatives for the 2018 reporting period have not been restated.

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

1. NATURE OF OPERATIONS

Lundin Mining Corporation (the "Company") is a diversified Canadian base metals mining company primarily producing copper, nickel and zinc. The Company's wholly-owned operating assets include the Eagle mine located in the United States of America ("USA"), the Neves-Corvo mine located in Portugal and the Zinkgruvan mine located in Sweden. The Company also owns 80% of the Candelaria and Ojos del Salado mining complex ("Candelaria") located in Chile, and holds an indirect 24% equity interest in the Freeport Cobalt Oy business ("Freeport Cobalt"), which includes a cobalt refinery located in Kokkola, Finland.

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

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of presentation and measurement

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting including *IAS 34 Interim financial reporting*. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2018.

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 and CLP refers to the Chilean peso.

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

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on April 24, 2019.

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

Areas of judgment that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2018.

(iii) Significant accounting policies

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2018 except for those noted below.

(a) *IFRS 16, Leases*

The Company adopted *IFRS 16* effective January 1, 2019, using the modified retrospective approach. The comparatives for the 2018 reporting period have not been restated and are accounted for under *IAS 17, Leases*, and *IFRIC 4, Determining Whether an Arrangement Contains a Lease*, as permitted under the specific transitional provisions in the standard. The transitional adjustments arising from the adoption are recognized in the opening balance sheet on January 1, 2019 (Note 25).

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 net 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 the 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

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

- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

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

Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

On the balance sheet, the right-of-use assets are presented in 'Mineral properties, plant and equipment' and the lease liabilities are presented in 'Debt and lease liabilities'.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

		March 31, 2019		December 31, 2018
Cash	**$**	**629,392**	$	679,619
Short-term deposits		**105,350**		135,810
	$	**734,742**	$	815,429

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

		March 31, 2019		December 31, 2018
Trade receivables	**$**	**224,755**	$	251,010
Prepaid expenses		**56,457**		79,299
Value added tax		**31,623**		34,467
Other receivables		**19,252**		19,556
	$	**332,087**	$	384,332

Included in prepaid expenses is $37.5 million (2018 - $58.7 million) related to advance payment of mine equipment purchases.

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

5. INVENTORIES

Inventories are comprised of the following:

		March 31, 2019		December 31, 2018
Ore stockpiles	**$**	**32,849**	$	33,207
Concentrate stockpiles		**47,687**		23,776
Materials and supplies		**105,333**		104,010
	$	**185,869**	$	160,993

Long-term inventory is comprised of ore stockpiles.

6. OTHER CURRENT ASSETS

Other current assets are comprised of the following:

		March 31, 2019		December 31, 2018
Derivative asset	**$**	**25,268**	$	-
Other		**12,395**		7,242
	$	**37,663**	$	7,242

The Company has recorded a derivative asset for the contingent consideration agreed upon under the terms of the TF Holdings Limited disposal, previously recorded in other non-current assets (Note 7).

7. OTHER NON-CURRENT ASSETS

Other non-current assets comprise the following:

		March 31, 2019		December 31, 2018
Marketable securities	**$**	**2,799**	$	2,756
Deferred financing costs		**2,693**		2,913
Derivative asset		**-**		25,098
Other		**3,475**		3,877
	$	**8,967**	$	34,644

During the quarter, the Company reclassified its derivative asset to other current assets (Note 6).

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

8. MINERAL PROPERTIES, PLANT AND EQUIPMENT

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

Cost	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2017	$ 3,359,061	$ 2,133,591	$ 402,817	$ 5,895,469
Additions	68,430	79	86,169	154,678
Disposals and transfers	1,537	1,412	(3,354)	(405)
Effects of foreign exchange	21,240	12,573	1,560	35,373
As at March 31, 2018	3,450,268	2,147,655	487,192	6,085,115
Additions	272,957	3,067	377,378	653,402
Disposals and transfers	42,455	324,864	(506,117)	(138,798)
Effects of foreign exchange	(109,248)	(49,983)	(8,184)	(167,415)
As at December 31, 2018	3,656,432	2,425,603	350,269	6,432,304
IFRS 16 transition (Note 25)	-	32,837	-	32,837
As at January 1, 2019	3,656,432	2,458,440	350,269	6,465,141
Additions	72,733	372	108,879	181,984
Disposals and transfers	(479)	91,276	(91,804)	(1,007)
Effects of foreign exchange	(35,347)	(13,793)	(3,885)	(53,025)
As at March 31, 2019	**$ 3,693,339**	**$ 2,536,295**	**363,459**	**$ 6,593,093**

Accumulated depreciation, depletion and amortization	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2017	$ 1,637,113	$ 869,890	$ -	$ 2,507,003
Depreciation	35,281	39,149	-	74,430
Disposals and transfers	-	(187)	-	(187)
Effects of foreign exchange	11,604	7,297	-	18,901
As at March 31, 2018	1,683,998	916,149	-	2,600,147
Depreciation	104,233	121,789	-	226,022
Disposals and transfers	(1,992)	(126,961)	-	(128,953)
Effects of foreign exchange	(66,478)	(27,779)	-	(94,257)
As at December 31, 2018	1,719,761	883,198	-	2,602,959
Depreciation	31,415	42,257	-	73,672
Disposals and transfers	-	(138)	-	(138)
Effects of foreign exchange	(21,937)	(7,154)	-	(29,091)
As at March 31, 2019	**$ 1,729,239**	**$ 918,163**	**$ -**	**$ 2,647,402**

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

Net book value	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2018	$ 1,936,671	$ 1,542,405	$ 350,269	$ 3,829,345
As at January 1, 2019	$ 1,936,671	$ 1,575,242	$ 350,269	$ 3,862,182
As at March 31, 2019	**$ 1,964,100**	**$ 1,618,132**	**$ 363,459**	**$ 3,945,691**

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:

Plant and equipment	Net book value
Leased assets as at December 31, 2018 reclassified as right-of-use assets as at January 1, 2019	$ 10,425
IFRS 16 transition (Note 25)	32,837
As at January 1, 2019	43,262
Additions	347
Depreciation	(2,574)
Effects of foreign exchange	(67)
As at March 31, 2019	$ **40,968**

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.

During the three months ended March 31, 2019, the Company capitalized $2.3 million (2018 - $4.5 million) of finance costs to assets under construction, at a weighted average interest rate of 5.12%.

During the three months ended March 31, 2019, the Company capitalized $50.6 million (March 31, 2018 - $40.8 million) of deferred stripping costs to mineral properties. The depreciation expense related to deferred stripping was $3.2 million for the quarter ended March 31, 2019 (March 31, 2018 - $6.8 million). Included in the mineral properties balance is $605.9 million (December 31, 2018 - $555.3 million) related to deferred stripping at Candelaria and $64.4 million (December 31, 2018 - $56.5 million) related to underground development of the Zinc Expansion Project at the Neves-Corvo mine, which are currently non-depreciable.

9. INVESTMENT IN ASSOCIATE

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

As at December 31, 2017	**$** 101,424
Distributions	(115)
Share of equity income	4,804
As at March 31, 2018	106,113
Contributions, net	5,701
Share of equity income	25,129
As at December 31, 2018	136,943
Distributions	(225)
Share of equity loss	(11,935)
As at March 31, 2019	**$ 124,783**

The Company has a 24% ownership interest in Freeport Cobalt, a cobalt refinery, and its related sales and marketing business. Freeport McMoRan Inc. holds a 56% ownership interest and La Générale des Carrières et des Mines, a Democratic Republic of the Congo government-owned corporation, owns the remaining 20% interest in Freeport Cobalt.

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

10. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	March 31, 2019	December 31, 2018
Trade payables	**$ 159,781**	$ 228,608
Unbilled goods and services	**77,641**	81,813
Employee benefits payable	**42,859**	59,238
Dividend payable	**16,525**	-
Royalty payable	**9,783**	10,195
Other	**244**	162
	$ 306,833	$ 380,016

11. DEBT AND LEASE LIABILITIES

Debt and lease liabilities are comprised of the following:

	March 31, 2019	December 31, 2018
Term loan (a)	**$ 35,000**	$ -
Lease liabilities (b)	**40,890**	-
Finance leases (Note 25)	**-**	10,992
As at March 31, 2019	**75,890**	10,992
Less: current portion	**45,214**	3,830
Long-term portion	**$ 30,676**	$ 7,162

a) During the quarter, Candelaria secured a fixed term loan (“term loan”) in the amount of $35 million. The term loan accrues interest at a rate of 3.1% per annum, with interest payable upon maturity, on January 6, 2020.

b) Lease liabilities relate to leases on buildings, rail cars, vehicles, machinery and equipment which have remaining lease terms of one to fifteen years and interest rates of 0.8% - 4.6% over the terms of the leases.

The schedule of undiscounted lease payment obligations is as follows:

Less than one year	$ 11,677
One to five years	27,717
More than five years	5,372
Total undiscounted lease liabilities as at March 31, 2019	**44,766**
Discounted lease liabilities as at March 31, 2019	40,890
Less: current portion	10,214
Long-term portion	**$ 30,676**

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

12. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

As at December 31, 2017	$	513,759
IFRS 15 transition adjustment		85,978
As at January 1, 2018		599,737
Recognition of revenue		(12,538)
Finance costs		7,739
Effects of foreign exchange		(109)
As at March 31, 2018		594,829
Recognition of revenue		(40,588)
Variable consideration adjustment		15,307
Finance costs		24,175
Effects of foreign exchange		(4,869)
As at December 31, 2018		588,854
Recognition of revenue		(12,524)
Finance costs		7,503
Effects of foreign exchange		(1,019)
As at March 31, 2019		582,814
Less: current portion		61,195
Long-term portion	**$**	**521,619**

Consideration from the Company's stream agreements is considered variable. Gold and silver revenue can be subject to cumulative adjustments when the numbers of ounces to be delivered under the contract changes. During 2018, the Company recognized an adjustment to gold and silver revenue and finance costs due to an increase in the Company's Mineral Resources and Mineral Reserves estimates.

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

13. SHARE CAPITAL

a) Basic and diluted weighted average number of shares outstanding

	Three months ended March 31,	
	2019	2018
Basic weighted average number of shares outstanding	**735,256,205**	729,599,641
Effect of dilutive securities	**817,466**	2,682,933
Diluted weighted average number of shares outstanding	**736,073,671**	732,282,574
Antidilutive restricted share units	**4,602,500**	787,800

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

b) Stock options and SUs granted

	Three months ended March 31,	
	2019	2018
Stock options	**3,934,000**	2,808,800
SUs	**1,029,500**	787,800

c) Dividends

During the three months ended March 31, 2019, the Company declared dividends in the amount of $16.6 million (2018 - $17.5 million) or C$0.03 per share (2018 - C$0.03).

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

14. REVENUE

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

	Three months ended March 31, 2019	2018
Copper	$ **245,454**	$ 298,992
Zinc	**77,836**	90,156
Nickel	**16,209**	57,987
Gold	**22,605**	22,431
Lead	**9,994**	14,891
Silver	**7,063**	7,584
Other	**2,957**	8,633
	382,118	500,674
Provisional pricing adjustments on concentrate sales	**34,266**	(30,192)
Revenue	$ **416,384**	$ 470,482

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

	Three months ended March 31, 2019	2018
Europe	$ **161,413**	$ 251,868
Asia	**183,342**	164,623
North America	**25,348**	65,249
South America	**12,015**	18,934
	382,118	500,674
Provisional pricing adjustments on concentrate sales	**34,266**	(30,192)
Revenue	$ **416,384**	$ 470,482

15. PRODUCTION COSTS

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

	Three months ended March 31, 2019	2018
Direct mine and mill costs	$ **186,960**	$ 217,944
Transportation	**15,352**	15,804
Royalties	**2,758**	5,988
Total production costs	$ **205,070**	$ 239,736

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

16. EMPLOYEE BENEFITS

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

	Three months ended March 31, 2019	2018
Production costs		
Wages and benefits	**$ 57,253**	$ 70,018
Pension benefits	**231**	316
Share-based compensation	**1,125**	1,184
	58,609	71,518
General and administrative expenses		
Wages and benefits	**5,939**	6,339
Pension benefits	**207**	178
Share-based compensation	**3,509**	1,331
	9,655	7,848
General exploration and business development		
Wages and benefits	**2,096**	2,060
Pension benefits	**16**	140
Share-based compensation	**62**	70
	2,174	2,270
Total employee benefits	**$ 70,438**	$ 81,636

17. FINANCE INCOME AND COSTS

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

	Three months ended March 31, 2019	2018
Interest income	**$ 4,066**	$ 4,850
Deferred revenue finance costs	**(5,203)**	(7,739)
Accretion expense on reclamation provisions	**(1,970)**	(1,408)
Interest expense and bank fees	**(1,313)**	(5,428)
Lease liability interest	**(316)**	-
Other	**1,000**	(407)
Total finance costs, net	**$ (3,736)**	$ (10,132)

Finance income	**$ 5,066**	$ 5,040
Finance costs	**(8,802)**	(15,172)
Total finance costs, net	**$ (3,736)**	$ (10,132)

During the three months ended March 31, 2019, deferred revenue finance costs of $2.3 million (2018 interest expense – $4.5 million) were capitalized to assets under construction (Note 8).

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

18. OTHER INCOME AND EXPENSE

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

	Three months ended March 31,			
		2019		2018
Foreign exchange loss	**$**	**(1,595)**	$	(2,015)
Revaluation of marketable securities		**(8)**		5,597
Revaluation of derivative asset		**170**		(2,204)
Other income (expense)		**6**		(1,049)
Total other (expense) income, net	**$**	**(1,427)**	$	329

Other expense includes ancillary activities of the Company, including closure costs for closed operations.

19. INCOME TAXES

Income tax expense is recognized based on management’s estimate of the weighted average annual income tax rate expected for the full financial year.

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

20. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company's financial assets and financial liabilities have been classified into categories that determine their basis of measurement. The following table shows the carrying values, fair values and fair value hierarchy of the Company's financial instruments as at March 31, 2019 and December 31, 2018:

		March 31, 2019		December 31, 2018	
	Level	**Carrying value**	**Fair value**	Carrying value	Fair value
Financial assets					
Fair value through profit or loss					
Restricted cash	1	**$ 44,745**	**$ 44,745**	$ 44,424	$ 44,424
Trade receivables (provisional)	2	**77,222**	**77,222**	244,577	244,577
Marketable securities	1	**2,799**	**2,799**	2,756	2,756
Derivative asset	2	**25,268**	**25,268**	25,098	25,098
		$ 150,034	**$ 150,034**	$ 316,855	$ 316,855
Financial liabilities					
Amortized cost					
Term loan	2	**$ 35,000**	**$ 35,000**	$ -	$ -
Finance leases	2	**-**	**-**	10,992	10,992
		$ 35,000	**$ 35,000**	$ 10,992	$ 10,992
Fair value through profit or loss					
Derivative liability	2	**$ 30**	**$ 30**	$ 30	$ 30

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 cash – The fair value of investments in shares is determined based on the quoted market price.

Trade receivables – The fair value of the embedded derivatives on provisional sales are valued using quoted market prices based on the forward London Metals Exchange price. The Company recognized positive pricing adjustments of $34.3 million in revenue during the three months ended March 31, 2019 (2018 - $30.2 million negative pricing adjustment).

Derivative asset & liability – The fair value of these derivatives is determined using a valuation model that incorporates such factors as metals prices, metal price volatility and expiry date.

Term loan and finance leases – The fair values approximate carrying values as the interest rates are comparable to current market rates. The Company's lease liabilities under *IFRS 16* are not considered financial instruments.

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.

21. COMMITMENTS AND CONTINGENCIES

a) The Company has capital commitments of $224.0 million on various initiatives, of which $216.1 million is expected to be paid during 2019.

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

c) Significant changes to commitments and contingencies, since that reported at December 31, 2018, are described below:

i) In early 2018, the Company was notified of claims 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 $39.3 million. 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 (i.e. no reduction in fishing levels). On February 25, 2019, the presiding judge issued a ruling dismissing all claims. On March 9, 2019, the Company became aware that the plaintiff Caldera fishermen had filed an appeal with the Valparaiso Court of Appeals. The Company expects to file a response within the applicable time period. The Company believes the claim to be without merit and accordingly has not accrued any amounts related to the litigation. The Company intends to vigorously defend this claim.

ii) During 2018, the Chilean Internal Revenue Service ("IRS") issued a tax assessment of $8.2 million (recovery of $4.2 million in tax refunds and $4.0 million in interest and penalties) denying a tax deduction related to interest expenses arising from an intercompany debt for the taxation years 2014 and 2015. The Company believes the claims are inconsistent with Chilean tax law and without merit and accordingly has filed an appeal with the Department of Administrative Tax Procedures ("DATP") of the IRS. While it is uncertain, no tax expense was accrued for this assessment as the Company believes its original filing position is in compliance with tax regulations and intends to vigorously defend this position.

In April 2019, the Company received an assessment for 2016 related to the above tax matter seeking additional withholding taxes, excluding interest and penalties, of $9 million on interest payments made in 2016. While not yet assessed, a similar position taken on interest payments made for 2017 and 2018 would equate to approximately $57 million in additional withholding taxes, excluding possible penalties and interest. Similar to prior assessments, the Company will be filing an appeal with the DATP of the IRS and will be challenging this assessment as the Company believes its original filing position is in compliance with tax regulations.

22. SEGMENTED INFORMATION

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

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

For the three months ended March 31, 2019

	Candelaria Chile	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	$ 232,661	$ 46,208	$ 85,147	$ 52,368	$ -	$ 416,384
Cost of goods sold						
Production costs	(114,203)	(17,575)	(53,800)	(18,321)	(1,171)	(205,070)
Depreciation, depletion and amortization	(39,799)	(10,175)	(12,603)	(7,064)	(463)	(70,104)
Gross profit	78,659	18,458	18,744	26,983	(1,634)	141,210
General and administrative expenses	-	-	-	-	(13,618)	(13,618)
General exploration and business development	(5,851)	(5,105)	(1,828)	(4,175)	(1,741)	(18,700)
Finance (costs) income	(8,019)	(173)	270	(850)	5,036	(3,736)
Loss from equity investment in associate	-	-	-	-	(11,935)	(11,935)
Other (expense) income	(1,818)	20	1,885	1,640	(3,154)	(1,427)
Income tax expense	(13,714)	(177)	(4,670)	(6,130)	(6,154)	(30,845)
Net earnings (loss)	**$ 49,257**	**$ 13,023**	**$ 14,401**	**$ 17,468**	**$ (33,200)**	**$ 60,949**
Capital expenditures	**$ 108,946**	**$ 9,612**	**$ 53,247**	**$ 10,149**	**$ 43**	**$ 181,997**

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

For the three months ended March 31, 2018

	Candelaria Chile	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	$ 218,242	$ 92,214	$ 97,658	$ 62,368	$ -	$ 470,482
Cost of goods sold						
Production costs	(124,140)	(34,453)	(58,046)	(21,881)	(1,216)	(239,736)
Depreciation, depletion and amortization	(38,600)	(20,976)	(14,654)	(6,291)	(349)	(80,870)
Gross profit	55,502	36,785	24,958	34,196	(1,565)	149,876
General and administrative expenses	-	-	-	-	(12,425)	(12,425)
General exploration and business development	(10,681)	(4,496)	(715)	(1,755)	(2,200)	(19,847)
Finance costs	(5,991)	(81)	(1,372)	(940)	(1,748)	(10,132)
Income from equity investment in associate	-	-	-	-	4,804	4,804
Other (expense) income	(288)	15	(3,468)	1,457	2,613	329
Income tax recovery (expense)	138	(5,247)	(4,499)	(7,005)	(8,932)	(25,545)
Net earnings (loss)	$ 38,680	$ 26,976	$ 14,904	$ 25,953	$ (19,453)	$ 87,060
Capital expenditures	$ 90,868	$ 9,646	$ 35,896	$ 11,177	$ 3,125	$ 150,712

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

23. RELATED PARTY TRANSACTIONS

a) **Transactions with associates** - The Company enters 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 9).

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

	Three months ended March 31,	
	2019	2018
Wages and benefits	**$ 1,768**	$ 1,575
Pension benefits	**38**	58
Share-based compensation	**870**	385
	$ 2,676	$ 2,018

24. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended March 31,	
	2019	2018
Changes in non-cash working capital items consist of:		
Trade and income tax receivables, inventories, and other current assets	**$ (18,135)**	$ 6,311
Trade and income taxes payable, and other current liabilities	**(58,846)**	(3,879)
	$ (76,981)	$ 2,432
Operating activities included the following cash payments:		
Income taxes paid	**$ 50,409**	$ 18,475

25. *IFRS 16* TRANSITION ADJUSTMENTS

The Company has applied *IFRS 16* using the modified retrospective approach which requires the cumulative effect of initial application to be recognized in retained earnings at January 1, 2019. On adoption of *IFRS 16*, the Company recognized lease liabilities for leases previously classified as an operating lease under *IAS 17*. These liabilities were measured at the present value of the remaining lease payments, discounted using each operation's applicable incremental borrowing rate as of January 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 is 3.03%. For leases previously classified as finance leases under *IAS 17*, the carrying amount of the lease asset and lease liability immediately before transition was recognized as the carrying amount of the right-of-use asset and the lease liability at the date of initial application.

The Company has applied the following practical expedients permitted by *IFRS 16*:

- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

The following table summarizes the difference between operating lease commitments disclosed immediately preceding the date of initial application, and lease liabilities recognized in the balance sheet at the date of initial application:

Operating lease commitments as at December 31, 2018	$	51,922
Discounted using the incremental borrowing rate at January 1, 2019		47,589
Less: contracts reassessed as service agreements		(19,362)
Add: finance lease liabilities recognized as at December 31, 2018		10,992
other adjustments		3,425
Lease liabilities recognized as at January 1, 2019		42,644
Less: current portion		9,719
Long-term portion	**$**	**32,925**

Other adjustments include leases reassessed as short-term leases, low value leases and adjustments as a result of different treatment of extension and termination options.

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognized on the balance sheet as at December 31, 2018 (Note 8). There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

26. SUBSEQUENT EVENT

On April 15, 2019, the Company entered into a definitive purchase agreement with Yamana Gold Inc. (“Yamana”) to purchase its 100% ownership stake in Mineração Maracá Indústria e Comércio S/A, which owns the Chapada copper-gold mine located in Brazil, for cash consideration of $800 million, subject to customary adjustments. In addition, Yamana will retain a 2.0% net smelter return royalty on future gold production from the Suruca gold deposit and receive contingent consideration of up to $125 million over five years if certain gold price thresholds are met and contingent consideration of $100 million on potential construction of a pyrite roaster. Completion of the acquisition is expected to occur early in the third quarter of 2019 and is subject to typical closing conditions, including third-party and requisite regulatory approvals.