Management's Discussion and Analysis
For the three months ended March 31, 2020

This management's discussion and analysis ("MD&A") has been prepared as of April 29, 2020 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 2020. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Company's presentation currency is United States ("US") dollars. Reference herein of $ is to United States dollars, C$ is to Canadian dollars, CLP is to Chilean pesos, € refers to the euro, BRL is to Brazilian reais, and SEK is to Swedish krona.

About Lundin Mining

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

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Cautionary Statement on Forward-Looking Information

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of applicable Canadian securities laws. All statements other than statements of historical facts included in this document constitute forward-looking information, including but not limited to statements regarding the Company's plans, prospects and business strategies; the Company's guidance on the timing and amount of future production and its expectations regarding the results of operations; expected costs; permitting requirements and timelines; timing and possible outcome of pending litigation; the results of any 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 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: volatility and fluctuations in metal and commodity prices; global financial conditions and inflation; risks inherent in mining including but not limited to risks to the environment, industrial accidents, catastrophic equipment failures, unusual or unexpected geological formations or unstable ground conditions, and natural phenomena such as earthquakes, flooding or unusually severe weather; uninsurable risks; changes in the Company's share price, and volatility in the equity markets in general; the threat associated with outbreaks of viruses and infectious diseases, including the novel COVID-19 virus; risks related to negative publicity with respect to the Company or the mining industry in general; reliance on a single asset; 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; actual ore mined and/or metal recoveries varying from Mineral Resource and Mineral Reserve estimates, estimates of grade, tonnage, dilution, mine plans and metallurgical and other characteristics; 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; ore processing efficiency; risks inherent in and/or associated with operating in foreign countries and emerging markets; security at the Company's operations; changing taxation regimes; health and safety risks; exploration, development or mining results not being consistent with the Company's expectations; unavailable or inaccessible infrastructure and risks related to ageing infrastructure; counterparty and credit risks and customer concentration; risks related to the environmental regulation and environmental impact of the Company's operations and products and management thereof; exchange rate fluctuations; reliance on third parties and consultants in foreign jurisdictions; community and stakeholder opposition; civil disruption; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; uncertain political and economic environments; litigation; regulatory investigations, enforcement, sanctions and/or related or other litigation; risks associated with the structural stability of waste rock dumps or tailings storage facilities; changes in laws, regulations or policies including but not limited to those related to mining regimes, permitting and approvals, environmental and tailings management, labour, trade relations, and transportation; climate change; compliance with environmental, health and safety laws; enforcing legal rights in foreign jurisdictions; information technology and cybersecurity risks; estimates of future production and operations; estimates of operating, cash and all-in sustaining cost estimates; delays or the inability to obtain, retain or comply with permits; compliance with foreign laws; risks related to mine closure activities and closed and historical sites; challenges or defects in title; the price and availability of key operating supplies or services; historical environmental liabilities and ongoing reclamation obligations; indebtedness; funding requirements and availability of financing; liquidity risks and limited financial resources; risks relating to attracting and retaining of highly skilled employees; risks associated with acquisitions and related integration efforts, including the ability to achieve anticipated benefits, unanticipated difficulties or expenditures relating to integration and diversion of management time on integration; the estimation of asset carrying values; internal controls; competition; dilution; existence of significant shareholders; conflicts of interest; activist shareholders and proxy solicitation matters; risks relating to dividends; risks associated with business arrangements and partners over which the Company does not have full control; and other risks and uncertainties, including but not limited to those described in the "Risks and Uncertainties" section of the Annual Information Form and the "Managing Risks" section of the Company's MD&A for the year ended December 31, 2019, 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

On March 11, 2020 the World Health Organization declared the rapidly spreading COVID-19 outbreak a global pandemic. Lundin Mining has been closely monitoring developments in the COVID-19 outbreak since January 2020 and has implemented preventive measures to ensure the safety of our workforce and local communities. To date, there have been no outbreaks of COVID-19 at any of our sites and there have been no significant disruptions to production, shipment of concentrate or supply chain. However, we have made changes to our business and how we operate in order to minimize the risks to our employees, communities and other stakeholders. In Portugal, the Zinc Expansion Project ("ZEP") at Neves-Corvo has been temporarily suspended and at all of our operations changes have been made to implement new procedures in order to reduce the risk of the spread of COVID-19. Some of these actions were detailed in the Company's news release dated March 25, 2020 entitled *Lundin Mining Provides Update on Readiness and Response to COVID-19, and Operational and Guidance Update*.

Lundin Mining continues to manage and respond to COVID-19 within the framework of its Pandemic Response Plan, along with recommendations of health authorities and local and national regulatory requirements. The Company has implemented business continuity measures in an effort to mitigate and minimize potential impacts of this pandemic.

Candelaria (80% owned): Candelaria produced 36,297 tonnes of copper, and approximately 21,000 ounces of gold in concentrate on a 100% basis. Copper production in the quarter was higher than the prior year comparable quarter primarily due to higher copper head grades as more ore was sourced directly from the open pit and underground mines as opposed to stockpiles. Copper cash costs[1] of $1.31/lb for the quarter were better than the prior year comparable quarter largely owing to the impact of favourable foreign exchange.

Chapada (100% owned): Chapada produced 11,881 tonnes of copper and approximately 18,000 ounces of gold, as planned. Copper cash costs of $0.92/lb were better than guidance benefitting from favourable foreign exchange rates and higher gold by-product prices.

Eagle (100% owned): Eagle produced 3,575 tonnes of nickel and 4,378 tonnes of copper during the quarter with part of the production from the Eagle East orebody. Nickel production was lower than the prior year comparable period due to lower grades and recoveries partially offset by increased mill throughput. Copper production was higher than the prior year comparable period as a result of increased throughput. Gross operating costs were better than expectations. Nickel cash costs of $1.43/lb for the quarter were higher than the prior year comparable quarter due to lower by-product credits resulting from lower copper prices.

Neves-Corvo (100% owned): Neves-Corvo produced 9,075 tonnes of copper and 17,948 tonnes of zinc for the quarter. Copper production was higher than the prior year comparable period benefitting from higher grades, while zinc production was lower due primarily to lower recoveries. Though operating costs in the current quarter were in-line with Q1 2019, copper cash costs of $2.24/lb were higher than the prior year comparable quarter due to lower by-product credits stemming from lower realized zinc prices.

On March 15, 2020, the Company announced that construction and commissioning of ZEP would be temporarily suspended to reduce the risk of the spread of COVID-19 to local communities, employees and contractors.

Zinkgruvan (100% owned): Zinc production of 18,999 tonnes was lower than the prior year comparable quarter due to lower grades and recoveries, partially offset by higher mill throughput. Lead production of 8,013 tonnes was better than the prior year comparable period owing to higher throughput and recoveries. Zinc cash costs of $0.51/lb were higher than Q1 2019 largely owing to higher zinc treatment and refining charges.

[1] This is a non-GAAP measure – see page 23 of this MD&A for discussion of non-GAAP measures.

Total Production

(Contained metal in concentrate)	**2020 Q1**	**2019 Total**	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Copper (t)[ab]	**62,167**	**235,498**	67,131	74,560	47,685	46,122
Zinc (t)	**36,947**	**151,515**	38,925	35,028	37,116	40,446
Gold (koz)[ab]	**39**	**142**	43	58	21	20
Nickel (t)	**3,575**	**13,494**	2,651	3,232	3,398	4,213

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

b - Chapada results included are for the Company's ownership period.

Financial Performance

- Gross loss for the quarter ended March 31, 2020 was $22.7 million, a decrease in gross profit of $163.9 million compared to the first quarter of 2019. The decrease was primarily due to lower revenues as a result of lower metal prices ($51.2 million) and negative price adjustments ($153.2 million), partially offset by higher copper and nickel sales volumes ($35.0 million) and the addition of the Chapada mine ($21.9 million).
- Net loss for the current quarter was $113.6 million, a decrease in net earnings of $174.5 million from the first quarter of 2019. The decrease was primarily attributable to lower gross profit and higher deferred tax expense on the revaluation of non-monetary assets at Chapada, partially offset by higher other income derived from foreign exchange gains.
- Adjusted loss[1] for the quarter was $40.6 million, compared to adjusted earnings of $62.9 million in Q1 2019 and reflects lower net earnings offset by lower adjusted income taxes.

Corporate Highlights

- On February 20, 2020, the Company declared a 33% increase in cash dividend, to $0.04 per share, compared to the quarterly dividend paid in 2019.

Financial Position and Financing

- Cash and cash equivalents increased $116.3 million during the quarter ended March 31, 2020, from $250.6 million to $366.9 million.
- During the quarter, $120.0 million net was drawn on the Company's revolving credit facility and an additional $55.0 million term loan was obtained by Candelaria, primarily for the management of short-term working capital.
- Cash flow from operations of $83.4 million were offset by capital expenditures of $141.1 million and the effects of foreign exchange which further reduced cash balances. During the current quarter, the Company received proceeds of $25.7 million related to contingent consideration from the 2017 sale of the Company's investment in the Tenke Fungurume mine.
- Net debt[1] as at March 31, 2020 was $117.7 million, an increase of $57.5 million from December 31, 2019. The increase in net debt reflects capital expenditures and the impact of foreign exchange on cash balances, partially offset by operating cashflows of $83.4 million.
- As of April 29, 2020, the Company had a cash and net debt balance of approximately $300.0 million and $185.0 million, respectively.

[1] These are non-GAAP measures – see page 23 of this MD&A for discussion of non-GAAP measures.

Outlook

As noted in the Highlights section, to date, the Company has not experienced significant disruptions to production, shipments of concentrate or its supply chain as a result of COVID-19. However, the Company has reassessed production guidance in light of the temporary suspension of ZEP and the other changes to operating procedures that the Company has implemented to reduce the risk of infections at our sites. In addition, cost reduction programs have been implemented to respond to the low metal price environment. As a result, certain capital and operational spending has been eliminated or deferred.

The following changes have been made to production guidance:

Candelaria: Full year guidance range for copper production has been widened and gold production has been moderately reduced. Copper cash cost guidance has been lowered to $1.35/lb, reflecting favourable foreign exchange rates.

Chapada: Copper production guidance is maintained. Gold production is moderately reduced reflecting lower recoveries. Annual cash cost guidance for copper has been reduced to $0.85/lb, reflecting favourable foreign exchange rates and higher gold by-product prices.

Eagle: Production and cost guidance remains unchanged.

Neves-Corvo: Full year guidance range for copper production has been lowered to reflect first quarter production. Due to uncertainty regarding the timing of the restart of ZEP, full year zinc production guidance for 2020 has been lowered to reflect current production rates without contribution from ZEP. The Company is currently reviewing 2021 zinc production estimates, and accordingly, previously provided guidance should no longer be relied upon. Copper cash cost guidance for 2020 has been increased to $2.10/lb to reflect lower zinc by-product credits.

Zinkgruvan: Full year zinc production guidance has been moderately reduced to reflect lower average head grades expected for the year. Annual cash cost guidance for zinc has been moderately increased to $0.60/lb.

We caution that the global effects of COVID-19 are still evolving. Given the uncertainty of the duration and magnitude of the impact, our production and cash cost estimates are subject to a higher than normal degree of uncertainty. The guidance below does not reflect any potential for additional suspensions or other significant disruption to operations due to COVID-19.

2020 Production and Cash Cost

(contained metal in concentrate)		Previous Guidance[a] Tonnes	Previous Guidance[a] C1 Cost	Revised Guidance Tonnes	Revised Guidance C1 Cost[b]
Copper (t)	Candelaria (100%)	*165,000 - 175,000*	*$1.45/lb*	***160,000 - 175,000***	***$1.35/lb***[c]
	Chapada	*51,000 - 56,000*	*$1.15/lb*	*51,000 - 56,000*	***$0.85/lb***[d]
	Eagle	*15,000 - 18,000*		*15,000 - 18,000*	
	Neves-Corvo	*38,000 - 43,000*	*$1.80/lb*	***35,000 - 40,000***	***$2.10/lb***[c]
	Zinkgruvan	*3,000 - 4,000*		*3,000 - 4,000*	
	Total	*272,000 - 296,000*		***264,000 - 293,000***	
Zinc (t)	Neves-Corvo	*95,000 - 105,000*		***70,000 - 75,000***	
	Zinkgruvan	*77,000 - 82,000*	*$0.55/lb*	***72,000 - 77,000***	***$0.60/lb***[c]
	Total	*172,000 - 187,000*		***142,000 - 152,000***	
Gold (oz)	Candelaria (100%)	*100,000 - 105,000*		***90,000 - 100,000***	
	Chapada	*90,000 - 95,000*		***85,000 - 90,000***	
	Total	*190,000 - 200,000*		***175,000 - 190,000***	
Nickel (t)	Eagle	*15,000 - 18,000*	*$1.00/lb*	*15,000 - 18,000*	*$1.00/lb*

a. Guidance as outlined in the Management's Discussion and Analysis for the year ended December 31, 2019.
b. Cash costs are based on various assumptions and estimates, including but not limited to; production volumes, as noted above, commodity prices (Cu: $2.25/lb, Zn: $0.85/lb, Ni: $5.00/lb, Pb: $0.75/lb, Au: $1,500/oz.), foreign exchange rates (€/USD:1.10, USD/SEK:9.50, USD/CLP:850, USD/BRL:4.75) and operating costs, for the remainder of 2020.
c. 68% of Candelaria's total gold and silver production are subject to a streaming agreement and as such costs are calculated based on receipt of $412/oz and $4.12/oz respectively, on gold and silver sales. Silver production at Zinkgruvan and Neves-Corvo are also subject to streaming agreements, and cash costs are calculated based on receipt of approximately $4.40/oz and $4.30/oz, respectively, on silver sales.
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.

2020 Capital Expenditure Guidance

Total sustaining capital expenditures guidance has been reduced by $80.0 million. Sustaining capital expenditure deferrals include deferred stripping, mine development, underground drilling and equipment. The ZEP capital expenditure guidance includes payments for work performed to date.

($ millions)	Previous Guidance[a]	Revisions	**Revised Guidance**
Candelaria (100% basis)	265	(35)	**230**
Chapada	60	(20)	**40**
Eagle Sustaining	15	-	15
Neves-Corvo Sustaining	75	(20)	**55**
Zinkgruvan Sustaining	50	(5)	**45**
Total Sustaining Capital	465	(80)	**385**
Zinc Expansion Project (Neves-Corvo)	155	(100)	**55**
Total Capital Expenditures	620	(180)	**440**

a. Guidance as outlined in the Management's Discussion and Analysis for the year ended December 31, 2019.

2020 Exploration Investment Guidance

Planned exploration expenditures are expected to be $35.0 million in 2020, $20.0 million lower than previous guidance. Reductions include deferred drilling, and some planned geophysical surveys. Most of the planned expenditures for 2020 will be spent supporting in-mine and near-mine targets at our operations including $15.0 million at Candelaria, $7.0 million at Zinkgruvan, $7.0 million at Chapada, and $2.0 million at Neves-Corvo.

Selected Quarterly Financial Information

($ millions, except share and per share amounts)	Three months ended March 31, 2020	2019
Revenue	**378.0**	416.4
Cost of goods sold:		
Production costs	**(278.7)**	(205.1)
Depreciation, depletion and amortization	**(122.0)**	(70.1)
Gross (loss) profit	**(22.7)**	141.2
Net (loss) earnings attributable to: Lundin Mining shareholders	**(111.5)**	51.7
Non-controlling interests	**(2.1)**	9.3
Net (loss) earnings	**(113.6)**	60.9
Adjusted (loss) earnings[3]	**(40.6)**	62.9
Adjusted EBITDA[3]	**90.3**	177.0
Cash flow from operations	**83.4**	62.1
Capital expenditures[4]	**141.1**	182.0
Per share amounts:		
Basic and diluted (loss) earnings per share attributable to shareholders	**(0.15)**	0.07
Adjusted (loss) earnings per share[3]	**(0.06)**	0.09
Adjusted operating cash flow per share[3]	**0.04**	0.19
Dividends declared (C$/share)	**0.04**	0.03

	March 31, 2020	December 31, 2019
Total assets	**6,870.6**	6,917.2
Total debt and lease liabilities	**482.6**	308.5
Net debt[3]	**117.7**	60.2

Summary of Quarterly Results[1,2,5]

($ millions, except per share data)	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19	Q4-18	Q3-18	Q2-18
Revenue	378.0	568.4	538.7	369.3	416.4	407.7	379.7	467.7
Cost of goods sold	(400.7)	(422.9)	(410.1)	(344.1)	(275.2)	(335.7)	(320.1)	(312.6)
Gross (loss) profit	(22.7)	145.5	128.6	25.1	141.2	72.0	59.6	155.1
Net (loss) earnings	(113.6)	104.8	32.1	(8.6)	60.9	31.8	9.1	87.5
- attributable to shareholders	(111.5)	97.0	26.4	(7.8)	51.7	28.8	7.0	78.8
EPS - Basic and diluted	(0.15)	0.13	0.04	(0.01)	0.07	0.04	0.01	0.11
Cash flow from operations	83.4	186.4	111.6	204.5	62.1	44.2	140.9	118.3
Adjusted operating cash flow per share	0.04	0.28	0.21	0.07	0.19	0.16	0.11	0.16
Capital expenditures[4]	141.1	139.6	165.0	178.7	182.0	234.1	173.7	193.2

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. Results reflect the inclusion of Chapada for the period of Lundin Mining's ownership.
3. These are non-GAAP measures please see 23 of this MD&A for discussion of non-GAAP measures.
4. Capital expenditures are reported on a cash basis, as presented in the consolidated statement of cash flows.
5. 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)	2020	2019				
	Q1	Total	Q4	Q3	Q2	Q1
Copper (tonnes)						
Candelaria (100%)	**37,766**	139,051	34,564	42,276	31,138	31,073
Chapada[1]	**11,487**	29,884	16,127	13,757	-	-
Eagle	**4,399**	12,767	2,819	2,615	4,286	3,047
Neves-Corvo	**7,728**	41,252	11,311	12,343	9,888	7,710
Zinkgruvan	**543**	2,673	779	981	913	-
	61,923	225,627	65,600	71,972	46,225	41,830
Zinc (tonnes)						
Neves-Corvo	**15,064**	59,143	14,713	14,567	14,466	15,397
Zinkgruvan	**14,284**	67,463	19,314	12,657	19,466	16,026
	29,348	126,606	34,027	27,224	33,932	31,423
Gold (000 oz)						
Candelaria (100%)	**22**	83	20	25	19	19
Chapada[1]	**17**	55	28	27	-	-
	39	138	48	52	19	19
Nickel (tonnes)						
Eagle	**2,809**	10,682	3,167	1,889	3,935	1,691
Lead (tonnes)						
Neves-Corvo	**1,298**	4,591	1,210	792	1,313	1,276
Zinkgruvan	**6,024**	23,875	9,518	4,684	5,799	3,874
	7,322	28,466	10,728	5,476	7,112	5,150
Silver (000 oz)						
Candelaria (100%)	**321**	1,152	275	342	252	283
Chapada[1]	**34**	119	67	52	-	-
Eagle	**20**	72	12	22	25	13
Neves-Corvo	**180**	801	189	185	201	226
Zinkgruvan	**349**	1,594	571	335	460	228
	904	3,738	1,114	936	938	750

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

Revenue Analysis

by Mine	Three months ended March 31, 2020		2019		Change
($ thousands)	$	%	$	%	$
Candelaria (100%)	**172,972**	46	232,661	56	(59,689)
Chapada[1]	**84,121**	22	-	-	84,121
Eagle	**47,337**	13	46,208	11	1,129
Neves-Corvo	**45,777**	12	85,147	20	(39,370)
Zinkgruvan	**27,778**	7	52,368	13	(24,590)
	377,985		416,384		(38,399)

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

by Metal	Three months ended March 31, 2020		2019		Change
($ thousands)	$	%	$	%	$
Copper	**243,509**	64	266,090	64	(22,581)
Zinc	**32,104**	8	82,674	20	(50,570)
Gold	**56,584**	15	22,705	5	33,879
Nickel	**24,378**	6	25,825	6	(1,447)
Lead	**9,859**	3	9,765	2	94
Silver	**8,719**	2	7,914	2	805
Other	**2,832**	2	1,411	1	1,421
	377,985		416,384		(38,399)

Revenue for the quarter ended March 31, 2020 was $378.0 million, a decrease of $38.4 million in comparison to the $416.4 million reported in the first quarter of the prior year. The decrease was due to lower metal prices and negative price adjustments ($204.4 million), partially offset by higher copper and nickel sales volumes ($70.0 million) and the addition of Chapada mine.

Revenue from gold and silver for the quarter ended March 31, 2020 includes the 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 $412/oz for gold and between $4.12/oz and $4.40/oz for silver.

Revenue from copper also 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.

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

Provisionally valued revenue as of March 31, 2020

Metal	Payable metal	Valued at $ per lb/oz
Copper	37,140 t	$2.24 /lb
Zinc	32,461 t	$0.86 /lb
Gold	26,455 oz	$1,606 /oz
Nickel	2,586 t	$5.19 /lb

Quarterly Reconciliation of Realized Prices

	Three months ended March 31, 2020				
($ thousands)	**Copper**	**Zinc**	**Gold**	**Nickel**	**Total**
Current period sales[1]	312,620	58,332	61,902	33,932	466,786
Prior period price adjustments	(46,223)	(8,151)	1,784	(10,219)	(62,809)
	266,397	50,181	63,686	23,713	403,977
Other metal sales					39,176
Copper stream cash effect					(3,787)
Gold stream cash effect					(16,567)
Less: Treatment & refining charges					(44,814)
Total Revenue					**377,985**
Payable Metal	**61,923 t**	**29,348 t**	**39 koz**	**2,809 t**	
Current period sales[1]	$2.29	$0.90	$1,597	$5.48	
Prior period adjustments	(0.34)	(0.12)	46	(1.65)	
Realized prices	**$1.95 /lb**	**$0.78 /lb**	**$1,644 /oz**	**$3.83 /lb**	

	Three months ended March 31, 2019				
	Copper	**Zinc**	**Gold**	**Nickel**	**Total**
Current period sales[1]	268,742	90,571	24,725	21,989	406,027
Prior period price adjustments	18,442	4,760	(291)	9,220	32,131
	287,184	95,331	24,434	31,209	438,158
Other metal sales					29,197
Gold stream cash effect					(10,723)
Less: Treatment & refining charges					(40,248)
Total Revenue					**416,384**
Payable Metal	**41,830 t**	**31,423 t**	**22 koz**	**1,691 t**	
Current period sales[1]	$2.91	$1.31	$1,146	$5.90	
Prior period adjustments	0.20	0.07	(13)	2.47	
Realized prices	**$3.11 /lb**	**$1.38 /lb**	**$1,133 /oz**	**$8.37 /lb**	

1. Includes provisional price adjustments on current period sales.

Financial Results

Production Costs

Production costs for the quarter ended March 31, 2020 were $278.7 million, an increase of $73.6 million in comparison to the $205.1 million reported in the first quarter of the prior year. This increase was primarily due to the inclusion of production costs from the Chapada mine of $50.7 million and higher sales volumes at Candelaria and Eagle ($34.9 million).

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expense for the current quarter increased compared to the prior year comparable quarter due primarily to increased amortization of deferred stripping at Candelaria associated with the increased production from Phase 10 of the open pit, the inclusion of Chapada, as well as increased sales volume at Eagle.

Depreciation by operation	**Three months ended March 31,**		
($ thousands)	**2020**	2019	Change
Candelaria	**71,069**	39,799	31,270
Chapada	**11,610**	-	11,610
Eagle	**18,767**	10,175	8,592
Neves-Corvo	**13,649**	12,603	1,046
Zinkgruvan	**6,456**	7,064	(608)
Other	**424**	463	(39)
	121,975	70,104	51,871

Loss from Equity Investment in Associate

Loss from equity investment in associate was lower than the prior year quarter due to the sale of the cobalt refinery and related cobalt cathode precursor business in the fourth quarter of 2019.

General Exploration and Business Development

General exploration and business development expenses for the current quarter were $13.2 million, a decrease against the prior year comparable quarter by $5.5 million. Exploration drilling in the current quarter was primarily focused on near-mine targets at the Company's operations. At Neves-Corvo, regional drilling tested two geophysical targets and a new geophysics gravity survey was initiated. Exploration at Zinkgruvan and Chapada was focused along known mineralized trends. Candelaria drilling was primarily focused within the underground workings. As a result of the COVID-19 pandemic and poor market conditions, some exploration work programs have been curtailed.

Finance Costs

Finance costs of $16.2 million for the quarter ended March 31, 2020 reflects a cost increase of $12.5 million against the prior year comparable quarter. The majority of the increase is attributable to higher deferred revenue financing costs at Candelaria and Chapada. In addition, in the third quarter of 2019 the Company used cash on hand and drew down debt on its credit facility to pay for the acquisition of the Chapada mine. The combination of lower interest income on cash and higher interest expense on debt also contributed to higher finance costs.

Other Income and Expenses

Net other income for the quarter ended March 31, 2020 was $29.0 million, an increase of $30.4 million over the net other expense of $1.4 million recorded in the first quarter of 2019. The change was primarily due to foreign exchange revaluations.

Foreign exchange gains recorded in other income and expenses relate to the foreign exchange revaluation of working capital denominated in foreign currencies that was held by the Company. Period end exchange rates affecting foreign exchange recorded at March 31, 2020 were $1.00:CLP846 (December 31, 2019 - $1.00:CLP749), $1.00:BRL5.20 (December 31, 2019 – $1.00:BRL4.03), $1.10:€1.00 (December 31, 2019 - $1.12:€1.00) and $1.00:SEK10.08 (December 31, 2019 - $1.00:SEK9.32).

Income Taxes

Income taxes by mine

Income tax expense (recovery)	**Three months ended March 31,**		
($ thousands)	**2020**	2019	Change
Candelaria	**2,727**	13,714	(10,987)
Chapada	**76,213**	-	76,213
Eagle	**(42)**	177	(219)
Neves-Corvo	**(6,877)**	4,670	(11,547)
Zinkgruvan	**2,712**	6,130	(3,418)
Other	**3,798**	6,154	(2,356)
	78,531	30,845	47,686

Income taxes by classification

Income tax expense	**Three months ended March 31,**		
($ thousands)	**2020**	2019	Change
Current income tax	**26,163**	25,708	455
Deferred income tax	**52,368**	5,137	47,231
	78,531	30,845	47,686

Income tax expense of $78.5 million for the three months ended March 31, 2020 was $47.7 million higher than the $30.8 million expense recorded in the comparable quarter of the prior year.

Excluding Chapada, all sites reported lower tax expense due to lower taxable earnings compared to the first quarter in the prior year. Included in the $2.7 million in taxes in Chile is a deferred tax expense of $13.5 million resulting from the newly enacted tax reform which reduces the rate of tax refunds on taxes paid on dividends.

Chapada reported a deferred tax expense of $62.4 million related to the impact of foreign exchange translation on non-monetary assets due to significant declines in the BRL compared to the USD.

Current income tax expense for the current period includes taxes payable of $7.8 million on foreign exchange gains on USD denominated receivables in Brazil.

Mining Operations

Production Overview

	2020	2019				
(Contained metal in concentrate)	**Q1**	Total	Q4	Q3	Q2	Q1
Copper (tonnes)						
Candelaria (100%)	**36,297**	146,330	39,221	40,698	33,633	32,778
Chapada[1]	**11,881**	30,529	12,884	17,645	-	-
Eagle	**4,378**	14,297	3,626	3,042	3,732	3,897
Neves-Corvo	**9,075**	41,436	10,898	12,055	9,615	8,868
Zinkgruvan	**536**	2,906	502	1,120	705	579
	62,167	235,498	67,131	74,560	47,685	46,122
Zinc (tonnes)						
Neves-Corvo	**17,948**	73,202	17,946	18,232	18,251	18,773
Zinkgruvan	**18,999**	78,313	20,979	16,796	18,865	21,673
	36,947	151,515	38,925	35,028	37,116	40,446
Gold (000 oz)						
Candelaria (100%)	**21**	88	23	24	21	20
Chapada[1]	**18**	54	20	34	-	-
	39	142	43	58	21	20
Nickel (tonnes)						
Eagle	**3,575**	13,494	2,651	3,232	3,398	4,213
Lead (tonnes)						
Neves-Corvo	**1,468**	5,474	1,365	1,106	1,350	1,653
Zinkgruvan	**8,013**	27,703	9,361	6,291	6,219	5,832
	9,481	33,177	10,726	7,397	7,569	7,485
Silver (000 oz)						
Candelaria (100%)	**331**	1,305	337	355	292	321
Chapada[1]	**57**	144	63	81	-	-
Eagle	**35**	143	31	40	45	27
Neves-Corvo	**377**	1,706	385	431	392	498
Zinkgruvan	**662**	2,464	724	630	631	479
	1,462	5,762	1,540	1,537	1,360	1,325

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

Cash Cost Overview[1]

	Three months ended March 31,	
	2020	2019
Candelaria (cost/lb Cu)		
Gross cost	**1.57**	1.87
By-product[1]	**(0.26)**	(0.25)
Net Cash Cost	**1.31**	1.62
All-in Sustaining Cost[2]	**2.26**	3.30
Chapada (cost/lb Cu)		
Gross cost	**2.06**	-
By-product	**(1.14)**	-
Net Cash Cost	**0.92**	-
All-in Sustaining Cost	**1.22**	-
Eagle (cost/lb Ni)		
Gross cost	**5.14**	5.84
By-product	**(3.71)**	(5.47)
Net Cash Cost	**1.43**	0.37
All-in Sustaining Cost	**3.50**	1.65
Neves-Corvo (cost/lb Cu)		
Gross cost	**3.33**	3.43
By-product	**(1.09)**	(2.51)
Net Cash Cost	**2.24**	0.92
All-in Sustaining Cost	**3.28**	1.72
Zinkgruvan (cost/lb Zn)		
Gross cost	**0.87**	0.68
By-product	**(0.36)**	(0.24)
Net Cash Cost	**0.51**	0.44
All-in Sustaining Cost	**0.79**	0.69

1. By-product is after related treatment and refining charges.
2. All-in Sustaining Cost ("AISC") is a non-GAAP measure – see page 23 of this MD&A for discussion of non-GAAP measures.

Capital Expenditures [1,2]

	Three months ended March 31,							
	2020				2019			
($ thousands)	Sustaining	Expansionary	Capitalized Interest	**Total**	Sustaining	Expansionary	Capitalized Interest	Total
by Mine								
Candelaria	76,580	-	-	**76,580**	108,946	-	-	108,946
Chapada	3,724	-	-	**3,724**	-	-	-	-
Eagle	5,431	-	-	**5,431**	1,917	7,695	-	9,612
Neves-Corvo	15,801	30,946	451	**47,198**	10,876	42,371	-	53,247
Zinkgruvan	7,934	-	-	**7,934**	10,149	-	-	10,149
Other	199	-	-	**199**	43	-	-	43
	109,669	30,946	451	**141,066**	131,931	50,066	-	181,997

1. Capital expenditures are reported on a cash basis, as presented in the consolidated statement of cash flows.
2. Sustaining and expansionary capital expenditures are non-GAAP measures – see page 23 of this MD&A for discussion of non-GAAP measures.

Candelaria (Chile)

Operating Statistics

	2020	2019				
(100% Basis)	**Q1**	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**8,081**	28,753	10,067	9,329	5,620	3,737
Ore milled (000s tonnes)	**5,707**	26,287	6,336	6,295	6,450	7,206
Grade						
Copper (%)	**0.67**	0.60	0.66	0.70	0.57	0.49
Gold (g/t)	**0.15**	0.14	0.15	0.16	0.14	0.11
Recovery						
Copper (%)	**94.7**	92.3	92.8	92.9	91.4	91.9
Gold (%)	**73.0**	72.1	74.4	71.8	70.6	70.5
Production (contained metal)						
Copper (tonnes)	**36,297**	146,330	39,221	40,698	33,633	32,778
Gold (000 oz)	**21**	88	23	24	21	20
Silver (000 oz)	**331**	1,305	337	355	292	321
Revenue ($000s)	**172,972**	896,283	235,015	249,930	178,677	232,661
Gross (loss) profit ($000s)	**(16,785)**	180,650	57,989	42,612	1,390	78,659
Cash cost ($ per pound)	**1.31**	1.54	1.38	1.39	1.86	1.62
AISC ($ per pound)	**2.26**	2.88	2.22	2.49	3.73	3.30

Gross (Loss) Profit

Candelaria recorded a gross loss for the three months ended March 31, 2020 which was lower than the prior year comparable quarter's gross profit by $95.4 million. The loss is as a result of lower copper metal prices and negative price adjustments in the current period.

Production

Copper production for the current quarter was higher than the comparable quarter in 2019. The increase in copper production over the prior year comparable period was the result of higher grades as more ore tonnes were sourced from the open pit and underground mines, and less from the low-grade stockpile. This increase in copper production was offset by lower throughput due to ore hardness and fewer available operational hours for the SAG mills.

Full year guidance for production of copper has been widened with a modest reduction at the low end. Gold guidance has been revised on expectation of lower throughput.

Cash Costs

Copper cash costs for the three months ended March 31, 2020 were $0.31/lb lower than the prior year comparable period, largely as a result of favourable foreign exchange in the current quarter.

All-in sustaining costs were lower than the prior year comparable quarter due to lower sustaining capital expenditures in the current period as several projects, including the mine fleet reinvestment and development of the South Sector underground mine, were concluded by the end of 2019.

Approximately 14,000 oz of gold and 218,000 oz of silver were subject to terms of a streaming agreement in which $412/oz and $4.12/oz were received for gold and silver, respectively.

As a result of planned reductions in operating costs as well as expected positive effects of foreign currency, Candelaria's full year cash cost guidance has been improved from $1.45/lb to $1.35/lb.

Projects

The Candelaria Mill Optimization Project ("CMOP") continued to progress during the first quarter of 2020. Upgrade of one additional ball mill motor was completed during the quarter, and installation of new cyclone clusters is on-going. All remaining equipment is on site and available for installation.

CMOP is now expected to be completed in the second half of 2020 due to restrictions arising from the COVID-19 pandemic, limiting the ability to safely mobilize consultants and contractors, as well as utilizing scheduled mill maintenance down-time to minimize disruption to production.

Chapada (Brazil)

Operating Statistics

	2020	2019				
(100% Basis)	**Q1**	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**8,452**	18,240	7,592	10,648	-	-
Ore milled (000s tonnes)	**5,488**	11,911	5,731	6,180	-	-
Grade						
Copper (%)	**0.27**	0.31	0.27	0.34	-	-
Gold (g/t)	**0.20**	0.24	0.20	0.28		
Recovery						
Copper (%)	**80.9**	82.7	81.6	83.7	-	-
Gold (%)	**51.0**	59.4	57.0	61.0		
Production (contained metal)						
Copper (tonnes)	**11,881**	30,529	12,884	17,645	-	-
Gold (000 oz)	**18**	54	20	34	-	-
Silver (000 oz)	**57**	144	63	81	-	-
Revenue ($000s)	**84,121**	248,011	133,144	114,867	-	-
Gross profit ($000s)	**21,833**	104,445	56,581	47,864	-	-
Cash cost ($ per pound)	**0.92**	0.58	0.77	0.35	-	-
AISC ($ per pound)	**1.22**	0.97	1.28	0.62	-	-

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

Gross Profit

Gross profit for the three months ended March 31, 2020 was negatively impacted by copper price adjustments, partially offset by higher gold prices and favourable foreign exchange rates.

Production

Copper production for the three months ended March 31, 2020 was in-line with expectations. Above plan mill throughput offset moderately lower than planned recoveries and grades. Gold production for the quarter was lower than planned due to lower recoveries.

Chapada remains on-track to achieve full year copper production guidance as lower expected throughput is expected to be offset by higher grades. Gold guidance has been reduced on the expectation of lower throughput and recoveries.

Cash Costs

Copper cash costs for the quarter ended March 31, 2020 were better than plan, benefitting primarily from favourable foreign exchange rates, as well as continued strong gold prices which improved the realized by-product credit. Full year guidance has been improved to $0.85/lb, from $1.15/lb.

AISC was also better than expected due to lower cash costs and capital spending.

Projects

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

The 2020 exploration program includes approximately 40,000 metres of drilling, reduced from 50,000 metres, and geophysical surveys. During the current quarter, the Company completed 5,394 metres of the drill program. These targets were shallow and close to the mine infrastructure.

Eagle (USA)

Operating Statistics

	2020	2019				
	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**189**	748	194	197	192	165
Ore milled (000s tonnes)	**194**	747	191	197	194	165
Grade						
Nickel (%)	**2.2**	2.2	1.7	2.0	2.1	3.0
Copper (%)	**2.4**	2.0	2.0	1.6	2.0	2.4
Recovery						
Nickel (%)	**83.9**	82.1	80.5	80.4	81.3	85.0
Copper (%)	**96.3**	96.0	95.3	95.5	95.7	97.6
Production (contained metal)						
Nickel (tonnes)	**3,575**	13,494	2,651	3,232	3,398	4,213
Copper (tonnes)	**4,378**	14,297	3,626	3,042	3,732	3,897
Revenue ($000s)	**47,337**	212,929	53,592	53,717	59,412	46,208
Gross (loss) profit ($000s)	**(8,788)**	35,987	(1,021)	19,350	(800)	18,458
Cash cost ($ per pound)	**1.43**	2.84	3.53	3.25	3.14	0.37
AISC ($ per pound)	**3.50**	3.74	4.53	4.37	3.65	1.65

Gross (Loss) Profit

Gross loss for the three months ended March 31, 2020 was lower than the gross profit recorded in the prior year comparable period by $27.3 million. Higher sales volumes in the current quarter were more than offset by lower realized metal prices and price adjustments.

Production

For the current quarter, nickel production was lower than the prior year comparable period, while copper production was higher than the first quarter of 2019. Production from the lower-grade lower region of the Eagle East orebody contributed to an increase in throughput in the current period compared to the weather-impacted prior year comparable period, which contributed to the quarter-over quarter increase in copper production. However, a change in mine sequence impacted nickel ore grades and resulted in lower nickel production in the current quarter.

Nickel and copper full year production guidance remains unchanged.

Cash Costs

Nickel cash costs for the three months ended March 31, 2020 were higher than the prior year largely due to lower realized price for copper by-product credits, partially offset by lower treatment and refining charges. Eagle remains on-track to achieve full year cash cost guidance.

All-in sustaining costs for the quarter were higher than that reported in the comparable prior year period due to higher cash costs.

Projects

Eagle East project capital development and construction activities supporting production were completed during the first quarter in 2020. The project was completed a full quarter ahead of schedule and below budget. Final project cost was $93.1 million compared to the project budget of $107.2 million.

Neves-Corvo (Portugal)

Operating Statistics

	2020	2019				
	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, copper (000 tonnes)	**640**	2,702	686	699	628	689
Ore mined, zinc (000 tonnes)	**286**	1,153	290	284	283	296
Ore milled, copper (000 tonnes)	**639**	2,679	681	702	626	670
Ore milled, zinc (000 tonnes)	**284**	1,137	286	285	280	286
Grade						
Copper (%)	**1.8**	2.0	2.1	2.1	2.0	1.7
Zinc (%)	**8.0**	7.9	7.8	7.8	7.9	8.0
Recovery						
Copper (%)	**77.4**	78.3	77.9	80.6	75.8	79.3
Zinc (%)	**77.7**	78.8	78.0	80.2	78.6	78.3
Production (contained metal)						
Copper (tonnes)	**9,075**	41,436	10,898	12,055	9,615	8,868
Zinc (tonnes)	**17,948**	73,202	17,946	18,232	18,251	18,773
Lead (tonnes)	**1,468**	5,474	1,365	1,106	1,350	1,653
Silver (000 oz)	**377**	1,706	385	431	392	498
Revenue ($000s)	**45,777**	337,167	88,492	86,009	77,519	85,147
Gross (loss) profit ($000s)	**(19,926)**	42,896	8,772	11,546	3,834	18,744
Cash cost (€ per pound)	**2.03**	1.42	1.61	1.44	1.68	0.81
Cash cost ($ per pound)	**2.24**	1.59	1.78	1.60	1.88	0.92
AISC ($ per pound)	**3.28**	2.38	2.65	2.35	2.60	1.72

Gross (Loss) Profit

Neves-Corvo recorded a gross loss for the three months ended March 31, 2020 which was lower than the gross profit recorded in the comparable period in 2019 by $38.7 million. The movement from profit to loss was due to lower realized zinc and copper metal prices and price adjustments.

Production

Copper production for the three months ended March 31, 2020 was higher than the prior year comparable quarter as a result of higher head grades while zinc production was lower than the prior year comparable period due to lower throughput and recoveries, though in-line with expectations for the quarter.

Full year copper production guidance range has been lowered, and zinc guidance has been reduced to 70,000t – 75,000t, from 95,000t – 105,000t, as a result of the temporary suspension of ZEP.

Cash Costs

Copper cash costs for the quarter ended March 31, 2020 were higher than that of the corresponding prior year quarter as a result of lower zinc prices and by-product credits ($1.42/lb). Per-unit mine, mill and administrative costs were lower than the prior year comparable period resulting from the impact of favourable foreign exchange rates. However, given lower expectations of full year production, cash cost guidance has been increased to $2.10/lb.

All-in sustaining costs were higher than the prior year comparable period as a result of higher cash costs.

The Company is actively assessing cost reduction initiatives in all areas of operations, exploration and capital programs in order to reduce these costs.

Projects

On March 15, 2020, ZEP construction and commissioning activities were temporarily suspended in order to reduce the risk to our local communities, employees and contractors as a result of the COVID-19 pandemic.

Prior to the temporary suspension of ZEP, construction advanced in accordance with the revised schedule and budget for the phased start-up strategy and production during 2020.

Underground project progress is over 88% with civil and mechanical works largely completed. Mechanical and electrical equipment installations for the crusher and the 3.5 kilometre conveyor systems are well advanced and were the focus of work prior to temporary suspension. Development of the lower zinc ore stopes was advancing as planned with the first two sub-levels continuing, as well as deepening of the ramp to reach the next sub-levels in the Lower Lombador orebody.

Surface construction and commissioning activities continued throughout the current quarter with a focus on completing the remaining mechanical, electrical and instrumentation installations of the materials handling system and the SAG mill which was on track to begin commissioning at the end of the quarter. Surface construction of ZEP was nearly 80% complete at the end of the quarter, with the materials handling and SAG portion of the project more than 98% completed. Mechanical, electrical instrumentation and pre-commissioning work was advancing as planned for the flotation circuits, dewatering circuit, backfill cyclone station, tailings and water supply piping systems, and a new paste fill tailings thickener.

Demobilization of construction contractors and owners' team was completed during March and the project remains in temporary suspension. The timing of the restart is uncertain and will be dependent on public health restrictions to reduce the spread of COVID-19 and the Company's internal policies in order to safeguard and protect the workforce from exposure to the virus, as well as prevailing metal prices and market conditions.

Zinkgruvan (Sweden)

Operating Statistics

	2020	2019				
	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, zinc (000 tonnes)	**324**	1,138	336	230	303	269
Ore mined, copper (000 tonnes)	**44**	182	28	65	37	52
Ore milled, zinc (000 tonnes)	**329**	1,120	322	254	292	252
Ore milled, copper (000 tonnes)	**21**	178	26	63	48	41
Grade						
Zinc (%)	**6.4**	7.6	7.1	7.2	7.2	9.3
Lead (%)	**2.9**	3.1	3.5	3.1	2.7	2.9
Copper (%)	**2.8**	1.8	2.2	1.9	1.7	1.6
Recovery						
Zinc (%)	**90.4**	91.5	91.7	92.2	89.7	92.5
Lead (%)	**83.0**	80.9	83.0	80.8	80.0	78.6
Copper (%)	**90.6**	89.1	89.6	90.8	86.0	89.1
Production (contained metal)						
Zinc (tonnes)	**18,999**	78,313	20,979	16,796	18,865	21,673
Lead (tonnes)	**8,013**	27,703	9,361	6,291	6,219	5,832
Copper (tonnes)	**536**	2,906	502	1,120	705	579
Silver (000 oz)	**662**	2,464	724	630	631	479
Revenue ($000s)	**27,778**	198,323	58,120	34,192	53,643	52,368
Gross profit ($000s)	**2,203**	81,341	23,928	8,557	21,873	26,983
Cash cost (SEK per pound)	**4.96**	3.69	2.95	4.02	3.88	4.08
Cash cost ($ per pound)	**0.51**	0.39	0.31	0.42	0.41	0.44
AISC ($ per pound)	**0.79**	0.65	0.62	0.70	0.63	0.69

Gross Profit

Gross profit for the three months ended March 31, 2020 was lower than the first quarter of 2019, due to lower realized metal prices and price adjustments, as well as lower zinc sales volumes partially offset by favourable foreign exchange.

Production

Ore mined and milled were both higher in the three months ended March 31, 2020 than in the prior year comparable period.

Zinc production for the first quarter of 2020 was lower than the prior year comparable period, largely due to lower head grades. Ground conditions encountered in certain high-grade stopes resulted in a change in mine sequencing which has deferred production from these areas to the fourth quarter of 2020 and first quarter of 2021. This was partially offset by higher throughput.

Lead production for the quarter was higher than the comparable period in the prior year resulting from higher throughput and recoveries.

Due to the change in mine sequencing, as noted above, lower average zinc grades will be realized over the year resulting in a modest reduction in full year zinc production to 72,000 – 77,000 tonnes. Copper guidance remains unchanged.

Cash Costs

Zinc cash costs in the first quarter of 2020 were higher than the comparable prior year period, as higher by-product credits were more than offset by higher zinc treatment and refining charges. Full year cash cost guidance has been moderately increased to $0.60/lb.

All-in sustaining cost was higher than the prior year comparable period, resulting from higher cash costs.

Metal Prices, LME Inventories and Smelter Treatment and Refining Charges

The average metal prices for copper, zinc and nickel for the first quarter 2020 were lower than the average prices for the last quarter of 2019 by; 4% copper, 11% zinc and 18% nickel. The average metal price for gold for the first quarter 2020 was higher than the average price for the last quarter of 2019 by 7%. Prices for copper, zinc and nickel decreased through the quarter on the backdrop of concerns surrounding the COVID-19 pandemic.

		Three months ended March 31,		
(Average LME Price)		**2020**	2019	Change
Copper	US$/pound	2.56	2.82	-9%
	US$/tonne	5,637	6,215	
Zinc	US$/pound	0.97	1.23	-21%
	US$/tonne	2,128	2,702	
Gold	US$/ounce	1,583	1,304	21%
Nickel	US$/pound	5.77	5.61	3%
	US$/tonne	12,723	12,369	

LME inventories for copper, zinc and nickel increased during the first quarter of 2020 by 53%, 43% and 53%, respectively.

During the first three months of 2020 the treatment charges (“TC”) and refining charges (“RC”) in the spot market for copper concentrates between miners and commodity traders fluctuated from an average spot TC during January of $48 per dmt of concentrate and a spot RC of $0.048 per lb of payable copper, increasing in February to an average spot TC of $63 per dmt of concentrate and a spot RC of $0.063 per lb of payable copper before falling to a spot TC of $61 per dmt of concentrate and a spot RC of $0.061 per lb of payable copper during March 2020. Also, the spot terms at which Chinese copper smelters were prepared to buy increased through the quarter from a TC of $59 per dmt of concentrate and a RC of $0.059 per payable lb of copper over January to a TC of $71 per dmt of concentrate and a RC of $0.071 per payable lb of copper at the end of March. The terms for annual contracts for copper concentrates for 2020 were reached in November 2019 at a TC of $62 per dmt with a RC of $0.062 per payable lb of copper. This represents an improvement for the mines compared to the 2019 annual terms at a TC of $80.80 per dmt of concentrates and a RC of $0.0808 per payable lb of copper.

The spot TC, delivered China, for zinc concentrates during the first three months of 2020 ranged from $310 per dmt, flat, at the beginning of the year to $265 per dmt, flat, by the end of the first quarter, on extremely limited activity in the Chinese market. At the end of March, there had been a reported settlement in the negotiations between a mine and smelters for annual contracts for zinc concentrates at a level of $299.75 per dmt, flat. This would result in an improvement of approximately $71 per dmt in favour of the smelters compared to the reported annual settlement agreed for 2019, using the March 31, 2020 zinc price.

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

Liquidity and Capital Resources

As at March 31, 2020, the Company had cash and cash equivalents of $366.9 million. Given the COVID-19 pandemic, a great deal of uncertainty remains in the marketplace, possibly impacting production, supply chain, delivery of concentrates, commodity prices and many other variables. However, the Company continues to expect to be able to fund all its contractual commitments and obligations through operating cash flow generated, cash on hand and available debt facilities.

Cash flow from operations for the quarter ended March 31, 2020 was $83.4 million, an increase of $21.3 million in comparison to the $62.1 million reported in the first quarter of 2019. The increase was primarily attributable to a positive comparative change in non-cash working capital ($132.5 million) partially offset by lower gross profit before depreciation.

Cash flow used in investing activities decreased when compared to the prior year comparable quarter primarily due to lower investments in mineral properties, plant and equipment and receipt of contingent consideration on the Company's sale of its interest in the Tenke Fungurume mine ($25.7 million). The decrease in capital investments is related primarily to Candelaria and ZEP.

Cash flow generated from financing activities increased by $126.5 million compared to the first quarter in 2019 due primarily to an increase in borrowings.

The negative effects of foreign exchange on cash balances increased by $13.7 million reflecting the weakening of foreign currencies against the USD.

Capital Resources

As at March 31, 2020, the Company had $482.6 million of debt and lease liabilities.

As at March 31, 2020, the Company had $345.0 million drawn on its credit facility and an additional $90.0 million in term loans outstanding. Equipment financing of $9.3 million were also utilized.

During the quarter, the Company purchased 1.6 million shares under its Normal Course Issuer Bid for total consideration of $7.4 million. All of the common shares purchased have been cancelled.

Contractual Obligations, Commitments and Contingencies

The Company has contractual obligations and capital commitments as described in the Note 19 "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.

For details of the Company's financial instruments refer to Note 18 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	Payable Metal	Provisional price on March 31, 2020	Change	Effect on Revenue ($millions)
Copper	37,140 t	$2.24/lb	+/- 10%	+/- $18.3
Zinc	32,461 t	$0.86/lb	+/- 10%	+/- $6.2
Gold	26,455 oz	$1,606/oz	+/- 10%	+/- $4.2
Nickel	2,586 t	$5.19/lb	+/- 10%	+/- $3.0

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

Currency	Change	For the three months ended March 31, 2020 ($millions)
Chilean peso	+/- 10%	+/- $8.6
Euro	+/- 10%	+/- $6.4
Swedish krona	+/- 10%	+/- $2.6
Brazilian real	+/- 10%	+/- $4.6

Related Party Transactions

The Company enters into related party transactions that are in the normal course of business and on an arm's length basis. Related party disclosures can be found in Note 21 of the Company's March 31, 2020 Consolidated Financial Statements.

Changes in Accounting Policies and Critical Accounting Estimates and Judgments

The Company describes its significant accounting policies as well as any changes in accounting policies in Note 2 "Basis of Presentation and Significant Accounting Policies" of the March 31, 2020 Condensed Interim Consolidated Financial Statements. No significant changes in accounting policies have occurred.

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

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

($thousands)	**March 31, 2020**	December 31, 2019
Current portion of total debt and lease liabilities	**104,754**	80,782
Long-term debt and lease liabilities	**377,824**	227,767
	482,578	308,549
Deferred financing fees (netted in above)	**2,088**	2,238
	484,666	310,787
Cash and cash equivalents	**(366,920)**	(250,563)
Net debt	**117,746**	60,224

Adjusted Operating Cash Flow per Share

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

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

	Three months ended March 31,	
($thousands, except share and per share amounts)	**2020**	2019
Cash provided by operating activities	**83,411**	62,140
Changes in non-cash working capital items	**(55,529)**	76,981
Adjusted operating cash flow before changes in non-cash working capital	**27,882**	139,121
Weighted average common shares outstanding	**734,487,266**	735,256,205
Adjusted operating cash flow per share	**0.04**	0.19

Adjusted EBITDA, Adjusted Earnings and Adjusted Earnings per Share

Adjusted EBITDA, adjusted earnings and adjusted earnings per share are non-GAAP measures. These measures are presented to provide additional information to investors and other stakeholders on the Company's underlying operational performance. Certain items have been excluded from adjusted EBITDA and adjusted earnings such as unrealized foreign exchange and revaluation gains and losses, impairment charges and reversals, gain or loss on debt settlement, interest on tax refunds and assessments, litigations settlements and other items that do not represent the Company's current and on-going operations and are not necessarily indicative of future operating results.

	Three months ended March 31,	
($thousands)	**2020**	2019
Net (loss) earnings	**(113,568)**	60,949
Add back:		
Depreciation, depletion and amortization	**121,975**	70,104
Finance income and costs	**16,164**	3,736
Income taxes	**78,531**	30,845
	103,102	165,634
Unrealized foreign exchange (gain) loss	**(25,274)**	554
Unrealized revaluation (gain) loss of derivative asset and liability	**4,838**	(170)
Unrealized revaluation loss of marketable securities	**2,188**	8
Loss from investment in associates	**84**	11,935
Project standby costs	**2,512**	-
Other	**2,892**	(1,000)
Total adjustments - EBITDA	**(12,760)**	11,327
Adjusted EBITDA	**90,342**	176,961

	Three months ended March 31,	
($thousands, except share and per share amounts)	**2020**	2019
Net (loss) earnings attributable to Lundin Mining shareholders	**(111,485)**	51,666
Add back:		
Total adjustments - EBITDA	**(12,760)**	11,327
Tax effect on adjustments	**7,583**	(132)
Effects of tax rate change on deferred tax balances	**13,562**	-
Deferred tax expense arising from foreign exchange translation	**62,453**	-
Total adjustments	**70,838**	11,195
Adjusted (loss) earnings	**(40,647)**	62,861
Weighted average number of shares outstanding:		
Basic	**734,487,266**	735,256,205
Diluted	**734,487,266**	736,073,671
Basic and diluted earnings per share attributable to Lundin Mining shareholders:		
Net (loss) earnings	(0.15)	0.07
Total adjustments	0.09	0.02
Adjusted (loss) earnings per share	**(0.06)**	0.09

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 March 31, 2020						
Operations	**Candelaria**	**Chapada**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	37,766	11,487	2,809	7,728	14,284	
Pounds (000s)	83,260	25,324	6,193	17,037	31,491	
Production costs						278,685
Less: Royalties and other						(9,872)
						268,813
Deduct: By-product credits						(103,260)
Add: Treatment and refining charges						29,575
Cash cost	108,680	23,276	8,871	38,160	16,141	195,128
Cash cost per pound ($/lb)	**1.31**	**0.92**	**1.43**	**2.24**	**0.51**	
Add: Sustaining capital expenditure	76,580	3,724	5,431	15,801	7,934	
Royalties	-	2,238	4,863	412	-	
Interest expense	1,216	968	312	74	129	
Leases & other	1,761	712	2,199	1,470	773	
All-in sustaining cost	188,237	30,918	21,676	55,917	24,977	
AISC per pound ($/lb)	**2.26**	**1.22**	**3.50**	**3.28**	**0.79**	

Three months ended March 31, 2019						
Operations	**Candelaria**	**Chapada**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	31,073	-	1,691	7,710	16,026	
Pounds (000s)	68,504	-	3,728	16,998	35,331	
Production costs						205,070
Less: Royalties and other						(4,146)
						200,924
Deduct: By-product credits						(88,143)
Add: Treatment and refining charges						30,973
Cash cost	111,103	-	1,372	15,589	15,690	143,754
Cash cost per pound ($/lb)	**1.62**	**-**	**0.37**	**0.92**	**0.44**	
Add: Sustaining capital expenditure	112,815	-	2,756	10,681	8,397	
Royalties	-	-	1,204	1,554	-	
Interest expense	1,477	-	489	193	76	
Leases & other	779	-	315	1,164	299	
All-in sustaining cost	226,174	-	6,136	29,181	24,462	
AISC per pound ($/lb)	**3.30**	**-**	**1.65**	**1.72**	**0.69**	

Managing Risks

Risks and Uncertainties

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

For a detailed discussion on Lundin Mining's risks, refer to the "Risks and Uncertainties" section of the Company's most recently filed Annual Information Form ("AIF").

Management's Report on Internal Controls

Disclosure controls and procedures *("DCP")*

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

Internal control over financial reporting *("ICFR")*

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

Control Framework

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

Changes in ICFR

There have been no changes in the Company's ICFR during the three-month period ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's financial reporting.

Outstanding Share Data

As at April 29, 2020, the Company has 733,574,447 common shares issued and outstanding, and 13,061,030 stock options and 2,705,600 share units outstanding under the Company's incentive plans.

Other Information

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

Condensed Interim Consolidated Financial Statements of

Lundin Mining Corporation

March 31, 2020
(Unaudited)

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS (Unaudited - in thousands of US dollars)	**March 31, 2020**	December 31, 2019
ASSETS		
Cash and cash equivalents (Note 3)	**$ 366,920**	$ 250,563
Trade and other receivables (Note 4)	**225,365**	335,782
Income taxes receivable	**61,204**	52,523
Inventories (Note 5)	**217,630**	216,503
Other current assets	**15,780**	14,330
Total current assets	**886,899**	869,701
Restricted cash	**43,401**	47,666
Long-term inventory (Note 5)	**577,448**	550,561
Other non-current assets	**5,099**	7,970
Mineral properties, plant and equipment (Note 6)	**4,991,480**	5,065,556
Investment in associate	**28,856**	28,957
Deferred tax assets	**97,579**	104,627
Goodwill	**239,802**	242,208
	5,983,665	6,047,545
Total assets	**$ 6,870,564**	$ 6,917,246
LIABILITIES		
Trade and other payables (Note 7)	**$ 362,429**	$ 370,067
Income taxes payable	**43,958**	66,825
Current portion of debt and lease liabilities (Note 8)	**104,754**	80,782
Current portion of deferred revenue (Note 9)	**83,525**	83,960
Current portion of reclamation and other closure provisions (Note 10)	**3,325**	3,735
Total current liabilities	**597,991**	605,369
Debt and lease liabilities (Note 8)	**377,824**	227,767
Deferred revenue (Note 9)	**662,849**	674,186
Reclamation and other closure provisions (Note 10)	**350,674**	380,049
Other long-term liabilities	**84,433**	84,837
Provision for pension obligations	**9,487**	10,938
Deferred tax liabilities	**660,845**	636,700
	2,146,112	2,014,477
Total liabilities	**2,744,103**	2,619,846
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	**4,182,994**	4,184,667
Contributed surplus	**51,134**	51,339
Accumulated other comprehensive loss	**(317,500)**	(284,649)
Deficit	**(312,425)**	(178,298)
Equity attributable to Lundin Mining Corporation shareholders	**3,604,203**	3,773,059
Non-controlling interests	**522,258**	524,341
	4,126,461	4,297,400
	$ 6,870,564	$ 6,917,246

Commitments and contingencies (Note 19)

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS

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

	Three months ended March 31,	
	2020	2019
Revenue (Note 12)	**$ 377,985**	$ 416,384
Cost of goods sold		
Production costs (Note 13)	**(278,685)**	(205,070)
Depreciation, depletion and amortization	**(121,975)**	(70,104)
Gross (loss) profit	**(22,675)**	141,210
General and administrative expenses	**(11,944)**	(13,618)
General exploration and business development	**(13,215)**	(18,700)
Finance income (Note 15)	**371**	5,066
Finance costs (Note 15)	**(16,535)**	(8,802)
Loss from equity investment in associate	**(84)**	(11,935)
Other income (expense) (Note 16)	**29,045**	(1,427)
(Loss) earnings before income taxes	**(35,037)**	91,794
Current tax expense (Note 17)	**(26,163)**	(25,708)
Deferred tax expense (Note 17)	**(52,368)**	(5,137)
Net (loss) earnings	**$ (113,568)**	$ 60,949
Net (loss) earnings attributable to:		
Lundin Mining Corporation shareholders	**$ (111,485)**	$ 51,666
Non-controlling interests	**(2,083)**	9,283
Net (loss) earnings	**$ (113,568)**	$ 60,949
Basic and diluted (loss) earnings per share attributable to Lundin Mining Corporation shareholders	$ **(0.15)**	$ 0.07
Weighted average number of shares outstanding (Note 11)		
Basic	**734,487,266**	735,256,205
Diluted	**734,487,266**	736,073,671

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 March 31,	
	2020	2019
Net (loss) earnings	**$ (113,568)**	$ 60,949
Other comprehensive (loss) income, net of taxes		
Item that may be reclassified subsequently to net (loss) earnings:		
Effects of foreign exchange	**(32,851)**	(20,151)
Other comprehensive loss	**(32,851)**	(20,151)
Total comprehensive (loss) income	**$ (146,419)**	$ 40,798
Comprehensive (loss) income attributable to:		
Lundin Mining Corporation shareholders	**(144,336)**	$ 31,515
Non-controlling interests	**(2,083)**	9,283
Total comprehensive (loss) income	**$ (146,419)**	$ 40,798

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, 2019	734,233,642	$ 4,184,667	$ 51,339	$ (284,649)	$ (178,298)	$ 524,341	$ 4,297,400
Exercise of share-based awards	932,405	5,251	(3,194)	-	-	-	2,057
Share-based compensation	-	-	2,989	-	-	-	2,989
Dividends declared (Note 11(c))	-	-	-	-	(22,139)	-	(22,139)
Share purchase (Note 11(d))	(1,591,600)	(6,924)	-	-	(503)	-	(7,427)
Net loss	-	-	-	-	(111,485)	(2,083)	(113,568)
Other comprehensive loss	-	-	-	(32,851)	-	-	(32,851)
Total comprehensive loss	-	-	-	(32,851)	(111,485)	(2,083)	(146,419)
Balance, March 31, 2020	**733,574,447**	**$ 4,182,994**	**$ 51,134**	**$ (317,500)**	**$ (312,425)**	**$ 522,258**	**$ 4,126,461**
Balance, January 1, 2019	733,534,879	$ 4,177,660	$ 49,424	$ (260,179)	$ (275,759)	$ 502,420	$ 4,193,566
Exercise of share-based awards	2,779,980	13,964	(7,605)	-	-	-	6,359
Share-based compensation	-	-	4,696	-	-	-	4,696
Dividends declared	-	-	-	-	(16,611)	-	(16,611)
Net earnings	-	-	-	-	51,666	9,283	60,949
Other comprehensive loss	-	-	-	(20,151)	-	-	(20,151)
Total comprehensive (loss) income	-	-	-	(20,151)	51,666	9,283	40,798
Balance, March 31, 2019	736,314,859	$ 4,191,624	$ 46,515	$ (280,330)	$ (240,704)	$ 511,703	$ 4,228,808

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

LUNDIN MINING CORPORATION

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

	Three months ended March 31,	
Cash provided by (used in)	**2020**	2019
Operating activities		
Net (loss) earnings	**$ (113,568)**	$ 60,949
Items not involving cash and other adjustments		
Depreciation, depletion and amortization	**121,975**	70,104
Share-based compensation	**2,989**	4,696
Foreign exchange (gain) loss	**(25,274)**	554
Finance costs, net	**16,164**	3,736
Recognition of deferred revenue (Note 9)	**(18,004)**	(12,524)
Deferred tax expense	**52,368**	5,137
Loss from equity investment in associate	**84**	11,935
Revaluation of derivative asset and liability (Note 16)	**4,838**	(170)
Revaluation of marketable securities (Note 16)	**2,188**	8
Other	**3,036**	627
Reclamation payments (Note 10)	**(655)**	(4,165)
Other payments	**(460)**	(2,390)
Changes in long-term inventory	**(17,799)**	624
Changes in non-cash working capital items (Note 22)	**55,529**	(76,981)
	83,411	62,140
Investing activities		
Investment in mineral properties, plant and equipment	**(141,066)**	(181,997)
Contingent consideration received (Note 4)	**25,714**	-
Interest received	**378**	4,124
Other	**621**	596
	(114,353)	(177,277)
Financing activities		
Interest paid	**(3,564)**	(1,387)
Share purchase (Note 11)	**(7,427)**	-
Principal payments of lease liabilities	**(3,570)**	(2,638)
Principal repayments of debt (Note 8)	**(30,626)**	-
Proceeds from debt (Note 8)	**207,005**	35,000
Proceeds from common shares issued	**2,057**	6,359
	163,875	37,334
Effect of foreign exchange on cash balances	**(16,576)**	(2,884)
Increase (decrease) in cash and cash equivalents during the period	**116,357**	(80,687)
Cash and cash equivalents, beginning of period	**250,563**	815,429
Cash and cash equivalents, end of period	**$ 366,920**	$ 734,742

Supplemental cash flow information (Note 22)

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

1. NATURE OF OPERATIONS

Lundin Mining Corporation (the "Company") is a diversified Canadian base metals mining company primarily producing copper, zinc, gold and nickel. The Company'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.

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, 2019.

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

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

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

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on April 29, 2020.

(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, 2019, except for those noted below.

On March 11, 2020, the World Health Organization declared the rapidly spreading COVID-19 outbreak a global pandemic. The Company has been closely monitoring developments in the COVID-19 outbreak since January 2020 and has implemented preventive measures to ensure the safety of its workforce and local communities. To date, there have been no outbreaks of COVID-19 at any of the Company's sites and there have been no significant disruptions to production, shipment of concentrate or supply chain. However, the Company has made changes to its business and how it operates in order to minimize the risks to employees, communities and other stakeholders. The Zinc Expansion Project at Neves-Corvo has been temporarily suspended and new procedures have been implemented at all operations to reduce the risk of the spread of COVID-19.

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

The Company continues to manage and respond to COVID-19 within the framework of its Pandemic Response Plan, along with recommendations of health authorities and local and national regulatory requirements. The Company has implemented business continuity measures in an effort to mitigate and minimize potential impacts of this pandemic.

As at March 31, 2020, a trigger of impairment of long-lived assets was identified. As a result, an impairment assessment was performed with no impairments identified. Future metal prices, exchange rates, discount rates and other key assumptions used in the Company's assessment are subject to greater uncertainty given the current economic environment. Changes in these assumptions could significantly impact the valuation of the Company's assets in the future.

The carrying value of the Neves-Corvo cash generating unit of $979.5 million, Chapada's ore stockpile of $260.5 million, and deferred tax assets of $32.8 million relating to Eagle are most sensitive to changes in these key assumptions.

(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, 2019.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	March 31, 2020	December 31, 2019
Cash	**$ 337,882**	$ 233,466
Short-term deposits	**29,038**	17,097
	$ 366,920	$ 250,563

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	March 31, 2020	December 31, 2019
Trade receivables	**$ 161,472**	$ 229,730
Value added tax	**30,506**	44,948
Prepaid expenses	**20,477**	21,726
Other receivables	**12,910**	39,378
	$ 225,365	$ 335,782

In 2019, other receivables included $25.7 million for contingent consideration due under the terms of the TF Holdings Limited disposal that occurred in 2017. The Company received this payment in January 2020.

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

5. INVENTORIES

Inventories are comprised of the following:

	March 31, 2020	December 31, 2019
Ore stockpiles	**$ 55,972**	$ 49,696
Concentrate stockpiles	**37,147**	44,015
Materials and supplies	**124,511**	122,792
	$ 217,630	$ 216,503

Long-term inventory is comprised of ore stockpiles. As at March 31, 2020, the Company had $316.9 million (December 31, 2019 - $297.3 million) and $260.5 million (December 31, 2019 - $253.3 million) of long-term ore stockpiles at Candelaria and Chapada, respectively.

6. MINERAL PROPERTIES, PLANT AND EQUIPMENT

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

Cost	Mineral properties	Plant and equipment	Assets under construction	Total
As at January 1, 2019	$ 3,656,432	$ 2,458,440	$ 350,269	$ 6,465,141
Additions	72,733	372	108,879	181,984
Disposals and transfers	(479)	91,276	(91,804)	(1,007)
Effects of foreign exchange	(35,347)	(13,793)	(3,885)	(53,025)
As at March 31, 2019	3,693,339	2,536,295	363,459	6,593,093
Chapada acquisition	672,642	237,371	18,700	928,713
Additions	156,870	29,690	378,092	564,652
Disposals and transfers	125,703	178,625	(333,359)	(29,031)
Effects of foreign exchange	(948)	(116)	745	(319)
As at December 31, 2019	4,647,606	2,981,865	427,637	8,057,108
Additions	29,931	4,096	70,116	104,143
Disposals and transfers	2,995	68,071	(71,777)	(711)
Effects of foreign exchange	(62,932)	(25,662)	(6,856)	(95,450)
As at March 31, 2020	**$ 4,617,600**	**$ 3,028,370**	**$ 419,120**	**$ 8,065,090**

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

Accumulated depreciation, depletion and amortization	Mineral properties	Plant and equipment	Assets under construction	Total
As at January 1, 2019	$ 1,719,761	$ 883,198	$ -	$ 2,602,959
Depreciation	31,415	42,257	-	73,672
Disposals and transfers	-	(138)	-	(138)
Effects of foreign exchange	(21,937)	(7,154)	-	(29,091)
As at March 31, 2019	1,729,239	918,163	-	2,647,402
Depreciation	226,823	140,817	-	367,640
Disposals and transfers	(282)	(22,579)	-	(22,861)
Effects of foreign exchange	(624)	(5)	-	(629)
As at December 31, 2019	1,955,156	1,036,396	-	2,991,552
Depreciation	85,631	50,084	-	135,715
Disposals and transfers	-	(296)	-	(296)
Effects of foreign exchange	(40,524)	(12,837)	-	(53,361)
As at March 31, 2020	**$ 2,000,263**	**$ 1,073,347**	**$ -**	**$ 3,073,610**

Net book value	Mineral properties	Plant and equipment	Assets under construction	Total
As at December 31, 2019	$ 2,692,450	$ 1,945,469	$ 427,637	$ 5,065,556
As at March 31, 2020	**$ 2,617,337**	**$ 1,955,023**	**$ 419,120**	**$ 4,991,480**

During the three months ended March 31, 2020, the Company capitalized $3.1 million (Q1 2019 - $2.3 million) of finance costs to assets under construction, at a weighted average interest rate of 4.4% (Q1 2019 - 5.1%).

During the three months ended March 31, 2020, the Company capitalized $33.9 million (Q1 2019 - $50.6 million) of deferred stripping costs to mineral properties. The depreciation expense related to deferred stripping for the current quarter was $41.0 million (Q1 2019 - $3.2 million). Included in the mineral properties balance at March 31, 2020 is $237.3 million (December 31, 2019 - $205.4 million) related to deferred stripping at Candelaria and $87.6 million (December 31, 2019 - $84.3 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)

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
As at January 1, 2019	$ 43,262
Additions	347
Depreciation	(2,574)
Effects of foreign exchange	(67)
As at March 31, 2019	40,968
Additions	15,318
Depreciation	(10,068)
Disposals	(1,800)
Effects of foreign exchange	(54)
As at December 31, 2019	44,364
Additions	3,595
Depreciation	(3,512)
Effects of foreign exchange	(530)
As at March 31, 2020	**$ 43,917**

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

7. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

	March 31, 2020	December 31, 2019
Trade payables	**$ 165,404**	$ 188,430
Unbilled goods and services	**68,411**	72,702
Employee benefits payable	**45,779**	59,792
Chapada derivative liability - current portion	**24,584**	22,472
Dividends payable	**20,731**	-
Royalties payable	**10,731**	8,769
Prepayment from customer	**9,794**	6,562
Other	**16,995**	11,340
	$ 362,429	$ 370,067

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

8. DEBT AND LEASE LIABILITIES

Debt and lease liabilities are comprised of the following:

	March 31, 2020	December 31, 2019
Revolving credit facility (a)	**$ 342,912**	$ 222,762
Term loans (b)	**90,000**	35,000
Lease liabilities (c)	**40,341**	42,616
Line of credit (d)	**9,325**	8,171
Debt and lease liabilities	**482,578**	308,549
Less: current portion	**104,754**	80,782
Long-term portion	**$ 377,824**	$ 227,767

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

	Leases	Debt	Total
As at January 1, 2019	$ 42,644	$ -	$ 42,644
Additions	1,054	35,000	36,054
Payments	(2,953)	-	(2,953)
Interest	316	-	316
Effects of foreign exchange	(171)	-	(171)
As at March 31, 2019	40,890	35,000	75,890
Additions	12,848	418,418	431,266
Payments	(10,530)	(187,754)	(198,284)
Disposals	(1,870)	-	(1,870)
Interest	1,325	-	1,325
Financing fee amortization	-	196	196
Effects of foreign exchange	(47)	73	26
As at December 31, 2019	42,616	265,933	308,549
Additions	2,996	207,005	210,001
Payments	(3,920)	(30,626)	(34,546)
Interest	350	-	350
Financing fee amortization	-	150	150
Effects of foreign exchange	(1,701)	(225)	(1,926)
As at March 31, 2020	40,341	442,237	482,578
Less: current portion	12,267	92,487	104,754
Long-term portion	**$ 28,074**	**$ 349,750**	**$ 377,824**

a) The Company has a secured revolving credit facility of $800.0 million with a $200.0 million accordion option, maturing in August 2023. The credit facility bears interest on drawn funds at rates of LIBOR +1.75% to LIBOR +2.75%, depending on the Company's net leverage ratio. The revolving credit facility is subject to customary covenants. During the first quarter of 2020, the Company repaid $30.0 million and subsequently drew down $150.0 million on the credit facility. As at March 31, 2020, the balance outstanding was $345.0 million (December 31, 2019 - $225.0 million), along with letters of credit totaling $22.5 million (SEK 162.0 million and €5.9 million) (December 31, 2019 - $23.6 million). Deferred financing fees of $2.0 million, at March 31, 2020, have been netted against borrowings.

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

b) During 2019, Candelaria obtained an unsecured fixed term loan ("Term loan A") in the amount of $50.0 million, of which $15.0 million was subsequently repaid. The net balance accrues interest at a rate of 2.2% per annum, with interest payable upon maturity on August 29, 2020. During the first quarter of 2020, Candelaria obtained two additional unsecured fixed term loans ("Term loan B" and "Term loan C") in the amount of $20.0 million and $35.0 million, respectively. Term loan B accrues interest at a rate of 2.3% per annum, with interest payable upon maturity on January 28, 2021. Term loan C accrues interest at a rate of 2.7% per annum, with interest payable upon maturity on March 1, 2021. As at March 31, 2020, the total balance outstanding was $90.0 million (December 31, 2019 - $35.0 million).

c) 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.

d) Sociedade Mineira de Neves-Corvo, S.A. ("Somincor"), a subsidiary of the Company which owns the Neves-Corvo mine, has a $27.4 million (€25.0 million) line of credit for equipment financing. During the first quarter of 2020, Somincor drew down $2.0 million (€1.8 million) on the line of credit for purchases of equipment. As at March 31, 2020, the balance outstanding was $9.3 million (€8.5 million). Interest rates vary from a fixed rate of 0.88% to EURIBOR +0.84%, dependent on the piece of equipment, with the debt maturing throughout 2023 and 2024.

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

	Leases	Debt	Total
Less than one year	$ 13,775	$ 92,487	$ 106,262
One to five years	24,343	351,838	376,181
More than five years	4,120	-	4,120
Total undiscounted obligations as at March 31, 2020	**$ 42,238**	**$ 444,325**	**$ 486,563**

9. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

As at December 31, 2018	$ 588,854
Recognition of revenue	(12,524)
Finance costs	7,503
Effects of foreign exchange	(1,019)
As at March 31, 2019	582,814
Chapada acquisition	175,360
Recognition of revenue	(46,571)
Variable consideration adjustment	18,227
Finance costs	28,268
Effects of foreign exchange	48
As at December 31, 2019	758,146
Recognition of revenue	(18,004)
Finance costs	10,290
Effects of foreign exchange	(4,058)
As at March 31, 2020	746,374
Less: current portion	83,525
Long-term portion	**$ 662,849**

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

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. In 2019, 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.

10. RECLAMATION AND OTHER CLOSURE PROVISIONS

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

	Reclamation provisions	Other closure provisions	Total
Balance, December 31, 2018	$ 253,484	$ 45,206	$ 298,690
Accretion	1,970	-	1,970
Changes in estimate	1,038	18	1,056
Changes in discount rate	929	-	929
Payments	(4,165)	-	(4,165)
Effects of foreign exchange	(2,037)	(1,090)	(3,127)
Balance, March 31, 2019	251,219	44,134	295,353
Chapada acquisition	71,154	-	71,154
Accretion	7,755	-	7,755
Changes in estimate	(3,524)	(3,535)	(7,059)
Changes in discount rate	22,816	-	22,816
Payments	(6,330)	-	(6,330)
Effects of foreign exchange	22	73	95
Balance, December 31, 2019	343,112	40,672	383,784
Accretion	2,699	-	2,699
Changes in estimate	(26,666)	(15)	(26,681)
Changes in discount rate	2,186	-	2,186
Payments	(655)	-	(655)
Effects of foreign exchange	(3,795)	(3,539)	(7,334)
Balance, March 31, 2020	316,881	37,118	353,999
Less: current portion	3,325	-	3,325
Long-term portion	**$ 313,556**	**$ 37,118**	**$ 350,674**

The Company expects these liabilities to be settled between 2020 and 2055. The provisions are discounted using current market pre-tax discount rates which range from 0.1% to 8.2% (December 31, 2019 – 0.3% to 7.0%).

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

11. SHARE CAPITAL

a) Basic and diluted weighted average number of shares outstanding

	Three months ended March 31,	
	2020	2019
Basic weighted average number of shares outstanding	**734,487,266**	735,256,205
Effect of dilutive securities (i)	**-**	817,466
Diluted weighted average number of shares outstanding	**734,487,266**	736,073,671
Antidilutive securities	**4,268,500**	4,602,500

(i) As a result of the Company's net loss position for the current quarter, 1,022,578 shares that would have been dilutive had the Company been in a net earnings position were excluded from diluted weighted average number of shares outstanding.

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

b) Stock options and SUs granted

	Three months ended March 31,	
	2020	2019
Stock options	**3,899,000**	3,934,000
SUs	**1,002,500**	1,029,500

c) Dividends

During the three months ended March 31, 2020, the Company declared dividends in the amount of $22.1 million (Q1 2019 - $16.6 million) or C$0.04 per share (Q1 2019 - C$0.03) payable on April 8, 2020.

d) Normal course issuer bid

In 2019, the Company obtained approval from the TSX for the renewal of its normal course issuer bid ("NCIB") to purchase up to 63,797,653 common shares between December 9, 2019 and December 8, 2020. Daily purchases (other than pursuant to a block purchase exemption) on the TSX under the NCIB are limited to a maximum of 517,131 common shares. The price that the Company will pay for common shares in open market transactions will be the market price at the time of purchase.

For the three months ended March 31, 2020, 1,591,600 shares were purchased under the NCIB at an average price of C$6.24 per share for total consideration of $7.4 million. All the common shares purchased have been cancelled. No common shares were purchased under the NCIB during the three months ended March 31, 2019.

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

12. REVENUE

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

	Three months ended March 31,	
	2020	2019
Copper	**$ 307,530**	$ 245,454
Gold	**56,341**	22,605
Zinc	**40,465**	77,836
Nickel	**36,357**	16,209
Lead	**9,983**	9,994
Silver	**7,652**	7,063
Other	**5,387**	2,957
	463,715	382,118
Provisional pricing adjustments on concentrate sales	**(85,730)**	34,266
Revenue	**$ 377,985**	$ 416,384

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

	Three months ended March 31,	
	2020	2019
Asia	**$ 204,062**	$ 183,342
Europe	**186,103**	161,413
North America	**55,971**	25,348
South America	**17,579**	12,015
	463,715	382,118
Provisional pricing adjustments on concentrate sales	**(85,730)**	34,266
Revenue	**$ 377,985**	$ 416,384

13. PRODUCTION COSTS

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

	Three months ended March 31,	
	2020	2019
Direct mine and mill costs	**$ 248,913**	$ 186,960
Transportation	**22,259**	15,352
Royalties	**7,513**	2,758
Total production costs	**$ 278,685**	$ 205,070

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

14. EMPLOYEE BENEFITS

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

	Three months ended March 31,	
	2020	2019
Production costs		
Wages and benefits	**$ 58,824**	$ 57,253
Retirement benefits	**771**	231
Share-based compensation	**761**	1,125
	60,356	58,609
General and administrative expenses		
Wages and benefits	**4,851**	5,939
Retirement benefits	**291**	207
Share-based compensation	**2,174**	3,509
	7,316	9,655
General exploration and business development		
Wages and benefits	**1,108**	2,096
Retirement benefits	**13**	16
Share-based compensation	**54**	62
	1,175	2,174
Total employee benefits	**$ 68,847**	$ 70,438

15. FINANCE INCOME AND COSTS

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

	Three months ended March 31,	
	2020	2019
Interest income	**$ 371**	$ 4,066
Deferred revenue finance costs	**(7,639)**	(5,203)
Interest expense and bank fees	**(2,920)**	(1,313)
Accretion expense on reclamation provisions	**(2,699)**	(1,970)
Lease liability interest	**(350)**	(316)
Other	**(2,927)**	1,000
Total finance costs, net	**$ (16,164)**	$ (3,736)

Finance income	**$ 371**	$ 5,066
Finance costs	**(16,535)**	(8,802)
Total finance costs, net	**$ (16,164)**	$ (3,736)

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

16. OTHER INCOME AND EXPENSE

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

	Three months ended March 31, 2020	2019
Foreign exchange gain (loss)	**$ 39,829**	$ (1,595)
Revaluation of marketable securities	**(2,188)**	(8)
Revaluation of derivative asset and liability	**(4,838)**	170
Other (expense) income	**(3,758)**	6
Total other income (expense), net	**$ 29,045**	$ (1,427)

17. 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.

18. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company's financial assets and financial liabilities have been classified into categories that determine their basis of measurement. The following table shows the carrying values, fair values and fair value hierarchy of the Company's financial instruments as at March 31, 2020 and December 31, 2019:

		March 31, 2020		December 31, 2019	
	Level	**Carrying value**	**Fair value**	Carrying value	Fair value
Financial assets					
Fair value through profit or loss					
Restricted cash	1	$ 43,401	$ 43,401	$ 47,666	$ 47,666
Trade receivables (provisional)	2	154,060	154,060	203,565	203,565
Marketable securities	1	1,815	1,815	4,331	4,331
Derivative asset	2	-	-	25,714	25,714
		$ 199,276	**$ 199,276**	$ 281,276	$ 281,276
Financial liabilities					
Amortized cost					
Debt	2	**$ 442,237**	**$ 442,237**	$ 265,933	$ 265,933
Fair value through profit or loss					
Chapada derivative liability	2	**$ 96,655**	**$ 96,655**	$ 91,817	91,817

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 forward market prices. The Company recognized negative pricing adjustments of $85.7 million in revenue during the three months ended March 31, 2020 (Q1 2019 - $34.3 million positive 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, expiry date, and risk-free interest rate.

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

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

19. COMMITMENTS AND CONTINGENCIES

a) The Company has capital commitments of $119.6 million on various initiatives, of which $92.2 million is expected to be paid during 2020.

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, 2019, are described below:

In March 2020, a tax claim was filed with the Chilean tax court related to the 2016 tax assessment for additional withholding taxes on intercompany interest payments. No tax expense was accrued for this assessment as the Company believes its original filing position was in compliance with tax regulations and intends to vigorously defend this position.

20. SEGMENTED INFORMATION

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

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

For the three months ended March 31, 2020

	Candelaria Chile	Chapada Brazil	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Other	Total
Revenue	$ 172,972	$ 84,121	$ 47,337	$ 45,777	$ 27,778	$ -	$ 377,985
Cost of goods sold							
Production costs	(118,688)	(50,678)	(37,358)	(52,054)	(19,119)	(788)	(278,685)
Depreciation, depletion and amortization	(71,069)	(11,610)	(18,767)	(13,649)	(6,456)	(424)	(121,975)
Gross (loss) profit	(16,785)	21,833	(8,788)	(19,926)	2,203	(1,212)	(22,675)
General and administrative expenses	-	-	-	-	-	(11,944)	(11,944)
General exploration and business development	(4,663)	(794)	(96)	(1,172)	(3,832)	(2,658)	(13,215)
Finance costs	(7,897)	(4,042)	(422)	(526)	(905)	(2,372)	(16,164)
Loss from equity investment in associate	-	-	-	-	-	(84)	(84)
Other income (expense)	4,695	31,387	(544)	1,739	2,498	(10,730)	29,045
Income tax (expense) recovery	(2,727)	(76,213)	42	6,877	(2,712)	(3,798)	(78,531)
Net loss	**$ (27,377)**	**$ (27,829)**	**$ (9,808)**	**$ (13,008)**	**$ (2,748)**	**$ (32,798)**	**$ (113,568)**
Capital expenditures	**$ 76,580**	**$ 3,724**	**$ 5,431**	**$ 47,198**	**$ 7,934**	**$ 199**	**$ 141,066**

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

For the three months ended March 31, 2019

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

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

21. 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.

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

	Three months ended March 31,			
		2020		2019
Wages and benefits	**$**	**1,836**	$	1,768
Pension benefits		**41**		38
Share-based compensation		**1,160**		870
	$	**3,037**	$	2,676

22. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended March 31,			
		2020		2019
Changes in non-cash working capital items consist of:				
Trade and income tax receivables, inventories, and other current assets	**$**	**64,553**	$	(18,135)
Trade and income taxes payable, and other current liabilities		**(9,024)**		(58,846)
	$	**55,529**	$	(76,981)
Operating activities included the following cash payments:				
Income taxes paid	**$**	**40,121**	$	50,409

lundin mining

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