lundin mining

Management's Discussion and Analysis
For the three and nine months ended September 30, 2019

This management's discussion and analysis ("MD&A") has been prepared as of October 23, 2019 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 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 $ or USD is to United States dollars, C$ is to Canadian dollars, CLP is to Chilean pesos, BRL is to Brazilian reais, € refers to euros, and SEK is to Swedish kronor.

About Lundin Mining

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

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Cautionary Statement on Forward-Looking Information

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

Forward-looking information is necessarily based upon various estimates and assumptions including, without limitation, the expectations and beliefs of management, including that the Company can access financing, appropriate equipment and sufficient labour; assumed and future price of copper, nickel, zinc, gold and other metals; anticipated costs; ability to achieve goals; the prompt and effective integration of acquisitions; that the political environment in which the Company operates will continue to support the development and operation of mining projects; and assumptions related to the factors set forth below. While these factors and assumptions are considered reasonable by Lundin Mining as at the date of this document in light of management's experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information. Such factors include, but are not limited to: risks inherent in 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 and tailings 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 mine), including the ability to achieve anticipated benefits, unanticipated difficulties or expenditures relating to integration and diversion of management time on integration; 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. All of the forward-looking statements made in this document are qualified by these cautionary statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, forecast or intended and readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking information. Accordingly, there can be no assurance that forward-looking information will prove to be accurate and forward-looking information is not a guarantee of future performance. Readers are advised not to place undue reliance on forward-looking information. The forward-looking information contained herein speaks only as of the date of this document. The Company disclaims any intention or obligation to update or revise forward-looking information or to explain any material difference between such and subsequent actual events, except as required by applicable law.

Highlights

Operational Performance

Operations performed well in the quarter with production in-line with expectations. The Company remains on track to meet annual guidance and has lowered cash cost guidance for both Neves-Corvo and Chapada. Furthermore, several significant project milestones were achieved in the third quarter. Candelaria South Sector project was successfully completed and the Eagle East project reached first ore.

Candelaria (80% owned): Candelaria produced 40,698 tonnes of copper, and approximately 24,000 ounces of gold and 355,000 ounces of silver in concentrate on a 100% basis. Copper production in the quarter was higher than the prior year comparable quarter as well as the second quarter of 2019, primarily due to improved copper head grades as more ore was sourced directly from the open pit and less from stockpiles. Copper cash costs[1] of $1.39/lb for the quarter were better than the prior year comparable quarter and the previous quarter owing to improved per unit operating costs, as well as the impact of favourable foreign exchange.

The Candelaria South Sector underground mine was successfully transferred to operations in the quarter, ahead of schedule. Mine production from the Candelaria North and South Sector underground mines is ramping up to an average of 14,000 tonnes per day.

Chapada (100% owned): Acquisition of the Chapada copper-gold mine in Brazil was completed on July 5, 2019. Cash consideration paid was $757.0 million, net of cash held in the acquired operations and working capital adjustments which amounted to $43.0 million.

During the period of Lundin Mining's ownership, Chapada produced 17,645 tonnes of copper and approximately 34,000 ounces of gold and 81,000 ounces of silver. Copper cash costs of $0.35/lb were better than expected with lower operating costs, favourable exchange rate and higher precious metal credits. Cash cost guidance for the second half of 2019 has been lowered to $0.80/lb to reflect this better than expected performance.

Eagle (100% owned): Eagle produced 3,232 tonnes of nickel and 3,042 tonnes of copper during the quarter, in-line with expectations and well positioned to meet annual guidance. Although gross operating costs were lower and better than plan, nickel cash costs of $3.25/lb for the quarter were higher than the prior year quarter and the second quarter of 2019 due to lower sales volumes of nickel and copper. Cash costs remain on track to meet annual guidance of $2.60/lb.

Development of Eagle East reached an important milestone with first ore extracted at the end of September, ahead of budget and schedule. First Eagle East ore was fed to the mill on October 1, 2019.

Neves-Corvo (100% owned): Neves-Corvo produced 12,055 tonnes of copper and 18,232 tonnes of zinc for the quarter. Copper production was higher than the prior year comparable quarter and each of the first two quarters of 2019, benefitting from improved recoveries. Zinc production was generally in-line with both the prior year comparable period and the second quarter 2019. With lower than expected gross operating costs in the quarter, copper cash cost guidance has been lowered to $1.60/lb from $1.70/lb.

The Zinc Expansion Project ("ZEP") has advanced in accordance with the revised schedule and budget for the phased start-up strategy and production during 2020. Construction progress focused on mechanical and electrical installation of the underground crusher and materials handling system, plant infrastructure and a new paste tailings thickener.

Zinkgruvan (100% owned): Zinc production of 16,796 tonnes was lower than the prior year quarter and second quarter of 2019 due to ore availability and lower mill throughput, but remains on track to meet full year guidance. Lead production of 6,291 tonnes was better than both the prior year comparable period and the previous quarter owing to improved grades and recoveries. Zinc cash costs of $0.42/lb in the third quarter were higher than the prior year comparable period largely owing to higher zinc treatment and refining charges; however, annual zinc cash cost guidance remains unchanged at $0.40/lb.

[1] Cash cost per pound is a non-GAAP measure – see page 24 of this MD&A for discussion of non-GAAP measures.

Total production

(Contained metal in concentrate - tonnes)	2019 YTD	2019 Q3	2019 Q2	2019 Q1	2018 Total	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Copper[a]	**168,367**	**74,560**	47,685	46,122	**199,630**	48,206	52,770	51,098	47,556
Zinc	**112,590**	**35,028**	37,116	40,446	**152,041**	42,024	36,062	37,075	36,880
Nickel	**10,843**	**3,232**	3,398	4,213	**17,573**	3,501	4,697	4,234	5,141

a - Copper production includes results from Chapada for the period of Lundin Mining's ownership, as well as Candelaria's production on a 100% basis.

Financial Performance

- Gross profit for the quarter ended September 30, 2019 was $128.6 million, an increase of $69.0 million compared to the $59.6 million reported in the third quarter of the prior year. The increase was primarily due to the addition of Chapada mine during the current quarter ($47.9 million). The impact of higher copper and precious metals sales volumes ($20.2 million) and higher realized metal prices net of price adjustments ($14.6 million), primarily attributable to nickel, was partially offset by higher depreciation expense at Candelaria ($25.6 million).

  On a year-to-date basis, gross profit was $294.9 million, a decrease of $69.7 million from the $364.6 million reported in the prior year comparative period. The decrease was primarily due to lower metal prices and price adjustments ($67.5 million), higher depreciation ($44.8 million) and higher zinc treatment and refining charges ($12.5 million). This was partially offset by the addition of Chapada mine which contributed $47.9 million to gross profit since acquisition.

- Net earnings for the quarter ended September 30, 2019 were $32.1 million, an increase of $23.0 million from net earnings of $9.1 million reported in the prior year quarter. The increase was attributable to higher gross profit, partially offset by higher income taxes ($34.0 million).

  On a year-to-date basis, net earnings were $84.4 million, a decrease of $99.3 million from the $183.7 million reported in the prior year comparative period. The decrease was attributable to lower gross profit for reasons as noted above, and lower income from the equity investment in Freeport Cobalt ($33.7 million), partially offset by lower income taxes ($10.6 million).

- Net debt[1] as at September 30, 2019 was $185.0 million, a change of $989.4 million compared to net cash of $804.4 million at December 31, 2018. The movement from a net cash to a net debt position was largely attributed to the acquisition of Chapada ($757.0 million), cash used for capital investments exceeding operating cash flow in the current year of approximately $147.5 million and $49.7 million in dividend payments.

Corporate Highlights

- On July 5, 2019, the Company announced the closing of the acquisition of a 100% ownership stake in Mineração Maracá Indústria e Comércio SA, which owns the Chapada copper-gold mine located in Brazil from Yamana Gold Inc.

  The net purchase price of $757.0 million was funded by cash on hand and a drawdown of $285.0 million on the Company's revolving credit facility.

- On August 28, 2019, the Company announced that it had executed a third amended and restated credit agreement that increases its secured revolving credit facility (the "Credit Facility") to $800.0 million, with a $200.0 million accordion option to total $1.0 billion, reduces the cost of borrowing, and extends the term to August 2023, from October 2022.

[1] Net (debt) cash is a non-GAAP measure – see page 24 of this MD&A for discussion of non-GAAP measures.

- On September 5, 2019, the Company reported its Mineral Resource and Mineral Reserve estimates as at June 30, 2019. On a consolidated and attributable basis, estimated contained metal in the Proven and Probable Mineral Reserve categories totalled 5,507 thousand tonnes of copper, including 1,800 thousand tonnes from Chapada, 3,231 thousand tonnes of zinc, 108 thousand tonnes of nickel, 977 thousand tonnes of lead and 6.8 million ounces of gold.
- During the third quarter of 2019, the Company purchased over 1.3 million shares under the existing normal course issuer bid ("NCIB"). On a year-to-date basis, nearly 2.6 million shares have been purchased. All shares purchased under the NCIB were cancelled.

Financial Position

- Cash and cash equivalents of $184.6 million as at September 30, 2019 has decreased from the $735.1 million reported in the second quarter of 2019 and the $815.4 million reported at December 31, 2018.
- The Company ended the third quarter of 2019 with a net debt balance of $185.0 million, compared to net cash positions of $661.1 million at June 30, 2019 and $804.4 million at December 31, 2018.
- During the quarter ended September 30, 2019, the Company acquired the Chapada copper-gold mine for net cash consideration of $757.0 million. The purchase price of $800.0 million at the date of acquisition was paid using cash on hand of $515.0 million and a $285.0 million drawdown on the revolving credit facility. Offsetting this was cash held in the acquired operations and working capital adjustments totalling $43.0 million.
- For the quarter ended September 30, 2019, cash and cash equivalents decreased by $550.5 million, a reduction of $507.9 million in comparison to the prior year quarter's decline in cash and cash equivalents of $42.6 million. The decrease was largely due to the net impact of the acquisition of Chapada ($472.0 million), a comparative change in non-cash working capital ($100.7 million), partially offset by higher gross profit before depreciation.

  On a year-to-date basis, cash and cash equivalents decreased by $630.9 million compared with the reduction of $97.1 million in the prior year. The incremental decrease in the current period was largely due to the net cash impact of the acquisition of Chapada ($472.0 million), a comparative change in non-cash working capital ($26.3 million) and lower gross profit before depreciation.

  As of October 23, 2019, the Company had a cash and net debt balance of approximately $167 million and $192 million, respectively.

Outlook

2019 Production and Cash Cost

Production and cash cost guidance for 2019 has been improved from that disclosed in the Management's Discussion and Analysis for the three and six months ended June 30, 2019. Cash cost guidance has been lowered for Chapada and Neves-Corvo, reflecting lower operating costs as well as higher by-product credits at Chapada. The production guidance range has been tightened, with the lower end of the range being increased for both copper and zinc.

Since October 18, 2019, Chile has experienced widespread civil unrest that started in Santiago and has spread to other regions including Atacama. Candelaria operations continue with a focus on maintaining the safety and security of our employees, as well as the environment and our facilities. To the date of this report, there has been no material impact on our operations. However, the situation continues to evolve and further negative developments could materially impact the operations of Candelaria.

2019 Guidance (contained tonnes)		**Previous Guidance[a]** Tonnes	**C1 Cost**	**Revised Guidance[b]** Tonnes	**C1 Cost**
Copper	Candelaria (100%)	*145,000 - 155,000*	*$1.60/lb*	*145,000 - 155,000*	*$1.60/lb*
	Chapada[c]	*27,000 - 30,000*	*$1.10/lb*	*27,000 - 30,000*	***$0.80/lb**[d]*
	Eagle	*12,000 - 15,000*		***13,000 - 15,000***	
	Neves-Corvo	*38,000 - 42,000*	*1.70/lb*	***40,000 - 42,000***	***1.60/lb***
	Zinkgruvan	*2,000 - 3,000*		*2,000 - 3,000*	
	Total	*224,000 - 245,000*		***227,000 - 245,000***	
Zinc	Neves-Corvo	*71,000 - 76,000*		***73,000 - 76,000***	
	Zinkgruvan	*76,000 - 81,000*	*$0.40/lb*	*76,000 - 81,000*	*$0.40/lb*
	Total	*147,000 - 157,000*		***149,000 - 157,000***	
Nickel	Eagle	*12,000 - 14,000*	*$2.60/lb*	*12,000 - 14,000*	*$2.60/lb*

a. Guidance as outlined in the Management's Discussion and Analysis for the three and six months ended June 30, 2019.
b. Cash costs are based on various assumptions and estimates, including but not limited to; production volumes, as noted above, commodity prices (Cu: $2.60/lb, Zn: $1.05/lb, Ni: $7.50/lb, Pb: $0.90/lb, Au: $1,450/oz.), foreign exchange rates (€/USD:1.15, USD/SEK:9.50, USD/CLP:700, USD/BRL:3.95) and operating costs, for the remainder of 2019.
c. Chapada is expected to produce 50,000 to 55,000 ounces of gold under Lundin Mining's ownership period.
d. Chapada cash costs are calculated on a by-product basis and do not include the effects of copper stream agreements. Effects of copper stream agreements are reflected in copper revenue and will impact realized revenue per pound.

2019 Capital Expenditure Guidance

Total capital expenditures for 2019 , excluding capitalized interest, remains unchanged at $695 million.

2019 Guidance[a]	**$ millions**
Candelaria Sustaining (100% basis)	*375*
Chapada Sustaining	*25*
Eagle Sustaining	*15*
Neves-Corvo Sustaining	*65*
Zinkgruvan Sustaining	*45*
Total Sustaining Capital	***525***
Eagle East	*30*
ZEP (Neves-Corvo)	*140*
Total Expansionary Capital	***170***
Total Capital Expenditures	***695***

a. Guidance as outlined in our Management's Discussion and Analysis for the three and six months ended June 30, 2019.

2019 Exploration Investment Guidance

Exploration expenditures are expected to be $60 million, $10 million lower than previously guided. This reflects the conclusion of the regional exploration drilling program at Eagle and reduced drilling metres at Zinkgruvan.

Selected Quarterly Financial Information[1]

($ millions, except share and per share amounts)	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Revenue	**538.7**	379.7	**1,324.4**	1,317.8
Cost of goods sold:				
Production costs	**(293.9)**	(240.0)	**(754.8)**	(723.4)
Depreciation, depletion and amortization	**(116.2)**	(80.1)	**(274.6)**	(229.8)
Gross profit	**128.6**	59.6	**294.9**	364.6
Net earnings attributable to: Lundin Mining shareholders	**26.4**	7.0	**70.2**	167.1
Non-controlling interests	**5.7**	2.1	**14.1**	16.6
Net earnings	**32.1**	9.1	**84.4**	183.7
Cash flow from operations	**111.6**	140.9	**378.2**	432.1
Capital expenditures (including capitalized interest)[2]	**165.0**	173.7	**525.7**	517.7
Total assets	**6,842.3**	6,289.4	**6,842.3**	6,289.4
Total debt & lease liabilities	**367.5**	429.4	**367.5**	429.4
Net (debt) cash	**(185.0)**	1,031.7	**(185.0)**	1,031.7
Key Financial Data:				
Basic and diluted earnings per share ('EPS') attributable to shareholders	**0.04**	0.01	**0.10**	0.23
Operating cash flow per share[3]	**0.21**	0.11	**0.47**	0.51
Dividends declared (C$/share)	**0.03**	0.03	**0.09**	0.09

Summary of Quarterly Results[4]

($ millions, except per share data)	Q3-19	Q2-19	Q1-19	Q4-18	Q3-18	Q2-18	Q1-18	Q4-17
Revenue	538.7	369.3	416.4	407.7	379.7	467.7	470.5	533.3
Cost of goods sold	(410.1)	(344.1)	(275.2)	(335.7)	(320.1)	(312.6)	(320.6)	(280.7)
Gross profit	128.6	25.1	141.2	72.0	59.6	155.1	149.9	252.6
Net earnings (loss)	32.1	(8.6)	60.9	31.8	9.1	87.5	87.1	154.0
- attributable to shareholders	26.4	(7.8)	51.7	28.8	7.0	78.8	81.3	133.0
EPS - Basic and diluted	0.04	(0.01)	0.07	0.04	0.01	0.11	0.11	0.18
Cash flow from operations	111.6	204.5	62.1	44.2	140.9	118.3	172.9	230.1
Capital expenditures (cash basis)	165.0	178.7	182.0	234.1	173.7	193.2	150.7	197.9

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 24 of this MD&A for discussion of non-GAAP measures.
4. 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 Total	2019 Q3	2019 Q2	2019 Q1	2018 Total	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Copper (tonnes)									
Candelaria (100%)	**104,487**	**42,276**	31,138	31,073	132,626	32,465	32,832	34,542	32,787
Chapada[1]	**13,757**	**13,757**	-	-	-	-	-	-	-
Eagle	**9,948**	**2,615**	4,286	3,047	16,480	3,987	4,678	3,295	4,520
Neves-Corvo	**29,941**	**12,343**	9,888	7,710	44,729	10,700	13,525	11,371	9,133
Zinkgruvan	**1,894**	**981**	913	-	1,385	18	495	872	-
	160,027	**71,972**	46,225	41,830	195,220	47,170	51,530	50,080	46,440
Zinc (tonnes)									
Neves-Corvo	**44,430**	**14,567**	14,466	15,397	61,150	15,492	16,434	15,746	13,478
Zinkgruvan	**48,149**	**12,657**	19,466	16,026	62,922	20,475	12,288	13,565	16,594
	92,579	**27,224**	33,932	31,423	124,072	35,967	28,722	29,311	30,072
Nickel (tonnes)									
Eagle	**7,515**	**1,889**	3,935	1,691	15,151	3,929	3,400	2,755	5,067
Gold (000 oz)									
Candelaria (100%)	**63**	**25**	19	19	76	20	19	19	18
Chapada[1]	**27**	**27**	-	-	-	-	-	-	-
	90	**52**	19	19	76	20	19	19	18
Lead (tonnes)									
Neves-Corvo	**3,381**	**792**	1,313	1,276	5,577	1,243	1,420	1,732	1,182
Zinkgruvan	**14,357**	**4,684**	5,799	3,874	23,097	9,430	5,544	3,036	5,087
	17,738	**5,476**	7,112	5,150	28,674	10,673	6,964	4,768	6,269
Silver (000 oz)									
Candelaria (100%)	**877**	**342**	252	283	1,103	289	284	264	266
Chapada[1]	**52**	**52**	-	-	-	-	-	-	-
Eagle	**60**	**22**	25	13	72	16	27	10	19
Neves-Corvo	**612**	**185**	201	226	871	307	190	215	159
Zinkgruvan	**1,023**	**335**	460	228	1,401	529	341	295	236
	2,624	**936**	938	750	3,447	1,141	842	784	680

1. Production results are for the period of Lundin Mining's ownership.

Revenue Analysis[1]

by Mine	Three months ended September 30, 2019		2018		Change	Nine months ended September 30, 2019		2018		Change
($ thousands)	$	%	$	%	$	$	%	$	%	$
Candelaria (100%)	**249,930**	46	176,511	46	73,419	**661,268**	50	638,338	48	22,930
Chapada	**114,867**	21	-	-	114,867	**114,867**	9	-	-	114,867
Eagle	**53,717**	10	59,084	16	(5,367)	**159,337**	12	214,949	16	(55,612)
Neves-Corvo	**86,009**	16	104,730	28	(18,721)	**248,675**	19	313,204	24	(64,529)
Zinkgruvan	**34,192**	7	39,384	10	(5,192)	**140,203**	10	151,357	12	(11,154)
	538,715		379,709		159,006	**1,324,350**		1,317,848		6,502

by Metal	Three months ended September 30, 2019		2018		Change	Nine months ended September 30, 2019		2018		Change
($ thousands)	$	%	$	%	$	$	%	$	%	$
Copper	**366,077**	68	264,366	70	101,711	**859,120**	65	848,915	64	10,205
Zinc	**44,119**	8	55,297	15	(11,178)	**186,472**	14	215,917	16	(29,445)
Nickel	**39,175**	7	28,503	8	10,672	**98,352**	7	122,287	9	(23,935)
Gold	**68,161**	13	9,402	2	58,759	**114,622**	9	53,545	4	61,077
Lead	**10,842**	2	12,861	3	(2,019)	**33,045**	2	39,260	3	(6,215)
Silver	**7,868**	2	4,808	1	3,060	**24,665**	2	20,707	2	3,958
Other	**2,473**	-	4,472	1	(1,999)	**8,074**	1	17,217	2	(9,143)
	538,715		379,709		159,006	**1,324,350**		1,317,848		6,502

1. Chapada's revenue is for the period of Lundin Mining's ownership.

Revenue for the quarter ended September 30, 2019 increased in comparison to the third quarter of the prior year. The increase was mainly due to the acquisition of Chapada mine in the quarter ($114.9 million) as well as higher copper sales volumes ($32.6 million) primarily at Candelaria, and higher realized metal prices net of price adjustments ($14.6 million), mainly attributable to nickel.

On a year-to-date basis, revenue was in-line with the prior year period. The increase in revenue from the addition of the Chapada mine ($114.9 million) was offset by lower realized metal prices, net of price adjustments ($67.5 million) and lower nickel sales volumes ($40.4 million), as well as higher zinc treatment and refining charges ($12.5 million).

Revenue from gold and silver for the three and nine months ended September 30, 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 $4.39/oz for silver.

Revenue from copper for the three months ended September 30, 2019 includes the recognition of deferred revenue from the copper streams acquired with the Chapada mine, as well as the cash proceeds of 30% of the market price of copper sold.

Provisionally valued revenue as of September 30, 2019

Metal	Tonnes Payable	Valued at $ per lb	Valued at $ per tonne
Copper	64,048	2.60	5,734
Zinc	26,115	1.09	2,412
Nickel	2,664	7.77	17,140

Quarterly Reconciliation of Realized Prices

($ thousands)	Three months ended September 30, 2019 Copper	Zinc	Nickel	Total	Three months ended September 30, 2018 Copper	Zinc	Nickel	Total
Current period sales[1]	412,419	65,332	32,356	510,107	319,450	73,998	43,081	436,529
Prior period price adjustments	(13,263)	(4,230)	12,340	(5,153)	(27,248)	(7,021)	(3,633)	(37,902)
	399,156	61,102	44,696	504,954	292,202	66,977	39,448	398,627
Other metal sales				92,144				32,482
Copper stream cash effect				(1,047)				-
Less: Treatment & refining charges				(57,336)				(51,400)
Total Revenue				**538,715**				**379,709**
Payable Metal (tonnes)	**71,972**	**27,224**	**1,889**		**51,530**	**28,722**	**3,400**	
Current period sales ($/lb)[1]	$2.60	$1.09	$7.77		$2.81	$1.17	$5.75	
Prior period adjustments ($/lb)	(0.08)	(0.07)	2.96		(0.24)	(0.11)	(0.49)	
Realized prices ($/lb)	**$2.52**	**$1.02**	**$10.73**		**$2.57**	**$1.06**	**$5.26**	

1. Includes provisional price adjustments on current period sales.

Year-to-Date Reconciliation of Realized Prices

($ thousands)	Nine months ended September 30, 2019 Copper	Zinc	Nickel	Total	Nine months ended September 30, 2018 Copper	Zinc	Nickel	Total
Current period sales[1]	925,447	235,665	111,644	1,272,756	947,290	258,224	152,125	1,357,639
Prior period price adjustments	10,856	774	13,365	24,995	(20,364)	(6,245)	1,273	(25,336)
	936,303	236,439	125,009	1,297,751	926,926	251,979	153,398	1,332,303
Other metal sales				185,648				133,168
Copper stream cash effect				(1,047)				-
Less: Treatment & refining charges				(158,002)				(147,623)
Total Revenue				**1,324,350**				**1,317,848**
Payable Metal (tonnes)	**160,027**	**92,579**	**7,515**		**148,050**	**88,105**	**11,222**	
Current period sales ($/lb)[1]	$2.62	$1.15	$6.74		$2.90	$1.33	$6.15	
Prior period adjustments ($/lb)	0.03	0.01	0.81		(0.06)	(0.03)	0.05	
Realized prices ($/lb)	**$2.65**	**$1.16**	**$7.55**		**$2.84**	**$1.30**	**$6.20**	

1. Includes provisional price adjustments on current period sales.

Financial Results

Production Costs

Production costs for the quarter ended September 30, 2019 were $293.9 million, $53.9 million higher than the third quarter of the prior year, primarily attributable to the inclusion of production costs from the Chapada mine in the current quarter ($49.7 million).

On a year-to-date basis, production costs were $754.8 million, an increase of $31.3 million in comparison to the nine months of 2018 ($723.5 million). The increase was largely due to the inclusion of Chapada mine production costs ($49.7 million), partially offset by lower nickel sales volumes ($22.0 million).

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expense increased for the quarter and nine months ended September 30, 2019 when measured against the comparable periods in 2018. The increase was primarily attributable to increased amortization of deferred stripping at Candelaria as Phase 10 of the open pit has ramped up production, as well as the inclusion of Chapada. This was partially offset by a decrease in depreciation at Eagle and Neves-Corvo as a result of lower sales volumes.

Depreciation by operation	**Three months ended September 30,**			**Nine months ended September 30,**		
($ thousands)	**2019**	2018	Change	**2019**	2018	Change
Candelaria	**69,261**	43,700	25,561	**155,022**	122,646	32,376
Chapada	**17,299**	-	17,299	**17,299**	-	17,299
Eagle	**10,261**	15,267	(5,006)	**40,577**	49,372	(8,795)
Neves-Corvo	**12,908**	15,352	(2,444)	**38,306**	38,591	(285)
Zinkgruvan	**6,033**	5,369	664	**22,063**	18,071	3,992
Other	**441**	378	63	**1,333**	1,115	218
	116,203	80,066	36,137	**274,600**	229,795	44,805

Loss from Equity Investment in Associate

For the three months ended September 30, 2019 a loss from equity investment in associate of $0.9 million was recognized, compared to an income of $9.9 million in the prior year quarter. Year-to-date a loss of $11.5 million was recognized, due mainly to inventory revaluations as a result of lower cobalt prices in the first quarter of 2019.

General Exploration and Business Development

General exploration and business development expenses for the three and nine months ended September 30, 2019 were $16.9 million and $59.6 million, respectively, a decrease against the prior year comparable periods by $7.4 million and $5.5 million, respectively. The lower expenditures reflect reduced exploration activities at Eagle.

Finance Income and Costs

Net finance costs of $18.9 million for the three months ended September 30, 2019 reflect lower interest income when compared to net finance costs of $9.9 in the prior year comparable period. On a year-to-date basis, net finance cost is in-line with the prior year comparable period.

Other Income and Expenses

Net other expenses for the nine months ended September 30, 2019 were $5.6 million, compared to net other income of $13.3 million in the prior year comparable period. The higher expense in the current period reflects negative revaluation of the derivative liability related to the acquisition of the Chapada mine ($16.0 million). Net other expense for the three months ended September 30, 2019 was comparable to the prior year quarter.

Foreign exchange gains and losses recorded in other income and expenses relate to working capital denominated in foreign currencies that were held by the Company. Period end exchange rates having a meaningful impact on foreign exchange recorded at September 30, 2019 were $1.00:CLP726 (June 30, 2019 - $1.00:CLP680; December 31, 2018 - $1.00:CLP695), $1.09:€1.00 (June 30, 2019 - $1.14:€1.00; December 31, 2018 - $1.15:€1.00), $1.00:BRL4.16 (June 30, 2019 - $1.00:BRL3.83) and $1.00:SEK9.80 (June 30, 2019 - $1.00:SEK9.27; December 31, 2018 - $1.00:SEK8.97).

Income Taxes

Income taxes by mine

Income tax expense (recovery)	**Three months ended September 30,**			**Nine months ended September 30,**		
($ thousands)	**2019**	2018	Change	**2019**	2018	Change
Candelaria	**7,727**	(1,136)	8,863	**11,106**	11,725	(619)
Chapada	**26,981**	-	26,981	**26,981**	-	26,981
Eagle	**772**	-	772	**(1,137)**	7,780	(8,917)
Neves-Corvo	**193**	2,090	(1,897)	**(322)**	22,731	(23,053)
Zinkgruvan	**3,548**	1,870	1,678	**12,802**	15,272	(2,470)
Other	**6,536**	8,892	(2,356)	**22,004**	24,521	(2,517)
	45,757	11,716	34,041	**71,434**	82,029	(10,595)

Income taxes by classification

Income tax expense	**Three months ended September 30,**			**Nine months ended September 30,**		
($ thousands)	**2019**	2018	Change	**2019**	2018	Change
Current income tax	**29,046**	7,585	21,461	**60,438**	80,809	(20,371)
Deferred income tax	**16,711**	4,131	12,580	**10,996**	1,220	9,776
	45,757	11,716	34,041	**71,434**	82,029	(10,595)

Income tax expense for the three months ended September 30, 2019 was higher than the prior year comparable period due primarily to the acquisition of Chapada mine ($27.0 million), which includes the deferred tax impact of a weakening BRL on translation of non-monetary assets ($15.6 million). Income tax expense for the nine months ended September 30, 2019 was lower than the tax expense recorded in the prior year comparable period due to lower taxable earnings across all sites, partially offset by the increase in tax expense from Chapada.

Mining Operations

Production Overview

(Contained metal in concentrate)	2019 YTD	2019 Q3	2019 Q2	2019 Q1	2018 Total	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Copper (tonnes)									
Candelaria (100%)	**107,109**	**40,698**	33,633	32,778	134,578	33,011	35,323	34,397	31,847
Chapada[1]	**17,645**	**17,645**	-	-	-	-	-	-	-
Eagle	**10,671**	**3,042**	3,732	3,897	17,974	3,908	5,178	4,115	4,773
Neves-Corvo	**30,538**	**12,055**	9,615	8,868	45,692	11,287	11,746	11,899	10,760
Zinkgruvan	**2,404**	**1,120**	705	579	1,386	-	523	687	176
	168,367	**74,560**	47,685	46,122	199,630	48,206	52,770	51,098	47,556
Zinc (tonnes)									
Neves-Corvo	**55,256**	**18,232**	18,251	18,773	75,435	18,465	18,905	20,230	17,835
Zinkgruvan	**57,334**	**16,796**	18,865	21,673	76,606	23,559	17,157	16,845	19,045
	112,590	**35,028**	37,116	40,446	152,041	42,024	36,062	37,075	36,880
Nickel (tonnes)									
Eagle	**10,843**	**3,232**	3,398	4,213	17,573	3,501	4,697	4,234	5,141
Gold (000 oz)									
Candelaria (100%)	**65**	**24**	21	20	78	21	20	20	17
Chapada[1]	**34**	**34**	-	-	-	-	-	-	-
	99	**58**	21	20	78	21	20	20	17
Lead (tonnes)									
Neves-Corvo	**4,109**	**1,106**	1,350	1,653	6,571	1,418	1,524	1,872	1,757
Zinkgruvan	**18,342**	**6,291**	6,219	5,832	24,613	8,161	5,515	3,914	7,023
	22,451	**7,397**	7,569	7,485	31,184	9,579	7,039	5,786	8,780
Silver (000 oz)									
Candelaria (100%)	**968**	**355**	292	321	1,207	307	330	295	275
Chapada[1]	**81**	**81**	-	-	-	-	-	-	-
Eagle	**112**	**40**	45	27	158	41	46	28	43
Neves-Corvo	**1,321**	**431**	392	498	1,791	508	458	420	405
Zinkgruvan	**1,740**	**630**	631	479	2,155	607	531	452	565
	4,222	**1,537**	1,360	1,325	5,311	1,463	1,365	1,195	1,288

1. Production results are for the period of Lundin Mining's ownership.

Cash Cost Overview[3]

($/lb)	Three months ended September 30, 2019	2018	Nine months ended September 30, 2019	2018
Candelaria (cost/lb Cu)				
Gross cost	**1.67**	1.85	**1.86**	1.90
By-product[1]	**(0.28)**	(0.21)	**(0.26)**	(0.21)
Net Cash Cost	**1.39**	1.64	**1.60**	1.69
All-In Sustaining Cost[2]	**2.49**	3.58	**3.10**	3.13
Chapada (cost/lb Cu)[4]				
Gross cost	**1.69**	-	**1.69**	-
By-product	**(1.34)**	-	**(1.34)**	-
Net Cash Cost	**0.35**	-	**0.35**	-
All-In Sustaining Cost	**0.62**	-	**0.62**	-
Eagle (cost/lb Ni)				
Gross cost	**6.74**	4.95	**6.22**	4.50
By-product	**(3.49)**	(4.08)	**(3.68)**	(3.75)
Net Cash Cost	**3.25**	0.87	**2.54**	0.75
All-In Sustaining Cost	**4.37**	1.76	**3.38**	1.59
Neves-Corvo (cost/lb Cu)				
Gross cost	**2.55**	2.65	**2.97**	2.83
By-product	**(0.95)**	(1.17)	**(1.45)**	(1.61)
Net Cash Cost	**1.60**	1.48	**1.52**	1.22
All-In Sustaining Cost	**2.35**	1.90	**2.27**	1.73
Zinkgruvan (cost/lb Zn)				
Gross cost	**0.97**	0.88	**0.80**	0.84
By-product	**(0.55)**	(0.53)	**(0.38)**	(0.44)
Net Cash Cost	**0.42**	0.35	**0.42**	0.40
All-In Sustaining Cost	**0.70**	0.62	**0.67**	0.68

1. By-product is after related treatment and refining charges.
2. All-in Sustaining Cost ("AISC") is a non-GAAP measure – see page 24 of this MD&A for discussion of non-GAAP measures.
3. Beginning in 2019, resulting from the implementation of IFRS 16, *Leases*, sustaining lease liability costs previously recorded in cash cost are presented in AISC.
4. Cash costs and AISC for Chapada are for the period of Lundin Mining's ownership. Cash costs and AISC for the nine months are equivalent to those for the three months.

Capital Expenditures[1,2]

Three months ended September 30,

by Mine	2019				2018			
($ thousands)	Sustaining	Expansionary	Capitalized Interest	**Total**	Sustaining	Expansionary	Capitalized Interest	Total
Candelaria	80,773	-	-	**80,773**	125,440	-	-	125,440
Chapada	12,342	-	-	**12,342**	-	-	-	-
Eagle	1,577	8,846	126	**10,549**	1,984	6,685	654	9,323
Neves-Corvo	17,238	36,735	545	**54,518**	11,368	18,567	1,511	31,446
Zinkgruvan	6,696	-	-	**6,696**	7,394	-	-	7,394
Other	72	-	-	**72**	127	-	-	127
	118,698	45,581	671	**164,950**	146,313	25,252	2,165	173,730

Nine months ended September 30,

by Mine	2019				2018			
($ thousands)	Sustaining	Expansionary	Capitalized Interest	**Total**	Sustaining	Expansionary	Capitalized Interest	Total
Candelaria	313,665	-	-	**313,665**	337,182	-	7,617	344,799
Chapada	12,342	-	-	**12,342**	-	-	-	-
Eagle	4,751	25,818	126	**30,695**	8,369	21,570	1,660	31,599
Neves-Corvo	41,635	100,579	545	**142,759**	31,941	72,602	3,159	107,702
Zinkgruvan	26,053	-	-	**26,053**	28,022	-	-	28,022
Other	150	-	-	**150**	5,532	-	-	5,532
	398,596	126,397	671	**525,664**	411,046	94,172	12,436	517,654

1. Capital expenditures are reported on a cash basis, including capitalized interest where applicable, as presented in the consolidated statement of cash flows.
2. Sustaining and expansionary capital expenditures are non-GAAP measures – see page 24 of this MD&A for discussion of non-GAAP measures.

Candelaria (Chile)

Operating Statistics

	2019				2018				
(100% Basis)	**Total**	**Q3**	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**18,686**	**9,329**	5,620	3,737	17,799	3,432	3,771	6,225	4,372
Ore milled (000s tonnes)	**19,951**	**6,295**	6,450	7,206	27,585	7,017	7,241	7,137	6,190
Grade									
Copper (%)	**0.58**	**0.70**	0.57	0.49	0.53	0.52	0.54	0.52	0.56
Recovery									
Copper (%)	**92.2**	**92.9**	91.4	91.9	91.2	89.8	91.0	91.6	92.6
Production (contained metal)									
Copper (tonnes)	**107,109**	**40,698**	33,633	32,778	134,578	33,011	35,323	34,397	31,847
Gold (000 oz)	**65**	**24**	21	20	78	21	20	20	17
Silver (000 oz)	**968**	**355**	292	321	1,207	307	330	295	275
Revenue ($000s)	**661,268**	**249,930**	178,677	232,661	838,772	200,434	176,511	243,585	218,242
Gross profit ($000s)	**122,661**	**42,612**	1,390	78,659	180,959	38,630	13,568	73,259	55,502
Cash cost ($ per pound copper)	**1.60**	**1.39**	1.86	1.62	1.68	1.65	1.64	1.71	1.71
AISC ($ per pound copper)	**3.10**	**2.49**	3.73	3.30	3.34	3.99	3.58	2.92	2.91

Gross Profit

Gross profit for the three months ended September 30, 2019 was higher than the prior year comparable period. The increase was largely due to higher sales volumes.

Gross profit for the nine months ended September 30, 2019 was $19.7 million lower than the comparable period in 2018. The decrease was largely due to lower realized metal prices net of price adjustments ($31.5 million) and higher depreciation expense ($32.4 million), partially offset by higher sales volumes ($35.8 million).

Production

Copper production for the three and nine months ended September 30, 2019 was higher than the comparable periods in 2018. The increase in copper production is largely the result of higher grades, as more ore was sourced from the open pit and less from the low-grade stockpile in the current quarter. This was partially offset by lower throughput in the current quarter due to ore hardness and processing plant maintenance stops.

Cash Costs

Copper cash costs for the three and nine months ended September 30, 2019 were lower than cash costs in the prior year comparable periods. The decrease was largely due to the positive impact of foreign exchange (Q3 - $0.07/lb; YTD - $0.10/lb). Cash costs in the third quarter of 2019 further benefitted from lower per unit mine, mill and administration costs as a result of higher sales volumes.

All-in sustaining costs for the three and nine months ended September 30, 2019 were lower than those of the corresponding periods in 2018 due to lower cash costs. All-in sustaining costs in the third quarter of 2019 were also impacted by lower spending on sustaining capital ($0.85/lb) as projects were completed or were winding down during the current quarter.

For the nine months ended September 30, 2019, approximately 41,000 oz of gold and 600,000 oz of silver were subject to terms of a streaming agreement in which $408/oz and $4.08/oz were received for gold and silver, respectively.

Projects

The Candelaria Mill Optimization Project to improve metal recoveries, increase throughput capacity and reduce maintenance costs for the mill is progressing and is now expected to be completed early in the first quarter of 2020 (previously in the fourth quarter of 2019). This schedule is optimized to correspond to expected timing of mill maintenance stops to minimize disruption to production. The primary crusher re-powering is complete and the first of four replacement 9,100 hp ball mill motors has been installed. Most of the remaining equipment to be installed is on site.

Development of the Candelaria South Sector project is complete and has been handed over to operations ahead of schedule. South Sector operations are currently ramping up production to an additional 4,000 tonnes per day to bring the total production from Candelaria underground operations up to an average of 14,000 tonnes per day.

Delivery of open pit mine fleet replacement equipment under the Mine Fleet Investment program is nearing completion, with 95% of the equipment received and placed into service.

Chapada (Brazil)

Operating Statistics[1]

		2019		
	Total	**Q3**	Q2	Q1
Ore mined (000s tonnes)	**10,648**	**10,648**	-	-
Ore milled (000s tonnes)	**6,180**	**6,180**	-	-
Grade				
Copper (%)	**0.34**	**0.34**	-	-
Gold (%)	**0.28**	**0.28**	-	-
Recovery				
Copper (%)	**83.7**	**83.7**	-	-
Gold (%)	**61.0**	**61.0**	-	-
Production (contained metal)				
Copper (tonnes)	**17,645**	**17,645**	-	-
Gold (000 oz)	**34**	**34**	-	-
Silver (000 oz)	**81**	**81**	-	-
Revenue ($000s)	**114,867**	**114,867**	-	-
Gross profit ($000s)	**47,864**	**47,864**	-	-
Cash cost ($ per pound copper)	**0.35**	**0.35**	-	-
AISC ($ per pound copper)	**0.62**	**0.62**	-	-

1. Operating results are for the period of Lundin Mining's ownership.

The Chapada mine was acquired from Yamana Gold Inc. on July 5th, 2019. Chapada is comprised of three open pit mines and an on-site processing facility located in the northern Goiás State of Brazil, approximately 270 km northwest of the national capital, Brasilia. The processing plant has a capacity of 24.0 mtpa, producing high-quality gold-rich copper concentrate. The primary metal is copper, with gold and silver as by-product metals.

Gross Profit

Gross profit for the quarter was impacted by the delayed arrival of an incoming vessel resulting in the postponement of a shipment to the fourth quarter. Several operational excellence projects undertaken earlier this year reduced operating costs in the quarter contributing to better than expected results in the quarter.

Production

The production of both copper and gold significantly exceeded expectations as a result of both better than planned head grades and processing plant throughput over the 87-day period. The mill benefitted from lower than expected maintenance during the quarter and the processing of softer ore, primarily from the Corpo Sul open pit, which generated the better than expected throughput in the period.

Cash Costs

Copper cash costs for the quarter of $0.35/lb were better than expected. Cash cost benefitted from higher by-product credits, lower operating costs and favourable foreign exchange. As a result, full year cash cost guidance has been reduced to $0.80/lb.

Projects

The Company is evaluating options for mine and plant expansion. In parallel, a significant increase in exploration efforts are underway, largely focused on near-mine targets, with results to be incorporated in any future expansionary plans.

Eagle (USA)

Operating Statistics

	2019				2018				
	Total	**Q3**	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**554**	**197**	192	165	753	192	192	183	186
Ore milled (000s tonnes)	**557**	**197**	194	165	754	195	192	185	182
Grade									
Nickel (%)	**2.4**	**2.0**	2.1	3.0	2.8	2.2	2.9	2.7	3.4
Copper (%)	**2.0**	**1.6**	2.0	2.4	2.5	2.1	2.8	2.3	2.7
Recovery									
Nickel (%)	**82.1**	**80.4**	81.3	85.0	82.8	81.5	82.6	83.6	83.6
Copper (%)	**96.2**	**95.5**	95.7	97.6	97.0	96.4	97.2	96.8	97.7
Production (contained metal)									
Nickel (tonnes)	**10,843**	**3,232**	3,398	4,213	17,573	3,501	4,697	4,234	5,141
Copper (tonnes)	**10,671**	**3,042**	3,732	3,897	17,974	3,908	5,178	4,115	4,773
Revenue ($000s)	**159,337**	**53,717**	59,412	46,208	265,863	50,914	59,084	63,651	92,214
Gross profit ($000s)	**37,008**	**19,350**	(800)	18,458	74,218	(128)	13,341	24,220	36,785
Cash cost ($ per pound nickel)	**2.54**	**3.25**	3.14	0.37	1.01	1.76	0.87	1.09	0.49
AISC ($ per pound nickel)	**3.38**	**4.37**	3.65	1.65	1.84	2.55	1.76	2.14	1.17

Gross Profit

Gross profit for the three months ended September 30, 2019 was higher than the prior year comparable period due to higher nickel metal prices and price adjustments ($22.7 million), partially offset by lower sales volumes in the current period ($13.5 million) as lower grades impacted metal production.

On a year-to-date basis, gross profit was lower than the comparative period in 2018. The decrease was primarily due to lower sales volumes ($38.8 million) resulting from extreme weather conditions in the first quarter of 2019 and from lower metal production due to planned lower grades, partially offset by higher nickel metal prices ($22.2 million).

Production

Nickel and copper production for the three and nine months ended September 30, 2019 were lower than the prior year comparable periods as expected, reflecting planned lower grades due to mine sequencing. On a year-to-date basis, production of both metals was also impacted by extreme weather conditions in the first quarter of 2019 which reduced mill throughput, though full year guidance for both nickel and copper are expected to be met.

Cash Costs

Nickel cash costs for the three and nine months ended September 30, 2019 were higher than cash costs reported in the prior year comparable periods. The increase in cash costs is primarily due to higher per unit operating costs resulting from lower sales volumes. Cash costs in the third quarter were impacted by lower copper by-product credits. Cash costs remain on track to meet annual guidance of $2.60/lb.

All-in sustaining costs for the three and nine months ended September 30, 2019 were higher than those of the corresponding periods in 2018, largely as a result of higher cash costs.

Projects

Development of Eagle East reached an important milestone with first ore extracted at the end of September, ahead of budget and schedule. First Eagle East ore was successfully fed to the mill on October 1, 2019. During the third quarter, $8.8 million in expansionary capital expenditures were incurred in support of the Eagle East project. Access ramp development to Eagle East and vertical development for ventilation and the emergency egress system progressed during the quarter. Underground definition drilling continued throughout the quarter.

Neves-Corvo (Portugal)

Operating Statistics

	2019				2018				
	Total	**Q3**	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, copper (000 tonnes)	**2,016**	**699**	628	689	2,693	696	688	618	691
Ore mined, zinc (000 tonnes)	**863**	**284**	283	296	1,119	280	273	283	283
Ore milled, copper (000 tonnes)	**1,998**	**702**	626	670	2,692	704	696	641	651
Ore milled, zinc (000 tonnes)	**851**	**285**	280	286	1,125	287	280	278	280
Grade									
Copper (%)	**1.9**	**2.1**	2.0	1.7	2.2	2.1	2.2	2.5	2.2
Zinc (%)	**7.9**	**7.8**	7.9	8.0	7.8	7.6	7.9	8.3	7.6
Recovery									
Copper (%)	**78.6**	**80.6**	75.8	79.3	75.5	76.8	76.3	74.2	74.6
Zinc (%)	**79.1**	**80.2**	78.6	78.3	80.6	79.1	81.0	82.0	80.4
Production (contained metal)									
Copper (tonnes)	**30,538**	**12,055**	9,615	8,868	45,692	11,287	11,746	11,899	10,760
Zinc (tonnes)	**55,256**	**18,232**	18,251	18,773	75,435	18,465	18,905	20,230	17,835
Lead (tonnes)	**4,109**	**1,106**	1,350	1,653	6,571	1,418	1,524	1,872	1,757
Silver (000 oz)	**1,321**	**431**	392	498	1,791	508	458	420	405
Revenue ($000s)	**248,675**	**86,009**	77,519	85,147	404,263	91,059	104,730	110,816	97,658
Gross profit ($000s)	**34,124**	**11,546**	3,834	18,744	85,311	3,408	19,339	37,606	24,958
Cash cost (€ per pound copper)	**1.35**	**1.44**	1.68	0.81	1.09	1.31	1.28	0.81	0.93
Cash cost ($ per pound copper)	**1.52**	**1.60**	1.88	0.92	1.28	1.49	1.48	0.96	1.14
AISC ($ per pound copper)	**2.27**	**2.35**	2.60	1.72	1.95	2.64	1.90	1.46	1.84

Gross Profit

Gross profit for the three months and nine months ended September 30, 2019 was lower than the comparable periods in 2018. The decrease was largely due to lower metal prices net of price adjustments for both copper and zinc. Lower sales volumes for both metals also impacted gross profit.

Production

Copper production for the three months ended September 30, 2019 was higher than the prior year comparable period largely due to improved recoveries. On a year-to-date basis, copper production was lower than the prior year comparable period as a result of lower head grades.

Zinc production for the three months and nine months ended September 30, 2019 was lower than the prior year comparable periods. Head grades in the current year were negatively impacted by mine resequencing, as well as complex ore characteristics resulting in lower recoveries.

Cash Costs

Copper cash costs for the three months ended September 30, 2019 were higher than those of the corresponding period in 2018. The increase is a result of lower by-product credits ($0.22/lb) in the current quarter, partially offset by favourable foreign exchange ($0.11/lb). Though higher than the prior year period, cash costs in the quarter were in-line with expectations.

Year-to-date, copper cash costs were higher than the prior year comparable period, largely as a result of higher per unit mine, mill, and administration costs ($0.41/lb) due to lower sales volumes and higher plant maintenance costs, partially offset by favourable foreign exchange ($0.17/lb). Given performance to date, and assumed foreign exchange for the fourth quarter, annual cash cost guidance has been revised lower to $1.60/lb.

All-in sustaining costs for the three and nine months ended September 30, 2019 were higher than the corresponding periods in 2018 due to higher cash costs and increased spending on sustaining capital expenditures (Q3 - $0.31/lb; YTD – $0.23/lb).

Projects

ZEP advanced in accordance with the revised schedule and budget for the phased start-up strategy and production during 2020.

During the third quarter, underground materials handling civil works advanced and are nearing completion. Mechanical and electrical equipment installations for the 3.5 km of conveyor systems are well advanced and mechanical installation of the jaw crusher has commenced. Development of the lower zinc ore stopes is underway with the first sublevel accesses ongoing in the lower Lombador orebody.

Surface construction continued with a focus on mechanical and electrical installation of the materials handling system, SAG mill, flotation equipment, backfill cyclone station, tailings and water supply piping systems, and a new paste fill tailings thickener. Steel erection of the zinc filtration building also commenced during this quarter.

Zinkgruvan (Sweden)

Operating Statistics

	2019				2018				
	Total	**Q3**	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, zinc (000 tonnes)	**802**	**230**	303	269	1,203	330	276	288	309
Ore mined, copper (000 tonnes)	**154**	**65**	37	52	97	-	23	34	40
Ore milled, zinc (000 tonnes)	**798**	**254**	292	252	1,202	325	280	288	309
Ore milled, copper (000 tonnes)	**152**	**63**	48	41	111	-	35	62	14
Grade									
Zinc (%)	**7.9**	**7.2**	7.2	9.3	7.0	7.9	6.7	6.6	6.8
Lead (%)	**2.9**	**3.1**	2.7	2.9	2.6	3.1	2.5	1.8	2.8
Copper (%)	**1.8**	**1.9**	1.7	1.6	1.4	-	1.7	1.3	1.4
Recovery									
Zinc (%)	**91.5**	**92.2**	89.7	92.5	90.6	91.7	91.2	89.4	89.9
Lead (%)	**79.8**	**80.8**	80.0	78.6	79.1	80.2	78.8	73.5	81.3
Copper (%)	**88.9**	**90.8**	86.0	89.1	88.4	-	90.6	87.0	88.2
Production (contained metal)									
Zinc (tonnes)	**57,334**	**16,796**	18,865	21,673	76,606	23,559	17,157	16,845	19,045
Lead (tonnes)	**18,342**	**6,291**	6,219	5,832	24,613	8,161	5,515	3,914	7,023
Copper (tonnes)	**2,404**	**1,120**	705	579	1,386	-	523	687	176
Silver (000 oz)	**1,740**	**630**	631	479	2,155	607	531	452	565
Revenue ($000s)	**140,203**	**34,192**	53,643	52,368	216,691	65,334	39,384	49,605	62,368
Gross profit ($000s)	**57,413**	**8,557**	21,873	26,983	100,517	30,800	14,514	21,007	34,196
Cash cost (SEK per pound zinc)	**3.98**	**4.02**	3.88	4.08	2.97	2.12	3.13	3.51	3.47
Cash cost ($ per pound zinc)	**0.42**	**0.42**	0.41	0.44	0.34	0.23	0.35	0.41	0.43
AISC ($ per pound zinc)	**0.67**	**0.70**	0.63	0.69	0.62	0.50	0.62	0.71	0.71

Gross Profit

Gross profit for the three and nine months ended September 30, 2019 was lower than the comparable periods in 2018. The decrease is largely attributable to lower metal prices net of price adjustments and higher zinc treatment charges.

Production

Zinc production for the three months ended September 30, 2019 were modestly lower than the prior year comparable period as higher realized grades were more than offset by issues with mine equipment and stope availability, resulting in an ore shortfall for the mill, as well as planned mill maintenance in the quarter. Zinc and lead production for the nine months ended September 30, 2019, and lead production for the three months ended September 30, 2019, were higher than the prior year comparable periods due to higher head grades and metal recoveries.

Copper production for the nine months ended September 30, 2019 was higher than the comparable period due to a combination of higher throughput in the mill, higher grades and better recoveries.

Cash Costs

Zinc cash costs for the three months ended September 30, 2019 were higher than the prior year comparable period, largely attributable to higher treatment and refining charges in the quarter. Year-to-date, zinc cash costs are in-line with the prior year comparable period and remain on track to meet full year guidance.

All-in sustaining costs for the three months ended September 30, 2019 were higher than those reported in the corresponding period in 2018 due to higher cash costs. Year-to-date, all-in sustaining costs are in-line with the prior year comparable period.

Metal Prices, LME Inventories and Smelter Treatment and Refining Charges

The average metal prices for copper and zinc for the third quarter 2019 were lower than the average prices for the second quarter by: 5% copper and 15% zinc, while the price for nickel in the third quarter of 2019 was 27% higher than the price during the second quarter. The uncertainty of global trade discussions continued to have a negative impact on metal prices for copper and zinc while nickel fared slightly better due to possible enforcement of a nickel ore export ban from Indonesia.

		Three months ended September 30,			Nine months ended September 30,		
(Average LME Price)		**2019**	2018	Change	**2019**	2018	Change
Copper	US$/pound	**2.63**	2.77	-5%	**2.74**	3.01	-9%
	US$/tonne	**5,802**	6,105		**6,040**	6,642	
Zinc	US$/pound	**1.07**	1.15	-7%	**1.18**	1.37	-14%
	US$/tonne	**2,348**	2,537		**2,600**	3,020	
Nickel	US$/pound	**7.05**	6.02	17%	**6.09**	6.20	-2%
	US$/tonne	**15,540**	13,266		**13,424**	13,666	

The LME inventories for copper increased during the third quarter of 2019 by 10%, while the LME inventories for zinc and nickel decreased by 31% and 4%, respectively.

The treatment charges (“TC”) and refining charges (“RC”) in the spot market for copper concentrates between mining companies and commodity trading companies continued to decrease during the third quarter of 2019. July saw miner-to-trader spot TC’s at $43 per dmt of concentrate and a spot RC at $0.043 per lb of payable copper; August saw terms fall even further with TC’s dropping to $35 per dmt of concentrate and a spot RC at $0.035 per lb of payable copper however, by the end of September the TC had rebounded to $42 per dmt of concentrate with a RC of $0.042 per payable lb of copper contained. Additionally, the spot terms at which the Chinese copper smelters buy have increased slightly from a TC of $57 per dmt of concentrate and a RC of $0.057 per payable lb of copper during July to a TC of $58 per dmt of concentrate and a RC of $0.058 per payable lb of copper at the end of September. 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 traded in a range of $270-$290 per dmt, flat, during the third quarter of 2019 and ended the quarter at the higher end of the range. Chinese smelters that have been closed or operating at reduced capacity since Q4 2018 due to environmental restrictions imposed by the government are slowly coming back into the market increasing the demand for concentrates although reported imports in August were down 13% from the prior month. During the second quarter, the terms for annual contracts for zinc concentrates between miners and smelters were agreed. Though there have been several different sets of terms agreed, the most widely reported is a settlement at $245 per dmt at a base price range of $2,700 to $3,000, with the reintroduction of small up and down scales. This and other settlements 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 September 30, 2019, the Company had cash and cash equivalents of $184.6 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 September 30, 2019, the Company had $367.5 million of debt and lease liabilities. Lease liabilities increased during 2019 due to the implementation of IFRS 16, *Leases*.

During the third quarter 2019, the Company drew $285.0 million on its revolving credit facility to fund the purchase of the Chapada mine. As at September 30, 2019, $35.0 million in term loans and $10.9 million in commercial paper had been advanced to Candelaria and Neves-Corvo, respectively, for short-term financing of capital expenditures.

During the quarter, the Company executed a third amended and restated credit agreement that increases its revolving credit facility from $550.0 million to $800.0 million, with a $200.0 million accordion option. At September 30, 2019, the Company has $492.0 million available under the credit facility.

Contractual Obligations, Commitments and Contingencies

The Company has contractual obligations and capital commitments as described in the Note 26 “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.

The Company has no Level 3 fair value financial instruments.

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, BRL 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 25 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, the BRL and the $.

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

Metal	Tonnes Payable	Provisional price on September 30, 2019 ($US/tonne)	Change	Effect on Revenue ($millions)
Copper	64,048	5,734	+/- 10%	+/- $36.7
Zinc	26,115	2,412	+/- 10%	+/- $6.3
Nickel	2,664	17,140	+/- 10%	+/- $4.6

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	Three months ended September 30, 2019 ($millions)	Nine months ended September 30, 2019 ($millions)
Chilean peso	+/-10%	+/-$10.1	+/-$31.7
Euro	+/-10%	+/-$6.9	+/-$20.3
Swedish krona	+/-10%	+/-$2.6	+/-$8.3
Brazilian real[1]	+/-10%	+/-$5.7	+/-$5.7

1. Sensitivities are for the period of Lundin Mining's ownership.

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 28 of the Company's September 30, 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 September 30, 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 (Debt) Cash

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

($thousands)	**September 30, 2019**	June 30, 2019	December 31, 2018[1]
Current portion of debt and lease liabilities	**(57,010)**	(45,666)	(3,830)
Debt and lease liabilities	**(310,525)**	(28,300)	(7,162)
	(367,535)	(73,966)	(10,992)
Deferred financing fees (netted in above)	**(2,039)**	-	-
	(369,574)	(73,966)	(10,992)
Cash and cash equivalents	**184,553**	735,068	815,429
Net (debt) cash	**(185,021)**	661,102	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 September 30,		**Nine months ended September 30,**	
($thousands, except share and per share amounts)	**2019**	2018 [1]	**2019**	2018 [1]
Cash provided by operating activities	**111,593**	140,925	**378,202**	432,131
Changes in non-cash working capital items	**43,418**	(57,255)	**(34,131)**	(60,422)
Operating cash flow before changes in non-cash working capital items	**155,011**	83,670	**344,071**	371,709
Weighted average common shares outstanding	**735,149,783**	732,297,368	**735,447,121**	731,136,149
Operating cash flow per share	**0.21**	0.11	**0.47**	0.51

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

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.

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.

All-in Sustaining Cost (AISC) per Pound

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

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

Three months ended September 30, 2019						
Operations	**Candelaria**	**Chapada**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	42,276	13,757	1,889	12,343	12,657	
Pounds (000s)	93,203	30,329	4,165	27,212	27,904	
Production costs						293,899
Less: items included in the above						
Royalties and other						(7,439)
						286,460
Deduct: By-product credits						(121,973)
Add: Treatment and refining charges						44,759
Cash cost	129,970	10,621	13,517	43,442	11,696	209,246
Cash cost per pound ($/lb)	**1.39**	**0.35**	**3.25**	**1.60**	**0.42**	
Add: Sustaining capital expenditure(1)	99,565	3,530	2,240	18,018	7,489	
Royalties	-	3,017	1,568	1,446	-	
Interest expense	1,412	1,294	503	(198)	70	
Leases & other(2)	785	293	388	1,161	298	
All-in sustaining cost	231,732	18,755	18,216	63,869	19,553	
AISC per pound ($/lb)	**2.49**	**0.62**	**4.37**	**2.35**	**0.70**	

Three months ended September 30, 2018						
Operations	**Candelaria**	**Chapada**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	32,832	-	3,400	13,525	12,288	
Pounds (000s)	72,382	-	7,496	29,817	27,090	
Production costs						240,040
Less: items included in the above						
Royalties and other						(6,879)
						233,161
Deduct: By-product credits						(94,871)
Add: Treatment and refining charges						40,930
Cash cost	119,007	-	6,523	44,267	9,423	179,220
Cash cost per pound ($/lb)	**1.64**	**-**	**0.87**	**1.48**	**0.35**	
Add: Sustaining capital expenditure(1)	138,888	-	2,073	10,503	7,038	
Royalties	-	-	4,317	1,847	-	
Interest expense	1,064	-	263	126	119	
Leases & other	-	-	-	-	217	
All-in sustaining cost	258,959	-	13,176	56,743	16,797	
AISC per pound ($/lb)	**3.58**	**-**	**1.76**	**1.90**	**0.62**	

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.

Nine months ended September 30, 2019						
Operations	**Candelaria**	**Chapada**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	104,487	13,757	7,515	29,941	48,149	
Pounds (000s)	230,354	30,329	16,568	66,009	106,150	
Production costs						754,807
Less: items included in the above						
Royalties and other						(14,116)
						740,691
Deduct: By-product credits						(298,453)
Add: Treatment and refining charges						124,084
Cash cost	368,551	10,621	42,102	100,104	44,944	566,322
Cash cost per pound ($/lb)	**1.60**	**0.35**	**2.54**	**1.52**	**0.42**	
Add: Sustaining capital expenditure(1)	338,629	3,530	6,069	42,566	24,816	
Royalties	-	3,017	5,322	3,447	-	
Interest expense	366	21	264	91	69	
Leases & other(2)	6,472	1,566	2,236	3,586	1,052	
All-in sustaining cost	714,018	18,755	55,993	149,794	70,881	
AISC per pound ($/lb)	**3.10**	**0.62**	**3.38**	**2.27**	**0.67**	

Nine months ended September 30, 2018						
Operations	**Candelaria**	**Chapada**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	100,161	-	11,222	34,029	42,447	
Pounds (000s)	220,817	-	24,740	75,021	93,580	
Production cost						723,494
Less: items included in the above						
Royalties and other						(20,413)
						703,081
Deduct: By-product credits						(300,875)
Add: Treatment and refining charges						118,146
Cash cost	373,302	-	18,611	91,247	37,192	520,352
Cash cost per pound ($/lb)	**1.69**	**-**	**0.75**	**1.22**	**0.40**	
Add: Sustaining capital expenditure(1)	315,396	-	8,770	31,357	25,430	
Royalties	-	-	11,069	6,650	-	
Interest expense	2,990	-	789	387	372	
Leases & other	-	-	-	-	706	
All-in sustaining cost	691,688	-	39,239	129,641	63,700	
AISC per pound ($/lb)	**3.13**	**-**	**1.59**	**1.73**	**0.68**	

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 October 23, 2019, the Company has 734,875,908 common shares issued and outstanding, and 12,344,525 stock options and 2,181,010 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’).

Limitations on scope of design

On July 5, 2019, the Company acquired Mineração Maracá Indústria e Comércio SA in Brazil. However, the Company has not had sufficient time during the third quarter 2019 to fully assess the design of DCP and ICFR inherent in the organization and accordingly has limited the scope of the above assessment on the design of DCP and ICFR to exclude this entity.

Changes in ICFR

There have been no changes in the Company’s ICFR during the three-month period ended September 30, 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

September 30, 2019
(Unaudited)

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS (Unaudited - in thousands of US dollars)		**September 30, 2019**		December 31, 2018[1]
ASSETS				
Cash and cash equivalents (Note 4)	**$**	**184,553**	$	815,429
Trade and other receivables (Note 5)		**318,061**		384,332
Income taxes receivable		**47,056**		75,602
Inventories (Note 6)		**212,432**		160,993
Other current assets (Note 7)		**41,098**		7,242
Total current assets		**803,200**		1,443,598
Restricted cash		**46,054**		44,424
Long-term inventory (Note 6)		**527,742**		241,545
Other non-current assets (Note 8)		**9,084**		34,644
Mineral properties, plant and equipment (Note 9)		**5,001,918**		3,829,345
Investment in associate (Note 10)		**109,698**		136,943
Deferred tax assets		**105,492**		94,472
Goodwill (Note 12)		**239,073**		109,794
		6,039,061		4,491,167
Total assets	**$**	**6,842,261**	$	5,934,765
LIABILITIES				
Trade and other payables (Note 13)	**$**	**367,964**	$	380,016
Income taxes payable		**69,325**		42,971
Current portion of debt and lease liabilities (Note 14)		**57,010**		3,830
Current portion of deferred revenue (Note 15)		**83,402**		61,478
Current portion of reclamation and other closure provisions (Note 16)		**3,368**		6,604
Total current liabilities		**581,069**		494,899
Debt and lease liabilities (Note 14)		**310,525**		7,162
Deferred revenue (Note 15)		**670,040**		527,376
Reclamation and other closure provisions (Note 16)		**383,062**		292,086
Other long-term liabilities (Note 17)		**80,131**		3,406
Provision for pension obligations		**9,619**		11,068
Deferred tax liabilities		**632,179**		405,202
		2,085,556		1,246,300
Total liabilities		**2,666,625**		1,741,199
SHAREHOLDERS' EQUITY				
Share capital (Note 18)		**4,187,890**		4,177,660
Contributed surplus		**47,829**		49,424
Accumulated other comprehensive loss		**(320,194)**		(260,179)
Deficit		**(256,442)**		(275,759)
Equity attributable to Lundin Mining Corporation shareholders		**3,659,083**		3,691,146
Non-controlling interests		**516,553**		502,420
		4,175,636		4,193,566
	$	**6,842,261**	$	5,934,765

Commitments and contingencies (Note 26)

[1]In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)), 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 September 30,		Nine months ended September 30,	
	2019	2018[1]	**2019**	2018[1]
Revenue (Note 19)	**$ 538,715**	$ 379,709	**$ 1,324,350**	$ 1,317,848
Cost of goods sold				
Production costs (Note 20)	**(293,899)**	(240,040)	**(754,807)**	(723,494)
Depreciation, depletion and amortization	**(116,203)**	(80,066)	**(274,600)**	(229,795)
Gross profit	**128,613**	59,603	**294,943**	364,559
General and administrative expenses	**(11,376)**	(15,237)	**(35,163)**	(39,253)
General exploration and business development	**(16,925)**	(24,312)	**(59,620)**	(65,162)
Finance income (Note 22)	**954**	8,126	**9,769**	18,509
Finance costs (Note 22)	**(19,829)**	(18,065)	**(37,050)**	(48,479)
(Loss) income from equity investment in associate (Note 10)	**(868)**	9,920	**(11,515)**	22,212
Other (expense) income (Note 23)	**(2,762)**	760	**(5,557)**	13,299
Earnings before income taxes	**77,807**	20,795	**155,807**	265,685
Current tax expense (Note 24)	**(29,046)**	(7,585)	**(60,438)**	(80,809)
Deferred tax expense (Note 24)	**(16,711)**	(4,131)	**(10,996)**	(1,220)
Net earnings	**$ 32,050**	$ 9,079	**$ 84,373**	$ 183,656
Net earnings attributable to:				
Lundin Mining Corporation shareholders	**$ 26,367**	$ 7,029	**$ 70,240**	$ 167,084
Non-controlling interests	**5,683**	2,050	**14,133**	16,572
Net earnings	**$ 32,050**	$ 9,079	**$ 84,373**	$ 183,656
Basic and diluted earnings per share attributable to Lundin Mining Corporation shareholders	**$ 0.04**	$ 0.01	**$ 0.10**	$ 0.23
Weighted average number of shares outstanding (Note 18)				
Basic	**735,149,783**	732,297,368	**735,447,121**	731,136,149
Diluted	**735,986,173**	733,911,931	**736,168,758**	733,233,117

[1]In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)), 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 (LOSS) INCOME

(Unaudited - in thousands of US dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018[1]	**2019**	2018[1]
Net earnings	**$ 32,050**	$ 9,079	**$ 84,373**	$ 183,656
Other comprehensive loss, net of taxes				
Item that may be reclassified subsequently to net earnings:				
Effects of foreign exchange	**(49,260)**	(4,361)	**(60,015)**	(42,307)
Other comprehensive loss	**(49,260)**	(4,361)	**(60,015)**	(42,307)
Total comprehensive (loss) income	**$ (17,210)**	$ 4,718	**$ 24,358**	$ 141,349
Comprehensive (loss) income attributable to:				
Lundin Mining Corporation shareholders	**$ (22,893)**	$ 2,668	**$ 10,225**	$ 124,777
Non-controlling interests	**5,683**	2,050	**14,133**	16,572
Total comprehensive (loss) income	**$ (17,210)**	$ 4,718	**$ 24,358**	$ 141,349

[1]In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)), 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	3,591,185		21,376		(12,607)		-		-		-		8,769
Share-based compensation	-		-		11,012		-		-		-		11,012
Dividends declared (Note 18)	-		-		-		-		(49,757)		-		(49,757)
Share purchase (Note 18)	(2,585,756)		(11,146)		-		-		(1,166)		-		(12,312)
Net earnings	-		-		-		-		70,240		14,133		84,373
Other comprehensive loss	-		-		-		(60,015)		-		-		(60,015)
Total comprehensive (loss) income	-		-		-		(60,015)		70,240		14,133		24,358
Balance, September 30, 2019	**734,540,308**	**$**	**4,187,890**	**$**	**47,829**	**$**	**(320,194)**	**$**	**(256,442)**	**$**	**516,553**	**$**	**4,175,636**
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	5,074,547		26,237		(11,488)		-		-		-		14,749
Share-based compensation	-		-		8,805		-		-		-		8,805
Dividends declared	-		-		-		-		(51,384)		-		(51,384)
Deferred tax adjustment	-		(882)		-		-		-		-		(882)
Net earnings	-		-		-		-		167,084		16,572		183,656
Other comprehensive loss	-		-		-		(42,307)		-		-		(42,307)
Total comprehensive (loss) income	-		-		-		(42,307)		167,084		16,572		141,349
Balance, September 30 2018[1]	733,493,179	$	4,177,824	$	46,243	$	(248,843)	$	(287,635)	$	499,402	$	4,186,991

[1]In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)), 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)

Cash provided by (used in)	Three months ended September 30, 2019	Three months ended September 30, 2018[1]	Nine months ended September 30, 2019	Nine months ended September 30, 2018[1]
Operating activities				
Net earnings	**$ 32,050**	$ 9,079	**$ 84,373**	$ 183,656
Items not involving cash and other adjustments				
Depreciation, depletion and amortization	**116,203**	80,066	**274,600**	229,795
Share-based compensation	**3,564**	3,147	**11,012**	8,805
Foreign exchange (gain) loss	**(12,378)**	2,273	**(13,241)**	(7,295)
Finance costs	**18,875**	9,939	**27,281**	29,970
Recognition of deferred revenue	**(9,873)**	2,489	**(35,208)**	(23,797)
Deferred tax expense	**16,711**	4,131	**10,996**	1,220
Loss (income) from equity investment in associate (Note 10)	**868**	(9,920)	**11,515**	(22,212)
Revaluation of derivative asset and liabilities	**15,741**	5,137	**15,379**	9,090
Revaluation of marketable securities	**777**	(3,347)	**196**	(13,136)
Other	**(3,836)**	435	**660**	(735)
Reclamation payments	**(1,808)**	(2,203)	**(8,175)**	(6,549)
Other payments	**(1,939)**	(277)	**(4,991)**	(803)
Changes in long-term inventory	**(19,944)**	(17,279)	**(30,326)**	(16,300)
Changes in non-cash working capital items (Note 29)	**(43,418)**	57,255	**34,131**	60,422
	111,593	140,925	**378,202**	432,131
Investing activities				
Chapada Acquisition, net of cash acquired (Note 3)	**(756,954)**	-	**(756,954)**	-
Investment in mineral properties, plant and equipment	**(164,950)**	(173,730)	**(525,664)**	(517,654)
Interest received	**1,287**	8,501	**9,208**	18,389
(Purchase of) proceeds from marketable securities	**-**	-	**(2,976)**	35,446
Distributions from (contributions to) associate	**-**	66	**15,730**	(5,819)
Other	**411**	509	**1,114**	3,862
	(920,206)	(164,654)	**(1,259,542)**	(465,776)
Financing activities				
Interest paid	**(5,032)**	(127)	**(7,453)**	(7,715)
Dividends paid to shareholders	**(16,620)**	(16,922)	**(49,681)**	(50,555)
Proceeds from common shares issued	**489**	5,144	**8,769**	15,820
Principal payments of lease liabilities	**(3,023)**	-	**(8,373)**	-
Term loan repayment and notes redemption (Note 14)	**(50,000)**	(10,000)	**(50,000)**	(15,808)
Proceeds from credit facility (Note 14)	**285,000**	-	**285,000**	-
Proceeds from term loan and commercial paper (Note 14)	**60,899**	-	**95,899**	-
Share purchase (Note 18)	**(5,818)**	-	**(12,312)**	-
Other	**-**	1,233	**-**	(1,782)
	265,895	(20,672)	**261,849**	(60,040)
Effect of foreign exchange on cash balances	**(7,797)**	1,784	**(11,385)**	(3,457)
Decrease in cash and cash equivalents during the period	**(550,515)**	(42,617)	**(630,876)**	(97,142)
Cash and cash equivalents, beginning of period	**735,068**	1,512,513	**815,429**	1,567,038
Cash and cash equivalents, end of period	**$ 184,553**	$ 1,469,896	**$ 184,553**	$ 1,469,896

[1]In accordance with the transitional provisions in *IFRS 16, Leases* (Note 2 (iii)), 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 Chapada mine located in Brazil, the Eagle mine located in the United States of America ("USA"), the Neves-Corvo mine located in Portugal, and the Zinkgruvan mine located in Sweden. The Company 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") (Note 10), 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, CLP refers to the Chilean peso and BRL refers to the Brazilian real.

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

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on October 23, 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, except for those noted below.

The Company's acquisition of Mineração Maracá Indústria e Comércio S/A (Note 3), which owns the Chapada copper-gold mine ("Chapada"), requires each identified asset and liability to be measured at its acquisition date fair value. The excess, if any, of the fair value of consideration over the fair value of the identifiable net assets acquired and liabilities assumed is recognized in goodwill. The determination of fair values requires management to make assumptions and estimates about future events and judgements such as production profile, future metal prices and discount rates. Changes in these assumptions or estimates could affect the fair values assigned to assets acquired, liabilities assumed, and goodwill in the purchase price allocation.

(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.

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 30).

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 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;

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

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

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

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

3. BUSINESS COMBINATION

On July 5, 2019, the Company acquired 100% of Mineração Maracá Indústria e Comércio S/A ("Chapada Acquisition"), which owns the Chapada copper-gold mine located in Brazil from Yamana Gold Inc. ("Yamana"). The total cash consideration paid was $783.1 million, consisting of an $800 million base purchase price less $16.9 million of working capital adjustments. In addition, Yamana retains a 2.0% net smelter return royalty on future gold production from the Suruca gold deposit ("NSR"), and will receive contingent consideration of $100 million on potential construction of a pyrite roaster ("pyrite roaster") and up to $25 million per year over the next five years if certain gold price thresholds are met (Note 26).

The purchase price is as follows:

Cash consideration	$	783,057
Contingent consideration		69,261
Cash acquired		(26,103)
	$	**826,215**

The fair value of the contingent consideration was calculated using a valuation method that incorporates such factors as metal prices, metal price volatility and expiry date. This liability has been recorded in other payables and long-term liabilities. The NSR and pyrite roaster were valued at nil.

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

Preliminary fair values of assets acquired and liabilities assumed

Trade and other receivables	$	15,335
Inventories		37,905
Long-term inventory		236,605
Mineral properties, plant and equipment		920,328
Goodwill		134,133
Other assets		4,098
Total assets		1,348,404
Trade and other payables		53,920
Deferred revenue		175,360
Reclamation and other closure provisions		71,154
Deferred tax liabilities		209,449
Other liabilities		12,306
Total liabilities		522,189
Total assets acquired and liabilities assumed, net	**$**	**826,215**

For the purpose of these financial statements, the purchase consideration has been allocated on a preliminary basis to the fair value of assets acquired and liabilities assumed based on management's best estimates and taking into consideration all available information at the time of the acquisition as well as information at the time these condensed interim consolidated financial statements were prepared. There may be adjustments to the estimated fair values of mineral properties, goodwill, and deferred tax liabilities as the valuation work is finalized, which is expected to be completed by the end of 2019.

Management primarily used a discounted cash flow model (net present value of expected future cash flows) to determine the fair value of the mineral interests, long-term inventory and deferred revenue incorporating expected future cash flows based on estimates of projected revenues, production costs, capital expenditures and production profile of the life of mine plan as at the acquisition date. Short-term inventory was valued based on assumed market price less cost to complete and a reasonable profit margin. Management used the depreciated replacement cost approach in determining the fair value of plant and equipment.

The excess of the purchase price over net identifiable assets acquired represents goodwill. The goodwill primarily reflects deferred tax liabilities due to the difference between the assigned fair values and the tax bases of assets acquired and liabilities assumed. Goodwill is not expected to be deductible for income tax purposes.

Acquisition related fees of $2.5 million are recorded in the consolidated statement of earnings as a business development cost.

Revenue and net earnings contributed by Chapada since acquisition and included in the consolidated statement of earnings were $114.9 million and $4.7 million, respectively.

If Chapada had been consolidated from January 1, 2019, the consolidated statement of earnings for the nine months ended September 30, 2019 would show pro forma revenue of $1,551 million and net earnings of $125 million.

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

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	September 30, 2019	December 31, 2018
Cash	**$ 157,644**	$ 679,619
Short-term deposits	**26,909**	135,810
	$ 184,553	$ 815,429

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	September 30, 2019	December 31, 2018
Trade receivables	**$ 237,394**	$ 251,010
Value added tax	**38,047**	34,467
Prepaid expenses	**21,414**	79,299
Other receivables	**21,206**	19,556
	$ 318,061	$ 384,332

Included in prepaid expenses is $3.2 million (2018 - $58.7 million) related to advance payment of mine equipment purchases.

6. INVENTORIES

Inventories are comprised of the following:

	September 30, 2019	December 31, 2018
Ore stockpiles	**$ 35,348**	$ 33,207
Concentrate stockpiles	**54,110**	23,776
Materials and supplies	**122,974**	104,010
	$ 212,432	$ 160,993

Long-term inventory is comprised of ore stockpiles. As at September 30, 2019, the Company had $250.5 million and $277.2 million of long-term ore stockpiles at Chapada and Candelaria, respectively.

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

7. OTHER CURRENT ASSETS

Other current assets are comprised of the following:

	September 30, 2019	December 31, 2018
Derivative asset	**$ 25,700**	$ -
Other	**15,398**	7,242
	$ 41,098	$ 7,242

The Company has recorded a derivative asset for the contingent consideration agreed upon under the terms of the TF Holdings Limited disposal in 2017, previously recorded in other non-current assets (Note 8).

8. OTHER NON-CURRENT ASSETS

Other non-current assets comprise the following:

	September 30, 2019	December 31, 2018
Marketable securities	**$ 5,494**	$ 2,756
Derivative asset	**-**	25,098
Other	**3,590**	6,790
	$ 9,084	$ 34,644

During the first quarter of 2019, the Company reclassified its derivative asset to other current assets (Note 7).

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

9. 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	229,191	13,922	281,973	525,086
Disposals and transfers	13,038	230,375	(333,227)	(89,814)
Effects of foreign exchange	(71,039)	(30,542)	(5,257)	(106,838)
As at September 30, 2018	3,530,251	2,347,346	346,306	6,223,903
Additions	112,196	(10,776)	181,574	282,994
Disposals and transfers	30,954	95,901	(176,244)	(49,389)
Effects of foreign exchange	(16,969)	(6,868)	(1,367)	(25,204)
As at December 31, 2018	3,656,432	2,425,603	350,269	6,432,304
IFRS 16 transition (Note 30)	-	32,837	-	32,837
As at January 1, 2019	3,656,432	2,458,440	350,269	6,465,141
Chapada Acquisition (Note 3)	655,377	248,199	16,752	920,328
Additions	195,118	9,152	386,010	590,280
Disposals and transfers	21,056	234,287	(257,984)	(2,641)
Effects of foreign exchange	(96,935)	(37,574)	(10,746)	(145,255)
As at September 30, 2019	**$ 4,431,048**	**$ 2,912,504**	**$ 484,301**	**$ 7,827,853**

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	99,419	118,248	-	217,667
Disposals and transfers	-	(88,220)	-	(88,220)
Effects of foreign exchange	(44,510)	(17,065)	-	(61,575)
As at September 30, 2018	1,692,022	882,853	-	2,574,875
Depreciation	40,095	42,690	-	82,785
Disposals and transfers	(1,992)	(38,928)	-	(40,920)
Effects of foreign exchange	(10,364)	(3,417)	-	(13,781)
As at December 31, 2018	1,719,761	883,198	-	2,602,959
Depreciation	165,354	134,622	-	299,976
Disposals and transfers	-	(706)	-	(706)
Effects of foreign exchange	(57,378)	(18,916)	-	(76,294)
As at September 30, 2019	**$ 1,827,737**	**$ 998,198**	**$ -**	**$ 2,825,935**

(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 September 30, 2019	**$ 2,603,311**	**$ 1,914,306**	**$ 484,301**	**$ 5,001,918**

During the quarter ended September 30, 2019, the Company completed the Chapada Acquisition acquiring $920.3 million (Note 3) of mineral properties, plant and equipment.

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 30)	32,837
As at January 1, 2019	43,262
Additions	4,411
Depreciation	(8,612)
Effects of foreign exchange	(627)
As at September 30, 2019	**$ 38,434**

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 and nine months ended September 30, 2019, the Company capitalized $3.2 million (2018 - $2.1 million) and $8.3 million (2018 - $12.4 million), respectively, of finance costs to assets under construction, at a weighted average interest rate of 5.0% (2018 - 6.5%).

During the three and nine months ended September 30, 2019, the Company capitalized $24.6 million (2018 - $62.6 million) and $108.5 million (2018 – $152.2 million), respectively, of deferred stripping costs to mineral properties. The depreciation expense related to deferred stripping for the three and nine months ended September 30, 2019 was $52.3 million (2018 - $5.9 million) and $73.6 million (2018 - $16.4 million), respectively. Included in the mineral properties balance is $185.6 million (December 31, 2018 - $555.3 million) related to deferred stripping at Candelaria and $78.3 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.

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

10. INVESTMENT IN ASSOCIATE

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

As at December 31, 2017	$	101,424
Contributions, net		5,819
Share of equity income		22,212
As at September 30, 2018		129,455
Distributions		(233)
Share of equity income		7,721
As at December 31, 2018		136,943
Distributions		(15,730)
Share of equity loss		(11,515)
As at September 30, 2019	**$**	**109,698**

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.

On May 23, 2019, Freeport Cobalt entered into a definitive agreement to sell its cobalt refinery and related cobalt cathode precursor business to Umicore for cash consideration of approximately $150 million, plus working capital at the time of close (“the Transaction”). The Company is entitled to receive 30% of the proceeds of the Transaction. The Company will continue to retain a 24% ownership in Freeport Cobalt’s fine powders, chemicals, catalyst, ceramics and pigments businesses.

The Transaction is subject to a separation of the Freeport Cobalt business, the receipt of required regulatory approvals, and other customary closing conditions. The transaction is expected to close before the end of 2019.

11. ASSET IMPAIRMENT

At each reporting period, the Company assesses whether there is an indication that an asset or group of assets may be impaired. When impairment indicators exist, the Company estimates the recoverable amount of the asset and compares it against the asset’s carrying amount.

Investment in Freeport Cobalt

During the second quarter of 2019, the Company identified an impairment indicator; specifically, the definitive agreement entered into by Freeport Cobalt to sell its cobalt refinery and related cobalt cathode precursor business (Note 10). The recoverable amount of the investment in Freeport Cobalt was determined based on its value in use.

The Company has calculated its value in use as the present value of the expected cash distributions from its investment, which includes the cash flows from the operations of Freeport Cobalt and the proceeds from the Transaction. The valuation is considered to be level 3 in the fair value hierarchy (Note 25).

The Company determined that the recoverable amount of its investment in Freeport Cobalt was higher than its carrying value, and therefore no impairment was recognized.

Sensitivity analysis was performed on the value in use calculation. A 1% change in the after-tax discount rate did not have a material impact on the result of the impairment assessment.

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

12. GOODWILL

The Company recognized goodwill resulting from the acquisition of Neves-Corvo, Ojos del Salado ("Ojos") and Chapada.

Goodwill is allocated to the following CGUs:

	Neves-Corvo	Ojos[1]	Chapada	Total
Balance at December 31, 2017	$ 103,778	$ 10,713	$ -	$ 114,491
Effects of foreign exchange	(3,605)	-	-	(3,605)
Balance at September 30, 2018	100,173	10,713	-	110,886
Effects of foreign exchange	(1,092)	-	-	(1,092)
Balance at December 31, 2018	99,081	10,713	-	109,794
Chapada Acquisition (Note 3)	-	-	134,133	134,133
Effects of foreign exchange	(4,854)	-	-	(4,854)
Balance at September 30, 2019	**$ 94,227**	**$ 10,713**	**$ 134,133**	**$ 239,073**

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

13. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	September 30, 2019	December 31, 2018
Trade payables	**$ 182,750**	$ 228,608
Unbilled goods and services	**75,116**	81,813
Employee benefits payable	**55,749**	59,238
Chapada derivative liability (Note 26)	**19,403**	-
Royalty payable	**11,854**	162
Other	**23,092**	10,195
	$ 367,964	$ 380,016

As at September 30, 2019, the total Chapada derivative liability is $85.2 million (2018 - nil). The current portion is $19.4 million and the long-term portion is $65.8 million (Note 17).

14. DEBT AND LEASE LIABILITIES

Debt and lease liabilities are comprised of the following:

	September 30, 2019	December 31, 2018
Credit facility (a)	**$ 282,961**	$ -
Term loan (b)	**35,000**	-
Commercial paper (c)	**10,889**	-
Lease liabilities (d)	**38,685**	-
Finance leases (Note 30)	**-**	10,992
Debt and lease liabilities	**367,535**	10,992
Less: current portion	**57,010**	3,830
Long-term portion	**$ 310,525**	$ 7,162

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

The changes in long-term debt and leases are comprised of the following:

	Debt	Leases	Total
As at December 31, 2017	$ 438,373	$ 11,573	$ 449,946
Additions	-	451	451
Financing fee amortization	1,002	-	1,002
Effects of foreign exchange	-	(439)	(439)
Cashflow			
Payments	(15,808)	(2,617)	(18,425)
As at September 30, 2018	423,567	8,968	432,535
Additions	-	3,190	3,190
Financing fee amortization/write-off	5,625	-	5,625
Effects of foreign exchange	-	(167)	(167)
Cashflow			
Payments	(429,192)	(999)	(430,191)
As at December 31, 2018	-	10,992	10,992
IFRS 16 transition adjustment	-	31,652	31,652
As at January 1, 2019	-	42,644	42,644
Additions	379,620	5,115	384,735
Interest	-	974	974
Financing fee amortization	42	-	42
Effects of foreign exchange	(812)	(701)	(1,513)
Cashflow			
Payments	(50,000)	(9,347)	(59,347)
As at September 30, 2019	328,850	38,685	367,535
Less: current portion	45,889	11,121	57,010
Long-term portion	**$ 282,961**	**$ 27,564**	**$ 310,525**

a) During the third quarter of 2019, the Company executed a third amended and restated credit agreement that increased its secured revolving credit facility to $800.0 million (previously $550.0 million) with a $200.0 million accordion option, reduced the cost of borrowing, and extended the term to August 2023 (previously October 2022). The credit facility bears interest on drawn funds at rates of LIBOR +1.75% to LIBOR +2.75%, depending on the Company's net leverage ratio. The revolving credit facility is subject to customary covenants. Certain assets and shares of the Company's material subsidiaries are pledged as security for the credit facility. As at September 30, 2019, the Company had drawn $285.0 million on the credit facility and had letters of credit totaling $22.9 million (SEK 162.0 million and €5.9 million) (December 31, 2018 - $24.8 million). Deferred financing fees of $2.1 million have been netted against borrowings.

b) During the third quarter of 2019, Candelaria repaid its unsecured fixed term loan in the amount of $35.0 million, which it had acquired in the first quarter of 2019. In addition, in the third quarter, Candelaria obtained an additional unsecured fixed term loan in the amount of $50.0 million with a new institution, of which $15.0 million was subsequently repaid. The remaining term loan accrues interest at a rate of 2.2% per annum, with interest payable upon maturity on August 29, 2020.

c) Sociedade Mineira de Neves-Corvo, S.A. ("Somincor"), a subsidiary of the Company which owns the Neves-Corvo mine, has a commercial paper program which matures in October 2021. The $32.7 million (€30 million) program bears interest at EURIBOR + 0.84%. As at September 30, 2019, $10.9 million had been drawn (December 31, 2018 - nil) under this program.

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

d) 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% - 7.1% over the terms of the leases.

The schedule of undiscounted lease payment obligations is as follows:

Less than one year	$	13,178
One to five years		24,691
More than five years		4,470
Total undiscounted lease liabilities as at September 30, 2019	**$**	**42,339**

Discounted lease liabilities as at September 30, 2019	$	38,685
Less: current portion		11,121
Long-term portion	**$**	**27,564**

15. 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		(39,104)
Variable consideration adjustment		15,307
Finance costs		24,233
Effects of foreign exchange		(4,195)
As at September 30, 2018		595,978
Recognition of revenue		(14,022)
Finance costs		7,681
Effects of foreign exchange		(783)
As at December 31, 2018		588,854
Chapada Acquisition (Note 3)		175,360
Recognition of revenue		(42,269)
Variable consideration adjustment		9,862
Finance costs		25,319
Effects of foreign exchange		(3,684)
As at September 30, 2019		753,442
Less: current portion		83,402
Long-term portion	**$**	**670,040**

Consideration from the Company’s stream agreements are considered variable. Gold, silver and copper revenue can be subject to cumulative adjustments when the volume to be delivered under the contracts changes. 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 for both 2018 and 2019.

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

Chapada Acquisition

As part of the acquisition of Chapada (Note 3), the Company assumed the following streaming agreements from Yamana:

Sandstorm Gold Ltd. ("Sandstorm") is entitled to purchase 4.2% of the payable copper produced from Chapada up to a maximum of 3.9 million pounds ("Mlbs") annually at 30% of the market price. The percentage of payable copper is subject to two reduction thresholds. Once an aggregate of 39 Mlbs has been delivered, the percentage of payable copper reduces to 3.0%. Upon delivery of 50 Mlbs of copper, the percentage of payable copper reduces to 1.5% for the remaining life of mine. Approximately 14 Mlbs have been delivered under this agreement as of September 30, 2019.

Altius Minerals Corporation ("Altius") is entitled to purchase 3.7% of the payable copper produced from Chapada at 30% of the market price. The percentage of payable copper is subject to two reduction thresholds. In the event of a specified expansion at Chapada, the percentage of payable copper reduces to 2.65%. Also, upon delivery of 75 Mlbs of copper in aggregate, the percentage of payable copper reduces to 1.5% for the remaining life of mine. Approximately 14 Mlbs have been delivered under this agreement as of September 30, 2019.

16. RECLAMATION AND OTHER CLOSURE PROVISIONS

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

	Reclamation provisions	Other closure provisions	Total
Balance, December 31, 2017	$ 218,188	$ 45,411	$ 263,599
Accretion	4,538	-	4,538
Accruals for services	-	(671)	(671)
Changes in estimates	16,375	-	16,375
Payments	(6,549)	-	(6,549)
Effects of foreign exchange	(3,677)	483	(3,194)
Balance, September 30, 2018	228,875	45,223	274,098
Accretion	1,240	-	1,240
Accruals for services	-	5,530	5,530
Changes in estimates	22,631	-	22,631
Changes in discount rate	6,866	-	6,866
Payments	(5,285)	-	(5,285)
Effects of foreign exchange	(843)	(5,547)	(6,390)
Balance, December 31, 2018	253,484	45,206	298,690
Chapada Acquisition (Note 3)	71,154	-	71,154
Accretion	6,805	-	6,805
Accruals for services	-	(1,592)	(1,592)
Changes in estimates	(3,200)	-	(3,200)
Changes in discount rate	34,465	-	34,465
Payments	(8,175)	-	(8,175)
Effects of foreign exchange	(10,559)	(1,158)	(11,717)
Balance, September 30, 2019	343,974	42,456	386,430
Less: current portion	3,368	-	3,368
Long-term portion	**$ 340,606**	**$ 42,456**	**$ 383,062**

The Company expects these liabilities to be settled between 2019 and 2051. The provisions are discounted using current market pre-tax discount rates which range from 0.0% to 7.2%.

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

17. OTHER LONG-TERM LIABILITIES

Other long-term liabilities are comprised of the following:

	September 30, 2019	December 31, 2018
Chapada derivative liability (Note 26)	$ 65,839	$ -
Other	14,292	3,406
	$ 80,131	$ 3,406

As at September 30, 2019, the total Chapada derivative liability is $85.2 million (2018 - nil). The current portion is $19.4 million (Note 13) and the long-term portion is $65.8 million.

18. SHARE CAPITAL

a) Basic and diluted weighted average number of shares outstanding

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Basic weighted average number of shares outstanding	**735,149,783**	732,297,368	**735,447,121**	731,136,149
Effect of dilutive securities	**836,390**	1,614,563	**721,637**	2,096,968
Diluted weighted average number of shares outstanding	**735,986,173**	733,911,931	**736,168,758**	733,233,117
Antidilutive securities	**3,501,500**	103,000	**4,469,000**	800,400

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 September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Stock options	**276,000**	170,000	**4,210,000**	3,140,800
SUs	**48,500**	59,000	**1,078,000**	870,800

c) Dividends

During the three and nine months ended September 30, 2019, the Company declared dividends in the amount of $16.8 million (2018 - $16.8 million) and $49.8 million (2018 - $51.4 million), respectively, or C$0.03 per share (2018 - C$0.03), in each quarter.

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

d) Normal course issuer bid

During 2018, the Company obtained approval of the TSX under its normal course issuer bid to purchase up to 63,718,842 common shares over a period of twelve months commencing on December 7, 2018. Under this bid, during the three and nine months ended September 30, 2019, 1,302,082 and 2,585,756 shares were purchased at an average price of C$5.93 and C$6.37 per share for total consideration of $5.8 million (C$7.7 million) and $12.3 million (C$16.5 million), respectively. The total amount paid to purchase the shares is allocated to share capital and deficit in the consolidated statement of changes in equity. The amount allocated to share capital is based on the average cost per common share and amounts paid above the average cost are allocated to deficit. All of the common shares purchased have been cancelled.

19. REVENUE

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Copper	**$ 381,304**	$ 289,322	**$ 884,639**	$ 898,197
Zinc	**48,950**	63,700	**196,586**	233,167
Gold	**67,879**	5,241	**114,289**	55,435
Nickel	**27,021**	37,373	**75,932**	129,890
Lead	**8,828**	14,106	**32,325**	40,320
Silver	**9,754**	8,585	**24,305**	19,472
Other	**3,228**	5,131	**10,967**	18,537
	546,964	423,458	**1,339,043**	1,395,018
Provisional pricing adjustments on concentrate sales	**(8,249)**	(43,749)	**(14,693)**	(77,170)
Revenue	**$ 538,715**	$ 379,709	**$ 1,324,350**	$ 1,317,848

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Europe	**$ 313,808**	$ 232,213	**$ 702,849**	$ 746,781
Asia	**176,013**	128,160	**510,150**	437,396
North America	**12,271**	43,143	**64,127**	149,474
South America	**44,872**	19,942	**61,917**	61,367
	546,964	423,458	**1,339,043**	1,395,018
Provisional pricing adjustments on concentrate sales	**(8,249)**	(43,749)	**(14,693)**	(77,170)
Revenue	**$ 538,715**	$ 379,709	**$ 1,324,350**	$ 1,317,848

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

20. PRODUCTION COSTS

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Direct mine and mill costs	**$ 260,265**	$ 216,564	**$ 681,547**	$ 656,910
Transportation	**27,603**	17,312	**61,474**	48,865
Royalties	**6,031**	6,164	**11,786**	17,719
Total production costs	**$ 293,899**	$ 240,040	**$ 754,807**	$ 723,494

21. EMPLOYEE BENEFITS

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Production costs				
Wages and benefits	**$ 64,426**	$ 63,561	**$ 180,510**	$ 204,683
Retirement benefits	**311**	192	**755**	733
Share-based compensation	**878**	738	**2,742**	2,531
	65,615	64,491	**184,007**	207,947
General and administrative expenses				
Wages and benefits	**4,132**	9,226	**14,974**	20,591
Retirement benefits	**180**	169	**582**	714
Share-based compensation	**2,637**	2,302	**8,111**	6,054
	6,949	11,697	**23,667**	27,359
General exploration and business development				
Wages and benefits	**1,376**	2,169	**5,063**	6,113
Retirement benefits	**12**	14	**41**	41
Share-based compensation	**48**	107	**158**	220
	1,436	2,290	**5,262**	6,374
Total employee benefits	**$ 74,000**	$ 78,478	**$ 212,936**	$ 241,680

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

22. FINANCE INCOME AND COSTS

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Interest income	**$ 554**	$ 8,126	**$ 8,324**	$ 18,509
Deferred revenue finance costs	**(10,622)**	(8,844)	**(20,473)**	(24,233)
Interest expense and bank fees	**(6,068)**	(7,826)	**(8,798)**	(17,762)
Accretion expense on reclamation provisions	**(2,797)**	(1,572)	**(6,805)**	(4,538)
Lease liability interest	**(342)**	-	**(974)**	-
Other	**400**	177	**1,445**	(1,946)
Total finance costs, net	**$ (18,875)**	$ (9,939)	**$ (27,281)**	$ (29,970)

Finance income	**$ 954**	$ 8,126	**$ 9,769**	$ 18,509
Finance costs	**(19,829)**	(18,065)	**(37,050)**	(48,479)
Total finance costs, net	**$ (18,875)**	$ (9,939)	**$ (27,281)**	$ (29,970)

23. OTHER INCOME AND EXPENSE

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Foreign exchange gain	**$ 11,456**	2,735	**$ 11,439**	8,712
Revaluation of derivative asset	**240**	(5,137)	**602**	(9,090)
Revaluation of derivative liability (Notes 13 and 17)	**(15,981)**	-	**(15,981)**	-
(Loss) gain on sale of assets	**(248)**	(508)	**(540)**	64
Revaluation of marketable securities	**(777)**	3,347	**(196)**	13,136
Other	**2,548**	323	**(881)**	477
Total other (expense) income	**$ (2,762)**	$ 760	**$ (5,557)**	$ 13,299

24. 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)

25. 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 September 30, 2019 and December 31, 2018:

		September 30, 2019		December 31, 2018	
	Level	**Carrying value**	**Fair value**	Carrying value	Fair value
Financial assets					
Fair value through profit or loss					
Restricted cash	1	**$** 46,054	$ 46,054	$ 44,424	$ 44,424
Trade receivables (provisional)	2	208,525	208,525	244,577	244,577
Marketable securities	1	5,494	5,494	2,756	2,756
Derivative asset	2	25,700	25,700	25,098	25,098
		$ 285,773	**$ 285,773**	$ 316,855	$ 316,855
Financial liabilities					
Amortized cost					
Credit facility	2	$ 282,961	$ 282,961	$ -	$ -
Term loan and commercial paper	2	45,889	45,889	-	-
Finance leases	2	-	-	10,992	10,992
		$ 328,850	**$ 328,850**	$ 10,992	$ 10,992
Fair value through profit or loss					
Chapada derivative liability	2	$ 85,242	85,242	$ -	-
Candelaria derivative liability	2	30	30	30	30
		$ 85,272	**$ 85,272**	$ 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 negative pricing adjustments of $8.2 million in revenue during the three months ended September 30, 2019 (2018 - $43.7 million negative pricing adjustments) and negative pricing adjustments of $14.7 million in revenue during the nine months ended September 30, 2019 (2018 - $77.2 million negative pricing adjustments).

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

Credit facility, term loan, commercial paper 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.

26. COMMITMENTS AND CONTINGENCIES

a) The Company has capital commitments of $116.2 million on various initiatives, of which $88.6 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) Related to the Chapada Acquisition (Note 3), contingent consideration of up to $125 million may be payable over five years from the acquisition date if certain gold price thresholds are met, as outlined below:

- a $10 million payment if the gold price averages at least $1,350/oz in any sequential annual period over five years,
- a $10 million payment if the gold price averages at least $1,400/oz in any sequential annual period over five years,
- a $5 million payment if the gold price averages at least $1,450/oz in any sequential annual period over five years.

In addition, contingent consideration of $100 million may be payable on the construction and commencement of commercial production of a pyrite processing facility at Chapada and the Company must pay Yamana a 2.0% net smelter return royalty on future gold production from the Suruca gold deposit if the Company chooses to develop the Suruca project. The Company continues to evaluate these expansion scenarios.

ii) As part of the Chapada Acquisition (Note 3), the Company has been provided with tax indemnity for any tax liabilities that may arise for periods prior to the date of the acquisition. For existing tax claims currently in the administrative or judicial process, the Company has agreed to be liable for up to the first $24 million (BRL$102 million). While it is uncertain, no tax expense has been accrued for these claims as the Company believes payment is not likely due to the nature of the tax claims.

iii) Chapada has obligations under federal royalty law to pay 2% of gross sales. In addition, the operation pays a 1% royalty on gross sales corresponding to mineral extraction from certain landowners' properties. For the third quarter of 2019, $3.0 million was recorded in production costs under these agreements.

iv) 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. 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 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.

v) 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 filed a claim against the tax assessments with the Chilean tax court on April 30, 2019. 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. The Company has filed an appeal with the Administrative Tax Procedure of the IRS and will be challenging this assessment as the Company believes its original filing position is in compliance with tax regulations.

27. SEGMENTED INFORMATION

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

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

For the three months ended September 30, 2019

	Candelaria	Chapada	Eagle	Neves-Corvo	Zinkgruvan	Other	Total
	Chile	Brazil	USA	Portugal	Sweden		
Revenue	$ 249,930	$ 114,867	$ 53,717	$ 86,009	$ 34,192	$ -	$ 538,715
Cost of goods sold							
Production costs	(138,057)	(49,704)	(24,106)	(61,555)	(19,602)	(875)	(293,899)
Depreciation, depletion and amortization	(69,261)	(17,299)	(10,261)	(12,908)	(6,033)	(441)	(116,203)
Gross profit	42,612	47,864	19,350	11,546	8,557	(1,316)	128,613
General and administrative expenses	-	-	-	-	-	(11,376)	(11,376)
General exploration and business development	(5,063)	(891)	(2,334)	(1,873)	(3,961)	(2,803)	(16,925)
Finance costs	(8,408)	(4,761)	(455)	(9)	(3,121)	(2,121)	(18,875)
Loss from equity investment in associate	-	-	-	-	-	(868)	(868)
Other income (expense)	4,044	(10,486)	37	5,644	2,335	(4,336)	(2,762)
Income tax expense	(7,727)	(26,981)	(772)	(193)	(3,548)	(6,536)	(45,757)
Net earnings (loss)	$ 25,458	$ 4,745	$ 15,826	$ 15,115	$ 262	$ (29,356)	$ 32,050
Capital expenditures	$ 80,773	$ 12,342	$ 10,549	$ 54,518	$ 6,696	$ 72	$ 164,950

For the nine months ended September 30, 2019

	Candelaria	Chapada	Eagle	Neves-Corvo	Zinkgruvan	Other	Total
	Chile	Brazil	USA	Portugal	Sweden		
Revenue	$ 661,268	$ 114,867	$ 159,337	$ 248,675	$ 140,203	$ -	$ 1,324,350
Cost of goods sold							
Production costs	(383,585)	(49,704)	(81,752)	(176,245)	(60,727)	(2,794)	(754,807)
Depreciation, depletion and amortization	(155,022)	(17,299)	(40,577)	(38,306)	(22,063)	(1,333)	(274,600)
Gross profit	122,661	47,864	37,008	34,124	57,413	(4,127)	294,943
General and administrative expenses	-	-	-	-	-	(35,163)	(35,163)
General exploration and business development	(20,231)	(891)	(10,454)	(5,909)	(13,623)	(8,512)	(59,620)
Finance (costs) income	(24,462)	(4,761)	(841)	(693)	(4,755)	8,231	(27,281)
Loss from equity investment in associate	-	-	-	-	-	(11,515)	(11,515)
Other income (expense)	3,971	(10,486)	81	1,694	4,363	(5,180)	(5,557)
Income tax (expense) recovery	(11,106)	(26,981)	1,137	322	(12,802)	(22,004)	(71,434)
Net earnings (loss)	$ 70,833	$ 4,745	$ 26,931	$ 29,538	$ 30,596	$ (78,270)	$ 84,373
Capital expenditures	$ 313,665	$ 12,342	$ 30,695	$ 142,759	$ 26,053	$ 150	$ 525,664
Total non-current assets[1]	**$ 2,853,933**	**$ 1,402,902**	**$ 387,846**	**$ 996,619**	**$ 223,732**	**$ 13,399**	**$ 5,878,431**

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

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

For the three months ended September 30, 2018

	Candelaria Chile	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	$ 176,511	$ 59,084	$ 104,730	$ 39,384	$ -	$ 379,709
Cost of goods sold						
Production costs	(119,243)	(30,476)	(70,039)	(19,501)	(781)	(240,040)
Depreciation, depletion and amortization	(43,700)	(15,267)	(15,352)	(5,369)	(378)	(80,066)
Gross profit (loss)	13,568	13,341	19,339	14,514	(1,159)	59,603
General and administrative expenses	-	-	-	-	(15,237)	(15,237)
General exploration and business development	(10,459)	(6,208)	(1,700)	(1,750)	(4,195)	(24,312)
Finance (costs) income	(7,519)	732	1,318	(1,025)	(3,445)	(9,939)
Income from equity investment in associate	-	-	-	-	9,920	9,920
Other income (expense)	1,933	62	1,046	(150)	(2,131)	760
Income tax recovery (expense)	1,136	-	(2,090)	(1,870)	(8,892)	(11,716)
Net (loss) earnings	$ (1,341)	$ 7,927	$ 17,913	$ 9,719	$ (25,139)	$ 9,079
Capital expenditures	$ 125,440	$ 9,323	$ 31,446	$ 7,394	$ 127	$ 173,730

For the nine months ended September 30, 2018

	Candelaria Chile	Eagle USA	Neves- Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	$ 638,338	$ 214,949	$ 313,204	$ 151,357	$ -	$ 1,317,848
Cost of goods sold						
Production costs	(373,363)	(91,231)	(192,710)	(63,569)	(2,621)	(723,494)
Depreciation, depletion and amortization	(122,646)	(49,372)	(38,591)	(18,071)	(1,115)	(229,795)
Gross profit (loss)	142,329	74,346	81,903	69,717	(3,736)	364,559
General and administrative expenses	-	-	-	-	(39,253)	(39,253)
General exploration and business development	(32,091)	(16,360)	(3,576)	(5,038)	(8,097)	(65,162)
Finance (costs) income	(19,684)	611	(574)	(2,936)	(7,387)	(29,970)
Income from equity investment in associate	-	-	-	-	22,212	22,212
Other income (expense)	4,576	118	3,744	5,952	(1,091)	13,299
Income tax expense	(11,725)	(7,780)	(22,731)	(15,272)	(24,521)	(82,029)
Net earnings (loss)	$ 83,405	$ 50,935	$ 58,766	$ 52,423	$ (61,873)	$ 183,656
Capital expenditures	$ 344,799	$ 31,599	$ 107,702	$ 28,022	$ 5,532	$ 517,654
Total non-current assets[1]	**$ 2,471,240**	**$ 372,127**	**$ 893,454**	**$ 234,233**	**$ (106,572)**	**$ 3,864,482**

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

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

28. 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 10).

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Wages and salaries	**$ 1,523**	$ 1,392	**$ 4,800**	$ 5,449
Retirement benefits	**41**	33	**120**	121
Share-based compensation	**867**	640	**2,585**	2,356
Post-employment benefits	**-**	5,623	**-**	5,623
	$ 2,431	$ 7,688	**$ 7,505**	$ 13,549

29. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	**2019**	2018
Changes in non-cash working capital items consist of:				
Trade and income tax receivables, inventories, and other current assets	**$ (27,868)**	$ 87,786	**$ 46,585**	$ 169,714
Trade and income taxes payable, and other current liabilities	**(15,550)**	(30,531)	**(12,454)**	(109,292)
	$ (43,418)	$ 57,255	**$ 34,131**	$ 60,422
Operating activities included the following cash payments:				
Income taxes paid	**$ 27,524**	$ 50,602	**$ 20,310**	$ 160,597

30. *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 was 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, as permitted by *IFRS 16*:

- reliance on previous assessments on whether leases are onerous;

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

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 9). There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

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