lundin mining

Management's Discussion and Analysis
For the year ended December 31, 2022

This management's discussion and analysis ("MD&A") has been prepared as of February 22, 2023 and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2022. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Company's presentation currency is United States ("US") dollars. Reference herein of $ or USD is to United States dollars, ARS is to Argentine pesos, BRL is to Brazilian reais, C$ is to Canadian dollars, CLP is to Chilean pesos, € refers to euros, and SEK is to Swedish kronor.

About Lundin Mining

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

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Cautionary Statement on Forward-Looking Information

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

Forward-looking information is necessarily based upon various estimates and assumptions including, without limitation, the expectations and beliefs of management, including that the Company can access financing, appropriate equipment and sufficient labour; assumed and future price of copper, nickel, zinc, gold and other metals; anticipated costs; ability to achieve goals; the prompt and effective integration of acquisitions; that the political environment in which the Company operates will continue to support the development and operation of mining projects; and assumptions related to the factors set forth below. While these factors and assumptions are considered reasonable by Lundin Mining as at the date of this document in light of management’s experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information. Such factors include, but are not limited to: global financial conditions, market volatility and inflation, including pricing and availability of key supplies and services; 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; project financing risks, liquidity risks and limited financial resources; volatility and fluctuations in metal and commodity demand and prices; delays or the inability to obtain, retain or comply with permits; significant reliance on a single asset; reputation risks related to negative publicity with respect to the Company or the mining industry in general; health and safety risks; risks relating to the development of the Josemaria Project; inability to attract and retain highly skilled employees; risks associated with climate change; compliance with environmental, health and safety laws and regulations; unavailable or inaccessible infrastructure, infrastructure failures, and risks related to ageing infrastructure; risks inherent in and/or associated with operating in foreign countries and emerging markets, including with respect to foreign exchange and capital controls; economic, political and social instability and mining regime changes in the Company’s operating jurisdictions, including but not limited to those related to permitting and approvals, environmental and tailings management, labour, trade relations, and transportation; risks relating to indebtedness; the inability to effectively compete in the industry; 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; changing taxation regimes; risks related to mine closure activities, reclamation obligations, environmental liabilities and closed and historical sites; reliance on key personnel and reporting and oversight systems, as well as third parties and consultants in foreign jurisdictions; information technology and cybersecurity risks; risks associated with the estimation of Mineral Resources and Mineral Reserves and the geology, grade and continuity of mineral deposits including but not limited to models relating thereto; actual ore mined and/or metal recoveries varying from Mineral Resource and Mineral Reserve estimates, estimates of grade, tonnage, dilution, mine plans and metallurgical and other characteristics; ore processing efficiency; community and stakeholder opposition; financial projections, including estimates of future expenditures and cash costs, and estimates of future production may not be reliable; enforcing legal rights in foreign jurisdictions; environmental and regulatory risks associated with the structural stability of waste rock dumps or tailings storage facilities; activist shareholders and proxy solicitation matters; risks relating to dilution; regulatory investigations, enforcement, sanctions and/or related or other litigation; risks relating to payment of dividends; counterparty and customer concentration risks; the estimation of asset carrying values; risks associated with the use of derivatives; relationships with employees and contractors, and the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; conflicts of interest; existence of a significant shareholder; exchange rate fluctuations; challenges or defects in title; internal controls; compliance with foreign laws; potential for the allegation of fraud and corruption involving the Company, its customers, suppliers or employees, or the allegation of improper or discriminatory employment practices, or human rights violations; the threat associated with outbreaks of viruses and infectious diseases; risks relating to minor elements contained in concentrate products; and other risks and uncertainties, including but not limited to those described in the “Risk and Uncertainties” section of the Company’s Annual Information Form and the “Managing Risks” section of the Company’s MD&A for the year ended December 31, 2022, 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

For the year ended December 31, 2022 the Company generated revenue in excess of $3.0 billion (2021 - $3.3 billion). The Company achieved gross profit of $762.6 million (2021 - $1,369.7 million) and adjusted EBITDA[1] of $1,292.5 million (2021 - $1,869.4 million). The Company remains in a strong balance sheet position maintaining low leverage with ample liquidity available.

Total copper and gold production substantially achieved the most recent guidance, with gold at the top end of the guidance range. Total zinc produced exceeded the prior year but was below the guidance range. Total nickel produced achieved guidance. Production costs and C1 costs were higher than the prior year primarily due to inflationary impacts on consumables, particularly diesel and electricity, as well as on contractor costs, partially offset by favourable foreign exchange.

Operational Performance

Candelaria (80% owned): Candelaria produced, on a 100% basis, 152,042 tonnes of copper, approximately 86,000 ounces of gold and 1.6 million ounces of silver in concentrate during the year. Production of copper was higher than the prior year due to higher grades. Gold production was lower than the prior year due to throughput. Copper production was modestly below guidance but gold production was within the guidance range. Production costs were higher than the prior year due primarily to higher costs for energy and consumables. Copper cash cost[1] of $1.96/lb were higher than the annual guidance due primarily to bonuses paid resulting from early successful union negotiations, and higher than the prior year due to the impact of higher production costs, partially offset by a weaker CLP.

Chapada (100% owned): Chapada produced 45,739 tonnes of copper and approximately 68,000 ounces of gold, with both metals lower than the prior year due to mine sequencing impacting grades as a result of above average rainfall experienced in the first half of 2022. Copper production was within the guidance range and gold production exceeded guidance. Production costs were higher than the prior year due to higher costs for energy and other input costs. Full year copper cash cost of $2.08/lb was better than guidance.

Eagle (100% owned): Eagle's production of 17,475 tonnes of nickel and 15,895 tonnes of copper were both lower than the prior year due to planned lower grades. Both metals achieved annual guidance. Production costs were higher than the prior year due to higher energy and consumable costs. Nickel cash cost of $0.79/lb was higher than the prior year as a result of higher production costs and exceeded guidance due to by-product copper prices.

Neves-Corvo (100% owned): Neves-Corvo produced 31,906 tonnes of copper and 82,435 tonnes of zinc during the year. Copper production was lower than prior year due to lower grades and recoveries, while zinc production was higher than the prior year as a result of increased throughput from ZEP ("Zinc Expansion Project"). However, both metals were below guidance. Production costs were higher than the prior year due primarily to inflationary impacts on electricity, partially offset by a weaker Euro. Copper cash cost of $2.27/lb for the year was higher than the prior year due to increased production costs. Cash cost was higher than guidance due to higher production costs and lower zinc by-product volumes.

Zinkgruvan (100% owned): Zinc production of 76,503 tonnes was below the prior year and annual guidance due to grades. Lead production of 30,517 tonnes was higher than the prior year due to higher grades. Production costs were higher than the prior year, but on a per unit basis, zinc cash cost of $0.32/lb for the current year was better than guidance and prior year due to higher by-product credits.

[1] This is a non-GAAP measure - see section "Non-GAAP and Other Performance Measures" of this MD&A for discussion.

2022 Production, Cash Cost and Capital Expenditure Summary

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

		Production		Cash Cost ($/lb)	
(Contained metal in concentrate)		**Actual**	*Guidance[a]*	**Actual**	*Guidance[a]*
Copper (t)	Candelaria (100%)	**152,042**	*155,000 - 165,000*	**1.96**	*1.75*
	Chapada	**45,739**	*45,000 - 50,000*	**2.08**	*2.25*
	Eagle	**15,895**	*15,000 - 18,000*		
	Neves-Corvo	**31,906**	*33,000 - 38,000*	**2.27**	*1.80*
	Zinkgruvan	**4,077**	*2,000 - 3,000*		
	Total	**249,659**	*250,000 - 274,000*		
Zinc (t)	Neves-Corvo	**82,435**	*90,000 - 100,000*		
	Zinkgruvan	**76,503**	*78,000 - 83,000*	**0.32**	*0.55*
	Total	**158,938**	*168,000 - 183,000*		
Gold (koz)	Candelaria (100%)	**86**	*83 - 88*		
	Chapada	**68**	*62 - 67*		
	Total	**154**	*145 - 155*		
Nickel (t)	Eagle	**17,475**	*15,000 - 18,000*	**0.79**	*(0.25)*

2022 Capital Expenditure[b]

($ thousands)	**Actual**	*Guidance[a]*
Candelaria (100%)	**389,731**	*400,000*
Chapada	**104,711**	*80,000*
Eagle	**16,413**	*10,000*
Neves-Corvo	**71,222**	*95,000*
Zinkgruvan	**48,144**	*60,000*
Other	**9,610**	*25,000*
Total Sustaining Capital	**639,831**	*670,000*
Zinc Expansion Project (Neves-Corvo)	**31,964**	*30,000*
Total Capital Expenditures	**671,795**	*700,000*

a. Guidance as disclosed in the Company's MD&A for the three and six months ended June 30, 2022 with trending commentary in the MD&A for the three and nine months ended September 30, 2022.

b. Sustaining capital expenditure is a supplementary financial measure and expansionary capital expenditure is a non-GAAP measure – see Section "Non-GAAP and Other Performance Measures" of this MD&A for discussion.

Josemaria Project

The Josemaria Project incurred a total expenditure of $237.4 million, inclusive of foreign exchange and trading gains from equity investments of which $171.1 million was capitalized with the remaining amount recorded in the Consolidated Statement of Earnings.

Corporate Updates

- On February 17, 2022, the Company declared a semi-annual performance dividend of C$0.11 per share.

- On March 23, 2022, the Company announced the appointment of Ms. Juliana Lam to the Company's Board of Directors effective the same date. The Company also announced the retirement of Director Mr. Peter Jones effective as at the Company's 2022 annual shareholders meeting.

- On March 30, 2022, and September 30, 2022, the Company reported two independent fatalities at its Neves-Corvo mine in Portugal. Operations were voluntarily temporarily suspended following each incident and relevant authorities were notified. Mandatory regulatory investigations were commenced and the Company continues to cooperate fully with those investigations.

- On April 26, 2022, the Company executed a fourth amended and restated credit agreement that increased its revolving credit facility (the "Credit Facility" or the "Credit Agreement") to $1,750.0 million (previously $800.0 million with a $200.0 million accordion option), reduced the cost of borrowing, and extended the term to April 2027, from August 2023. The amended Credit Facility bears interest on drawn funds at rates of Term Secured Overnight Financing Rate ("Term SOFR") + Credit Spread Adjustment ("CSA") + 1.45% to Term SOFR+CSA+2.50% depending upon the Company's net leverage ratio, reduced from LIBOR+1.75% to LIBOR+2.75%, previously. The amendment and restatement provides the Company with more favourable covenants, reduced security on assets and included other customary revisions. On February 16, 2023, the Company received commitments from the lenders of the revolving Credit Facility to, upon completion and execution of the First Amendment to the Fourth Amended and Restated Credit Agreement, extend the term by one year to April 2028 and reduce the Credit Spread Adjustment.

- On April 28, 2022, the Company completed the plan of arrangement (the "Arrangement") to acquire all of the issued and outstanding shares of Josemaria Resources Inc. ("Josemaria Resources"). Under the terms of the Arrangement, Josemaria Resources shareholders were provided with the right to elect to receive (i) 0.1487 of a common share of Lundin Mining (each whole share, a "Lundin Mining Share") per Josemaria Resources common share ("Josemaria Resources Share") plus C$0.11 for each whole Lundin Mining Share issued to such shareholder; (ii) or C$1.60 in cash for each Josemaria Resources Share; (iii) or any combination thereof, subject to pro-ration of a total maximum number Lundin Mining Shares and cash consideration. Pursuant to the acquisition, the Company paid an aggregate of $144.4 million in cash and issued 40,031,936 Lundin Mining Shares to Josemaria Resources shareholders.

- On May 12, 2022, following the Company's annual shareholders meeting, the Company announced the appointment of Mr. Adam Lundin as the Chair of the Board of Directors following the retirement of Mr. Lukas H. Lundin.

- On July 19, 2022, the Company announced the publication of its 2021 Sustainability Report, which highlighted its new Focused on the Future long-term sustainability strategy which included a 35% reduction target in greenhouse gas emissions by 2030.

- On July 27, 2022, the Company announced the passing of the Company's founder and former Chairman, Mr. Lukas H. Lundin. The Company also announced the appointment of Ms. Natasha Vaz to the Company's Board of Directors, and the following executive leadership appointments: Mr. Juan Andres Morel, Senior Vice President and Chief Operating Officer; Mr. Teitur Poulsen, Senior Vice President and Chief Financial Officer; Mr. David Dicaire, Senior Vice President, Josemaria Project; and Ms. Kristen Mariuzza, Senior Vice President Sustainability, Health and Safety.

- On July 30, 2022, a sinkhole was detected near the Company's Alcaparrosa mine in Chile. All personnel at the operation and in the community were safe and the appearance of the sinkhole did not result in any injuries. All mining operations at the Alcaparrosa underground mine remain suspended and the Company mobilized resources in support of the ongoing investigation.

- On October 12, 2022, the Company announced the passing of its Board member Ms. Karen Poniachik, who had served on the Board of Directors since February 2021.

- On December 5, 2022, the Company announced that it had renewed its Normal Course Issuer Bid ("NCIB") which allows the Company to purchase up to 65,313,173 common shares over a period of twelve months commencing on December

9, 2022 and expiring on December 8, 2023. As at February 22, 2023, the Company has not purchased any common shares under the renewed NCIB.

- On December 6, 2022, the Company announced the appointment of Mr. Jack Lundin as President. Concurrently, Mr. Jack Lundin stepped down from the Company's Board of Directors.

- During the last quarter of 2022, the Company decided to relocate its corporate head office from Toronto to Vancouver, Canada, to be effective in the second half of 2023.

- On February 8, 2023, the Company reported (1) a maiden Mineral Resource for the Saúva deposit and (2) its Mineral Resource and Mineral Reserve estimates as at December 31, 2022 (or as otherwise specified therein).

Financial Performance

- Gross profit for the year ended December 31, 2022 was $762.6 million, which was $607.1 million lower than the prior year due to lower metal prices, higher operating costs impacted by inflation partially offset by favourable foreign exchange impacts.

- Adjusted EBITDA of $1,292.5 million for the year ended December 31, 2022 was 31% lower than the prior year due to lower gross profit before depreciation.

- For the year ended December 31, 2022, net earnings of $463.5 million were 47% lower than the prior year due to lower gross profit and higher project development costs partially offset by lower income taxes, higher foreign exchange and trading gain on equity investment as well as unrealized gain on revaluation of hedges.

- Adjusted earnings[1] of $482.8 million for the year ended December 31, 2022 were 41% lower than the prior year due to lower net earnings.

Financial Position and Financing

- During the year ended December 31, 2022, cash and cash equivalents decreased by $402.7 million. Cash flow from operations of $876.9 million was used to fund investing activities of $1,013.4 million, which includes the Josemaria Resources acquisition. Cash used for financing activities was $251.6 million which includes the payment of shareholder dividends of $275.4 million, share repurchase of $59.4 million and distributions to non-controlling interests partially offset by net proceeds from debt.

- As at December 31, 2022, the Company had a net debt[1] balance of $10.9 million. Excluding the impact of finance leases the Company would be in a net cash position. Net debt changed from a net cash position during the year due to the activities described above for cash and cash equivalents.

- As at February 22, 2023, the Company had cash and net debt balances of approximately $220.0 million and $15.0 million, respectively.

[1] This is a non-GAAP measure - see section "Non-GAAP and Other Performance Measures" of this MD&A for discussion.

Outlook

Production, cash cost, capital expenditures and exploration investment guidance for 2023 remains unchanged from the most recently reported guidance.

2023 Production and Cash Cost Guidance

		Guidance[a]	
(contained metal in concentrate)		Production	Cash Cost ($/lb)[b]
Copper (t)	Candelaria (100%)	145,000 - 155,000	1.80 - 1.95[c]
	Chapada	43,000 - 48,000	2.55 - 2.75[d]
	Eagle	12,000 - 15,000	
	Neves-Corvo	33,000 - 38,000	2.10 - 2.30[c]
	Zinkgruvan	3,000 - 4,000	
	Total	236,000 - 260,000	
Zinc (t)	Neves-Corvo	100,000 - 110,000	
	Zinkgruvan	80,000 - 85,000	0.60 - 0.65[c]
	Total	180,000 - 195,000	
Gold (koz)	Candelaria (100%)	85 - 90	
	Chapada	55 - 60	
	Total	140 - 150	
Nickel (t)	Eagle	13,000 - 16,000	1.50 - 1.65

a. Guidance as outlined in the news release "Lundin Mining Announces 2022 Production Results and Provides 2023 Guidance", dated January 12, 2023.
b. Cash costs are based on various assumptions and estimates, including but not limited to: production volumes, commodity prices (Cu: $3.75/lb, Zn: $1.30/lb, Pb: $0.90/lb, Au: $1,750/oz), foreign exchange rates (€/USD:1.00, USD/SEK:10.50, USD/CLP:850, USD/BRL:5.00) and production costs.
c. 68% of Candelaria's total gold and silver production are subject to a streaming agreement and silver production at Zinkgruvan and Neves-Corvo are also subject to streaming agreements. Cash costs are calculated based on receipt of approximately $425/oz gold and $4.25/oz to $4.57/oz silver.
d. Chapada cash cost is calculated on a by-product basis and does not include the effects of its copper stream agreements. Effects of the copper stream agreements are reflected in copper revenue and will impact realized price per pound.

2023 Capital Expenditure Guidance[b]

($ millions)	Guidance[a]
Candelaria (100% basis)	400
Chapada	70
Eagle	20
Neves-Corvo	130
Zinkgruvan	70
Other	10
Total Sustaining	**700**
Josemaria	400
Total Capital Expenditures	**1,100**

a. Guidance as outlined in the news release dated January 12, 2023.
b. Sustaining capital expenditure is a supplementary financial measure and expansionary capital expenditure is a non-GAAP measure – see Section "Non-GAAP and Other Performance Measures" of this MD&A for discussion.

2023 Exploration Investment Guidance

Exploration expenditures are planned to be $45.0 million in 2023 primarily for in-mine and near-mine targets. The largest portion of the planned expenditures are to be at Candelaria and Chapada with the remaining operations and new business development activities comprising the balance.

Selected Annual Financial Information[1]

($ millions, except share and per share amounts)	Year ended December 31, 2022	2021	2020
Revenue	**3,041.2**	3,328.8	2,041.5
Costs of goods sold:			
Production costs	**(1,661.4)**	(1,371.3)	(1,095.9)
Depreciation, depletion and amortization	**(554.8)**	(522.8)	(447.5)
Inventory write-down	**(62.5)**	(65.0)	—
Gross profit	**762.6**	1,369.7	498.1
Net earnings attributable to:			
Lundin Mining shareholders	**426.9**	780.3	168.8
Non-controlling interests	**36.7**	99.0	20.3
Net earnings	**463.5**	879.3	189.1
Adjusted earnings[3]	**482.8**	820.6	225.2
Adjusted EBITDA[3]	**1,292.5**	1,869.4	856.9
Cash flow from operations	**876.9**	1,485.0	565.9
Adjusted operating cash flow[3]	**992.9**	1,487.1	644.6
Free cash flow from operations[3]	**381.4**	1,054.5	243.6
Free cash flow[3]	**34.1**	953.2	135.9
Capital expenditures[4]	**842.9**	532.1	431.2
Per share amounts:			
Basic and diluted earnings per share ("EPS") attributable to shareholders	**0.56**	1.06	0.23
Adjusted EPS	**0.63**	1.11	0.31
Adjusted operating cash flow per share[3]	**1.30**	2.02	0.88
Dividends declared (C$/share)	**0.47**	0.39	0.16
Total assets	**8,172.8**	7,636.9	7,058.5
Total debt and lease liabilities	**197.3**	31.0	203.0
Net (debt) cash[3]	**(10.9)**	563.1	(63.2)

Summary of Quarterly Results[1,2,5]

($ millions, except per share data)	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21
Revenue	811.4	648.5	590.2	991.1	1,018.6	756.4	872.3	681.5
Gross profit	155.2	82.5	46.0	478.8	433.2	303.9	380.2	252.5
Net earnings (loss)	145.3	(11.2)	(48.6)	378.1	266.1	190.6	268.4	154.2
- attributable to shareholders	145.6	(11.2)	(52.6)	345.1	228.8	173.7	242.6	135.2
Adjusted earnings (loss)[3]	191.5	30.9	(35.3)	295.6	281.5	168.4	226.3	144.3
Adjusted EBITDA[3]	353.7	202.4	148.6	587.8	623.0	411.3	480.7	354.4
EPS - Basic and Diluted	0.19	(0.01)	(0.07)	0.47	0.31	0.24	0.33	0.18
Adjusted EPS[3]	0.25	0.04	(0.05)	0.40	0.38	0.23	0.31	0.20
Cash flow from operations	156.9	36.3	366.4	317.3	384.2	523.1	419.0	158.7
Adjusted operating cash flow per share[3]	0.38	0.23	0.06	0.64	0.65	0.40	0.58	0.38
Capital expenditures[4]	281.2	199.5	217.3	144.9	153.9	133.8	131.9	112.5

[1] Except where otherwise noted, financial data has been prepared in accordance with IFRS as issued by the IASB.

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

[3] This is a non-GAAP measure - see the "Non-GAAP and Other Performance Measures" section of this MD&A for discussion.

[4] Capital expenditures are reported on a cash basis, as presented in the consolidated statement of cash flows.

[5] Variability in revenues and net earnings is largely driven by metal prices. In recent quarters, net earnings has also been impacted by global inflation factors. For further metal price trending discussion, refer to page 23 of this MD&A.

Revenue Overview

Sales Volumes by Payable Metal

(Contained metal in concentrate)		2022				2021				
	Total	**Q4**	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Copper (t)										
Candelaria (100%)	**147,251**	**33,561**	35,587	39,655	38,448	148,213	43,417	33,743	35,537	35,516
Chapada	**45,563**	**12,037**	12,817	7,905	12,804	47,123	13,628	13,869	12,247	7,379
Eagle	**14,060**	**2,672**	3,721	4,159	3,508	16,522	3,155	3,792	5,257	4,318
Neves-Corvo	**31,592**	**6,351**	8,574	8,183	8,484	36,618	10,668	9,071	10,314	6,565
Zinkgruvan	**4,428**	**886**	1,570	337	1,635	1,806	19	859	926	2
	242,894	**55,507**	62,269	60,239	64,879	250,282	70,887	61,334	64,281	53,780
Zinc (t)										
Neves-Corvo	**66,966**	**20,205**	18,770	16,289	11,702	53,622	15,058	12,516	14,443	11,605
Zinkgruvan	**65,684**	**17,635**	13,722	18,525	15,802	64,056	18,005	16,043	14,305	15,703
	132,650	**37,840**	32,492	34,814	27,504	117,678	33,063	28,559	28,748	27,308
Gold (koz)										
Candelaria (100%)	**83**	**20**	20	22	21	89	25	20	23	21
Chapada	**65**	**17**	23	10	15	68	18	22	16	12
	148	**37**	43	32	36	157	43	42	39	33
Nickel (t)										
Eagle	**14,427**	**3,239**	3,715	4,206	3,267	15,012	3,390	3,246	4,258	4,118
Lead (t)										
Neves-Corvo	**2,908**	**673**	654	818	763	4,890	1,592	999	1,054	1,245
Zinkgruvan	**30,163**	**7,654**	7,502	10,163	4,844	19,245	4,787	4,825	4,928	4,705
	33,071	**8,327**	8,156	10,981	5,607	24,135	6,379	5,824	5,982	5,950
Silver (koz)										
Candelaria (100%)	**1,442**	**278**	305	412	447	1,281	425	297	287	272
Chapada	**156**	**50**	32	26	48	93	33	26	14	20
Eagle	**34**	**9**	9	9	7	63	23	16	9	15
Neves-Corvo	**552**	**92**	117	152	191	960	307	183	228	242
Zinkgruvan	**2,088**	**551**	532	650	355	1,348	346	354	356	292
	4,272	**980**	995	1,249	1,048	3,745	1,134	876	894	841

Revenue Analysis

by Mine	Year ended December 31, 2022		2021		Change
($ thousands)	$	%	$	%	$
Candelaria (100%)	**1,317,223**	43	1,591,109	48	(273,886)
Chapada	**477,927**	16	567,386	17	(89,459)
Eagle	**520,472**	17	462,488	14	57,984
Neves-Corvo	**433,486**	14	479,347	14	(45,861)
Zinkgruvan	**292,120**	10	228,435	7	63,685
	3,041,228		3,328,765		(287,537)

by Metal	Year ended December 31, 2022		2021		Change
($ thousands)	$	%	$	%	$
Copper	**1,909,235**	63	2,344,635	70	(435,400)
Zinc	**371,822**	12	305,432	9	66,390
Gold	**227,616**	7	249,176	7	(21,560)
Nickel	**379,790**	12	276,446	8	103,344
Lead	**60,624**	2	46,314	1	14,310
Silver	**41,958**	1	39,179	1	2,779
Other	**50,183**	3	67,583	4	(17,400)
	3,041,228		3,328,765		(287,537)

Revenue for the year ended December 31, 2022 amounted to $3,041.2 million which was lower in comparison to the prior year as a result of lower realized copper metal prices ($360.6 million) partially offset by higher nickel price.

Revenue from gold and silver for the year ended December 31, 2022 includes the partial recognition of an upfront purchase price on the sale of precious metals streams for Candelaria, Neves-Corvo, and Zinkgruvan as well as the cash proceeds which amount to approximately $420/oz for gold and between $4.20/oz and $4.52/oz for silver.

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

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

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

Provisionally Valued Revenue as of December 31, 2022

Metal	Payable metal	Valued at
Copper	89,887 t	$3.79 /lb
Zinc	36,350 t	$1.35 /lb
Gold	39 koz	$1,823 /oz
Nickel	4,939 t	$13.60 /lb

Full-Year Reconciliation of Realized Prices

	Year ended December 31, 2022				
($ thousands)	Copper	Zinc	Gold	Nickel	Total
Current period sales[1]	1,993,596	425,801	263,304	388,027	3,070,728
Prior period price adjustments	15,444	13,818	1,333	(1,509)	29,086
	2,009,040	439,619	264,637	386,518	3,099,814
Other metal sales					223,683
Copper stream cash effect					(23,520)
Gold stream cash effect					(75,868)
Less: Treatment & refining charges					(182,881)
Total Revenue					**3,041,228**
Payable Metal	**242,894 t**	**132,650 t**	**148 koz**	**14,427 t**	
Current period sales[1,2]	$3.72	$1.46	$1,775	$12.20	
Prior period adjustments[2]	0.03	0.04	9	(0.05)	
Realized prices[2, 3]	$3.75 /lb	$1.50 /lb	$1,784 /oz	$12.15 /lb	

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

1. Includes provisional price adjustments on current period sales.
2. This is a non-GAAP measure - see the "Non-GAAP and Other Performance Measures" section of this MD&A for discussion.
3. The realized price for copper inclusive of the impact of streaming agreements for 2022 is $3.71/lb (2021: $4.38/lb). The realized price for gold inclusive of the impact of streaming agreements for 2022 is $1,273/oz (2021: $1,259/oz).

Annual Financial Results

Production Costs

Production costs for the year ended December 31, 2022 amounted to $1,661.4 million and were higher by $290.1 million over the prior year. These production cost increases were as a result of higher consumable costs primarily at Candelaria, Chapada and Neves-Corvo due to inflationary increases and bonuses paid resulting from early successful union negotiations at Candelaria, partially offset by the effects of favourable foreign exchange. In addition, a non-cash write-down of long-term ore stockpile inventory at Chapada of $62.5 million was recognized during the year ended December 31, 2022 (2021 - $65.0 million)

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expense for the year ended December 31, 2022 increased, primarily attributable to higher depreciation reported at Neves-Corvo with the start-up of ZEP.

Depreciation, depletion & amortization	**Year ended December 31,**		
($ thousands)	**2022**	2021	Change
Candelaria	**284,259**	289,090	(4,831)
Chapada	**49,865**	46,097	3,768
Eagle	**79,523**	81,493	(1,970)
Josemaria	**633**	—	633
Neves-Corvo	**101,807**	63,168	38,639
Zinkgruvan	**36,739**	41,114	(4,375)
Other	**1,924**	1,802	122
	554,750	522,764	31,986

General Exploration and Business Development

Total general exploration and business development expenses for the year ended December 31, 2022 were higher than the prior year primarily due to project development costs related to the Josemaria Project. Project costs for engineering, drilling costs and other project related costs were $107.3 million for 2022. Josemaria Project costs were capitalized beginning in the fourth quarter of 2022. Current year exploration costs were consistent with the prior year. During 2022, exploration costs were spent primarily on in-mine and near-mine targets at the Company's operations. Exploration drilling at Chapada was primarily focused on expansion of the Saúva discovery located approximately 15km from the mine.

Income from Equity Investment in Associate

Income from equity investment in associate has decreased during the current year due to the sale of the specialty cobalt business in 2021. As a result of the sale, substantially all of the net assets were distributed, with $18.8 million received in 2022 (2021 - $32.2 million).

Other Income

Net other income for the year ended December 31, 2022 was higher than the prior year due to foreign exchange and trading gains on equity investments of $93.1 million and unrealized gain on revaluation of hedges of $63.0 million. Additionally, included in other expense was $63.3 million remediation expense related to the sinkhole near the Alcaparrosa mine in Chile. Approximately, $20.4 million was paid during the year related to the remediation expense.

Foreign exchange gains and losses recorded in other expense primarily resulted from foreign exchange revaluation of working capital denominated in foreign currencies. Period end exchange rates having a meaningful impact on foreign exchange recorded at December 31, 2022 were:

	December 31, 2022	December 31, 2021
Brazilian Real (USD:BRL)	**5.22**	5.58
Chilean Peso (USD:CLP)	**860**	845
Euro (USD:€)	**0.94**	0.88
Swedish Kronor (USD:SEK)	**10.44**	9.04
Argentine Peso (USD:ARS)	**177**	115[a]

a. Argentine Peso as at April 28, 2022.

Income Taxes

Income tax expense (recovery)	**Year ended December 31,**		
($ thousands)	**2022**	2021	Change
Candelaria	**85,270**	222,318	(137,048)
Chapada	**(27,840)**	72,451	(100,291)
Eagle	**28,458**	33,808	(5,350)
Josemaria	**—**	—	—
Neves-Corvo	**(3,898)**	22,732	(26,630)
Zinkgruvan	**34,413**	13,251	21,162
Other	**18,225**	1,126	17,099
	134,628	365,686	(231,058)

Income taxes by classification	**Year ended December 31,**		
($ thousands)	**2022**	2021	Change
Current income tax expense	**149,978**	273,638	(123,660)
Deferred income tax expense (recovery)	**(15,350)**	92,048	(107,398)
	134,628	365,686	(231,058)

Income tax expense for the year ended December 31, 2022 was lower than the prior year primarily due to lower taxable earnings at most sites with the exception of Zinkgruvan. Included in Chapada's income taxes for the year ended December 31, 2022 was $20.7 million recovery recorded for deferred tax on foreign exchange revaluation of non-monetary assets and deferred taxes (2021 – $1.7 million expense).

Included in Neves-Corvo’s tax recovery is an investment tax credit of $6.5 million. Other taxes in 2022 include withholding taxes on accrued interest on intercompany debt and distributions from Eagle mine.

Fourth Quarter Financial Results

Gross Profit

Gross profit for the current quarter was $155.2 million, $277.9 million lower than the prior year comparable quarter. The decrease was primarily due to lower overall sales volumes ($148.8 million) as well as lower metal prices net of price adjustments ($75.8 million). Production costs were also higher in the current quarter due to $20.0 million recognized for bonuses resulting from early successful union negotiations at Candelaria (2021 - $7.0 million).

Fourth Quarter Reconciliation of Realized Prices

	Three months ended December 31, 2022				
($ thousands)	**Copper**	**Zinc**	**Gold**	**Nickel**	**Total**
Current period sales[1]	466,626	119,734	68,195	97,457	752,012
Prior period price adjustments	45,098	(7,121)	1,298	35,493	74,768
	511,724	112,613	69,493	132,950	826,780
Other metal sales					57,678
Copper stream cash effect					(5,146)
Gold stream cash effect					(17,318)
Less: Treatment & refining charges					(50,564)
Total Revenue					**811,430**
Payable Metal	**55,507 t**	**37,840 t**	**37 koz**	**3,239 t**	
Current period sales[1,2]	$3.81	$1.44	$1,822	$13.65	
Prior period adjustments[2]	0.37	(0.09)	34	4.97	
Realized prices[2, 3]	$4.18 /lb	$1.35 /lb	$1,856 /oz	$18.62 /lb	

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

1. Includes provisional price adjustments on current period sales.
2. This is a non-GAAP measure - see Section "Non-GAAP and Other Performance Measures" of this MD&A for discussion.
3. The realized price for copper inclusive of the impact of streaming agreements for 2022 is $4.14/lb (2021: $4.72/lb). The realized price for gold inclusive of the impact of streaming agreements for 2022 is $1,394/oz (2021: $1,315/oz).

Net Earnings

Net earnings for the quarter ended December 31, 2022 were $145.3 million compared to net earnings of $266.1 million in the prior year comparable quarter. Net earnings were impacted by lower gross profit, partially offset by lower income tax expense ($129.8 million).

Cash Flow from Operations

Cash flow from operations for the current quarter was $156.9 million, compared to the prior year comparable quarter of $384.2 million. The decrease was largely due to lower gross profit before depreciation as well as a comparative negative change in non-cash working capital of $34.8 million partially offset by lower income taxes paid.

Mining Operations

Production Overview

(Contained metal in concentrate)	2022					2021				
	Total	**Q4**	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Copper (t)										
Candelaria (100%)	**152,042**	**34,398**	37,192	40,949	39,503	151,719	45,573	35,929	36,014	34,203
Chapada	**45,739**	**11,306**	13,988	10,345	10,100	52,019	14,870	16,050	11,258	9,841
Eagle	**15,895**	**3,081**	3,994	4,400	4,420	18,419	3,636	4,165	5,227	5,391
Neves-Corvo	**31,906**	**7,160**	7,019	7,867	9,860	37,941	12,100	8,083	10,317	7,441
Zinkgruvan	**4,077**	**607**	1,737	535	1,198	2,786	817	850	641	478
	249,659	**56,552**	63,930	64,096	65,081	262,884	76,996	65,077	63,457	57,354
Zinc (t)										
Neves-Corvo	**82,435**	**24,523**	22,514	20,647	14,751	66,031	18,750	15,909	16,662	14,710
Zinkgruvan	**76,503**	**19,785**	17,813	21,265	17,640	77,766	18,080	22,860	18,171	18,655
	158,938	**44,308**	40,327	41,912	32,391	143,797	36,830	38,769	34,833	33,365
Gold (koz)										
Candelaria (100%)	**86**	**20**	21	23	22	91	26	20	24	21
Chapada	**68**	**16**	24	16	12	76	20	26	17	13
	154	**36**	45	39	34	167	46	46	41	34
Nickel (t)										
Eagle	**17,475**	**4,096**	4,379	4,719	4,281	18,353	4,101	4,124	4,774	5,354
Lead (t)										
Neves-Corvo	**3,306**	**845**	743	925	793	5,419	1,644	1,359	1,343	1,073
Zinkgruvan	**30,517**	**7,619**	7,046	9,124	6,728	22,183	5,427	6,952	5,095	4,709
	33,823	**8,464**	7,789	10,049	7,521	27,602	7,071	8,311	6,438	5,782
Silver (koz)										
Candelaria (100%)	**1,595**	**306**	337	457	495	1,420	481	341	318	280
Chapada	**258**	**65**	75	60	58	257	80	72	55	50
Eagle	**93**	**20**	20	26	27	119	34	30	25	30
Neves-Corvo	**1,383**	**370**	323	346	344	1,636	522	362	407	345
Zinkgruvan	**2,621**	**663**	642	739	577	2,018	483	658	457	420
	5,950	**1,424**	1,397	1,628	1,501	5,450	1,600	1,463	1,262	1,125

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

	Three months ended December 31,		Year ended December 31,	
($ thousands)	**2022**	2021	**2022**	2021
Candelaria				
Production costs	**$207,596**	$154,751	**$697,171**	$580,819
Gross cost	**2.95**	1.75	**2.30**	1.91
By-product[1]	**(0.43)**	(0.44)	**(0.34)**	(0.40)
Cash Cost (Cu, $/lb)	**2.52**	1.31	**1.96**	1.51
AISC (Cu, $/lb)[2]	**4.19**	2.25	**3.22**	2.52
Chapada				
Production costs	**$84,247**	$64,685	**$324,096**	$226,821
Gross cost	**3.23**	2.19	**3.28**	2.22
By-product	**(1.28)**	(1.12)	**(1.20)**	(1.17)
Cash Cost (Cu, $/lb)	**1.95**	1.07	**2.08**	1.05
AISC (Cu, $/lb)	**3.73**	1.75	**3.36**	1.75
Eagle				
Production cost	**$50,581**	$41,080	**$193,003**	$169,508
Gross cost	**6.39**	5.08	**5.21**	4.39
By-product	**(3.99)**	(5.30)	**(4.42)**	(5.63)
Cash Cost (Ni, $/lb)	**2.40**	(0.22)	**0.79**	(1.24)
AISC (Ni, $/lb)	**5.23**	1.43	**3.01**	0.41
Neves-Corvo				
Production costs	**$78,402**	$86,734	**$329,232**	$291,110
Gross cost	**5.82**	3.79	**4.96**	3.75
By-product	**(3.50)**	(2.26)	**(2.69)**	(1.86)
Cash Cost (Cu, $/lb)	**2.32**	1.53	**2.27**	1.89
AISC (Cu, $/lb)	**4.22**	2.59	**3.40**	2.73
Zinkgruvan				
Production costs	**$29,590**	$28,708	**$115,553**	$102,025
Gross cost	**0.98**	0.90	**1.00**	0.95
By-product	**(0.66)**	(0.32)	**(0.68)**	(0.42)
Cash Cost (Zn, $/lb)	**0.32**	0.58	**0.32**	0.53
AISC (Zn, $/lb)	**0.77**	0.94	**0.68**	0.86

1. By-product is after related treatment and refining charges.
2. All-in Sustaining Cost ("AISC") is a non-GAAP measure, see the "Non-GAAP and Other Performance Measures" section of this MD&A for discussion.

Capital Expenditures[1]

	Year ended December 31,							
	2022				2021			
($ thousands)	Sustaining	Expansionary	Capitalized Interest	**Total**	Sustaining	Expansionary	Capitalized Interest	Total
Candelaria	389,731	—	—	**389,731**	312,388	—	—	312,388
Chapada	104,711	—	—	**104,711**	52,275	—	—	52,275
Eagle	16,413	—	—	**16,413**	16,279	—	—	16,279
Josemaria	—	171,094	14	**171,108**	—	—	—	—
Neves-Corvo	71,222	31,899	65	**103,186**	52,552	56,388	336	109,276
Zinkgruvan	48,144	—	—	**48,144**	41,325	—	—	41,325
Other	9,610	—	—	**9,610**	554	—	—	554
	639,831	202,993	79	**842,903**	475,373	56,388	336	532,097

1. Capital expenditures are reported on a cash basis, as presented in the consolidated statement of cash flows. Sustaining capital expenditure is supplementary financial measure and expansionary capital expenditure is a non-GAAP measure – see the "Non-GAAP and Other Performance Measures" section of this MD&A for discussion.

Candelaria (Chile)

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

Operating Statistics

	2022					2021				
(100% Basis)	**Total**	**Q4**	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**22,666**	**4,993**	6,239	6,362	5,072	23,753	6,998	6,098	5,062	5,595
Ore milled (000s tonnes)	**26,725**	**6,593**	6,642	6,847	6,643	27,849	7,066	6,838	7,012	6,933
Grade										
Copper (%)	**0.62**	**0.57**	0.60	0.64	0.65	0.59	0.69	0.58	0.56	0.53
Gold (g/t)	**0.14**	**0.13**	0.14	0.14	0.14	0.14	0.16	0.13	0.13	0.13
Recovery										
Copper (%)	**92.7**	**92.7**	93.3	93.0	91.9	92.5	93.4	91.8	91.5	93.1
Gold (%)	**73.9**	**74.0**	74.6	73.8	73.0	74.4	72.1	73.8	77.5	74.7
Production (contained metal)										
Copper (tonnes)	**152,042**	**34,398**	37,192	40,949	39,503	151,719	45,573	35,929	36,014	34,203
Gold (000 oz)	**86**	**20**	21	23	22	91	26	20	24	21
Silver (000 oz)	**1,595**	**306**	337	457	495	1,420	481	341	318	280
Revenue ($000s)	**1,317,223**	**342,348**	255,330	261,999	457,546	1,591,109	512,309	326,903	399,907	351,990
Production costs ($000s)	**697,171**	**207,596**	168,602	168,164	152,809	580,819	154,751	140,363	148,764	136,941
Gross profit ($000s)	**335,793**	**69,285**	11,956	17,924	236,628	721,200	275,529	121,007	182,867	141,797
Cash cost ($ per pound copper)	**1.96**	**2.52**	1.97	1.86	1.58	1.51	1.31	1.62	1.52	1.65
AISC ($ per pound copper)	**3.22**	**4.19**	3.34	2.89	2.61	2.52	2.25	2.67	2.61	2.59

Gross Profit

Gross profit for the year ended December 31, 2022 was lower than 2021, largely as a result of lower copper prices and inflationary increases on production costs, partially offset by favourable foreign exchange movements.

Production

Copper production for the year ended December 31, 2022 was higher than the prior year due to higher head grades extracted and processed from Phase 10 of the open pit. Gold production for the year was lower than 2021, impacted by mill throughput due to increased maintenance activities. Annual copper production was slightly below full year guidance, while gold production was at the high end of the guidance range.

On July 30, 2022, a sinkhole formed near the Alcaparrosa mine which is part of the Candelaria district operations. Upon detection the area was immediately isolated. Mining operations at the Alcaparrosa mine remain suspended with minimal impact on full year production results. The status of the sinkhole has not changed materially since detection and the Company has supported ongoing investigations.

Production Costs and Cash Cost

Production costs and copper cash cost for the year ended December 31, 2022 were higher than the prior year, mainly due to higher costs for energy and consumables, partially offset by favourable foreign exchange. Cash cost was higher than guidance as a result of early successful negotiated union bonuses recognized during the fourth quarter of 2022. AISC for the year ended December 31, 2022 were higher than those reported in the prior year due to higher cash cost.

For the year ended December 31, 2022, approximately 55,000 oz of gold and 983,000 oz of silver were subject to terms of a streaming agreement from which approximately $420/oz of gold and $4.20/oz of silver were received.

Chapada (Brazil)

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

Operating Statistics

	2022					2021				
(100% Basis)	**Total**	**Q4**	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**26,319**	**7,801**	7,404	4,875	6,239	37,294	10,845	11,227	8,725	6,497
Ore milled (000s tonnes)	**22,752**	**5,296**	6,345	5,670	5,441	24,121	5,711	6,435	6,132	5,843
Grade										
Copper (%)	**0.26**	**0.25**	0.28	0.25	0.23	0.27	0.30	0.30	0.25	0.23
Gold (g/t)	**0.16**	**0.16**	0.19	0.17	0.13	0.18	0.17	0.21	0.17	0.15
Recovery										
Copper (%)	**78.6**	**83.4**	78.8	72.9	79.6	80.4	87.0	84.1	75.7	72.1
Gold (%)	**56.0**	**59.5**	58.3	50.6	55.3	56.0	65.9	58.3	52.3	46.2
Production (contained metal)										
Copper (tonnes)	**45,739**	**11,306**	13,988	10,345	10,100	52,019	14,870	16,050	11,258	9,841
Gold (000 oz)	**68**	**16**	24	16	12	76	20	26	17	13
Silver (000 oz)	**258**	**65**	75	60	58	257	80	72	55	50
Revenue ($000s)	**477,927**	**142,328**	118,734	57,260	159,605	567,386	172,699	160,332	148,137	86,218
Production costs ($000s)	**324,096**	**84,247**	88,665	71,507	79,677	226,821	64,685	59,489	63,667	38,980
Gross profit (loss) ($000s)	**41,420**	**(22,522)**	17,851	(22,720)	68,811	229,443	27,833	90,275	72,023	39,312
Cash cost ($ per pound copper)	**2.08**	**1.95**	1.92	2.98	1.82	1.05	1.07	0.62	1.32	1.33
AISC ($ per pound copper)	**3.36**	**3.73**	2.80	5.00	2.56	1.75	1.75	1.36	1.98	2.11

Gross Profit

Gross profit for the year ended December 31, 2022 was lower compared to the prior year largely due to lower copper prices and inflationary increases for production costs, as well as lower sales volumes. Included in gross profit is a non-cash write-down of long-term ore stockpile inventory of $62.5 million to net realizable value.

Production

Copper and gold production for the year ended December 31, 2022 were lower than 2021 due to mine sequencing which affected grades. Delayed access to planned ore sources, primarily as a result of above average rainfall experienced in the first half of 2022, impacted planned waste stripping and mining activities, resulting in lower throughput. Both metals achieved annual production guidance, with gold exceeding the guidance range.

Production Costs and Cash Cost

Production costs were higher than the prior year due to higher consumables prices, including diesel and electricity, and other operating contracts impacted by inflationary increases.

Copper cash cost for the year ended December 31, 2022 was higher than in 2021 due to higher costs for energy and other inputs, combined with lower sales volumes. Full year copper cash cost was better than annual guidance.

AISC was higher compared to the prior year due to higher cash cost and sustaining capital expenditures.

Projects

The Company is continuing to evaluate options for long-term mine and plant expansion. Study work is being conducted following comprehensive exploration efforts focused on near-mine targets since acquisition. The results will be incorporated in any future expansionary or optimization plans. During the year, approximately 61,200 metres of exploration drilling were completed.

Eagle (USA)

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

Operating Statistics

	2022					2021				
(100% Basis)	**Total**	**Q4**	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**718**	**165**	190	181	182	697	165	169	177	186
Ore milled (000s tonnes)	**718**	**170**	187	182	179	699	167	166	180	186
Grade										
Nickel (%)	**2.8**	**2.7**	2.7	3.0	2.8	3.1	2.9	3.0	3.2	3.3
Copper (%)	**2.3**	**1.9**	2.2	2.5	2.5	2.7	2.2	2.6	3.0	3.0
Recovery										
Nickel (%)	**86.6**	**88.6**	85.5	87.3	85.3	84.1	83.6	82.4	83.9	86.1
Copper (%)	**97.2**	**96.8**	96.5	97.7	97.6	97.3	96.8	97.4	97.2	97.5
Production (contained metal)										
Nickel (tonnes)	**17,475**	**4,096**	4,379	4,719	4,281	18,353	4,101	4,124	4,774	5,354
Copper (tonnes)	**15,895**	**3,081**	3,994	4,400	4,420	18,419	3,636	4,165	5,227	5,391
Revenue ($000s)	**520,472**	**157,060**	106,715	106,828	149,869	462,488	108,416	101,311	133,893	118,868
Production costs ($000s)	**193,003**	**50,581**	47,736	55,128	39,558	169,508	41,080	39,641	48,527	40,260
Gross profit ($000s)	**247,946**	**87,359**	37,329	29,796	93,462	211,487	48,203	42,752	62,228	58,304
Cash cost ($ per pound nickel)	**0.79**	**2.40**	1.05	0.90	(1.25)	(1.24)	(0.22)	(0.80)	(2.01)	(1.62)
AISC ($ per pound nickel)	**3.01**	**5.23**	2.77	2.93	1.19	0.41	1.43	0.93	(0.23)	(0.17)

Gross Profit

Gross profit for the year ended December 31, 2022 was higher than the prior year due primarily to higher nickel prices.

Production

Nickel and copper production for the year were lower than the prior year, due to planned lower grades. 2022 full year production guidance was achieved for both nickel and copper.

Production Costs and Cash Cost

Production costs for the year ended December 31, 2022 were $23.5 million higher than the prior year due to higher costs for energy and consumables.

Nickel cash cost for the year ended December 31, 2022 was higher than the prior year and annual guidance, primarily due to lower by-product copper prices, combined with inflationary increases on operating costs and lower sales volumes.

AISC for the year ended December 31, 2022, were higher than the prior year largely as a result of higher cash cost, as well as higher royalties and amortization related to reclamation and other closure provisions assets.

Neves-Corvo (Portugal)

Neves-Corvo is located 200 km southeast of Lisbon, Portugal, in the western part of the Iberian Pyrite Belt and consists of an underground mine and on-site processing facilities. The copper plant has a processing capacity of up to 2.8 mtpa, producing copper in concentrate, and the zinc plant is ramping up to an expanded capacity of 2.5 mtpa producing zinc and lead concentrates. The primary metal is copper, with zinc, lead and silver as by-product metals.

Operating Statistics

	2022					2021				
(100% Basis)	**Total**	**Q4**	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
tonnes)	**2,501**	**611**	598	610	682	2,573	716	580	646	631
Ore mined, zinc (000s tonnes)	**1,632**	**462**	447	426	297	1,062	278	251	275	258
tonnes)	**2,499**	**607**	596	606	690	2,564	724	565	655	620
Ore milled, zinc (000s tonnes)	**1,633**	**465**	449	420	299	1,060	284	242	280	254
Grade										
Copper (%)	**1.7**	**1.6**	1.6	1.7	1.8	1.9	2.1	1.8	1.9	1.5
Zinc (%)	**6.9**	**6.9**	6.9	6.9	7.0	7.8	8.1	8.2	7.5	7.4
Recovery										
Copper (%)	**76.1**	**75.1**	73.0	77.0	78.7	79.6	78.9	77.8	81.7	80.0
Zinc (%)	**70.2**	**74.3**	70.3	68.4	66.1	76.6	76.4	76.5	77.5	76.0
Production (contained metal)										
Copper (tonnes)	**31,906**	**7,160**	7,019	7,867	9,860	37,941	12,100	8,083	10,317	7,441
Zinc (tonnes)	**82,435**	**24,523**	22,514	20,647	14,751	66,031	18,750	15,909	16,662	14,710
Lead (tonnes)	**3,306**	**845**	743	925	793	5,419	1,644	1,359	1,343	1,073
Silver (000 oz)	**1,383**	**370**	323	346	344	1,636	522	362	407	345
Revenue ($000s)	**433,486**	**102,516**	102,865	93,538	134,567	479,347	156,008	108,083	134,496	80,760
Production costs ($000s)	**329,232**	**78,402**	94,572	77,788	78,470	291,110	86,734	69,831	73,846	60,699
Gross profit (loss) ($000s)	**2,447**	**(7,570)**	(17,006)	(8,229)	35,252	125,069	51,851	22,313	44,085	6,820
Cash cost ($ per pound copper)	**2.27**	**2.32**	2.69	2.39	1.70	1.89	1.53	2.05	1.65	2.61
AISC ($ per pound copper)	**3.40**	**4.22**	3.51	3.14	2.92	2.73	2.59	2.86	2.34	3.38

Gross Profit

Gross profit for the year ended December 31, 2022, was lower than 2021 due to higher costs for energy and consumables and lower copper price. Higher costs were partially offset by favourable foreign exchange movements.

Production

Copper production for the year ended December 31, 2022, was lower than the prior year and annual guidance due to lower grades and recoveries. Full year zinc production was better than the prior year, due to higher throughput related to the increased production from ZEP.

On March 30, 2022 and September 30, 2022, two independent fatalities occurred during underground mining operations. The Company voluntarily suspended operations temporarily following the incidents and initiated internal investigations and continues to cooperate with all relevant authorities.

Production Costs and Cash Cost

Production costs for the year ended December 31, 2022, were higher than the prior year, largely as a result of inflationary cost increases, in particular electricity, partially offset by favourable foreign exchange.

Copper cash cost for the year was higher than annual guidance and the prior year due to higher production costs and lower sales volumes.

AISC for the year ended December 31, 2022, were higher than the prior year due to higher cash cost and higher capital expenditures.

Projects

ZEP production ramp-up continues, although it has experienced some impacts due to ore availability from newly developed mining areas. The slower than anticipated ramp up of the Neves-Corvo ZEP achieved in 2022 will necessitate further operational improvement in 2023, particularly in new underground mining areas and materials handling infrastructure. Optimization of the ZEP underground and plant infrastructure has commenced and will continue into 2023. A total of approximately $32.0 million of expansionary capital expenditures was spent in 2022.

Zinkgruvan (Sweden)

The Zinkgruvan mine consists of an underground mine and on-site processing facilities, located approximately 200 km southwest of Stockholm, Sweden. The plant has processing capacity of 1.6 mtpa. Products are zinc, lead and copper concentrates. The primary metal is zinc, with lead, silver and copper as by-products.

Operating Statistics

	2022					2021				
(100% Basis)	**Total**	**Q4**	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, zinc (000s tonnes)	**1,209**	**325**	260	298	326	1,200	295	279	298	328
Ore mined, copper (000s tonnes)	**192**	**48**	61	38	45	201	26	66	66	43
Ore milled, zinc (000s tonnes)	**1,234**	**309**	293	327	305	1,181	291	289	267	334
Ore milled, copper (000s tonnes)	**225**	**26**	84	27	88	178	52	52	50	24
Grade										
Zinc (%)	**7.0**	**7.3**	6.9	7.3	6.5	7.4	7.0	8.9	7.6	6.3
Lead (%)	**3.0**	**3.0**	2.9	3.3	2.7	2.4	2.3	3.1	2.4	1.8
Copper (%)	**2.1**	**2.6**	2.4	2.3	1.6	1.8	1.8	1.9	1.5	2.2
Recovery										
Zinc (%)	**88.4**	**88.3**	87.5	89.1	88.7	88.9	88.5	89.1	89.1	88.8
Lead (%)	**82.4**	**82.2**	82.5	83.1	81.7	78.3	80.8	77.4	78.7	76.5
Copper (%)	**87.1**	**89.0**	86.1	87.7	87.3	87.5	87.5	88.5	85.0	89.5
Production (contained metal)										
Zinc (tonnes)	**76,503**	**19,785**	17,813	21,265	17,640	77,766	18,080	22,860	18,171	18,655
Lead (tonnes)	**30,517**	**7,619**	7,046	9,124	6,728	22,183	5,427	6,952	5,095	4,709
Copper (tonnes)	**4,077**	**607**	1,737	535	1,198	2,786	817	850	641	478
Silver (000 oz)	**2,621**	**663**	642	739	577	2,018	483	658	457	420
Revenue ($000s)	**292,120**	**67,178**	64,854	70,596	89,492	228,435	69,137	59,765	55,891	43,642
Production costs ($000s)	**115,553**	**29,590**	25,709	29,066	31,188	102,025	28,708	21,885	25,840	25,592
Gross profit ($000s)	**139,828**	**29,800**	33,703	30,500	45,825	85,296	29,249	28,630	20,100	7,317
Cash cost ($ per pound)	**0.32**	**0.32**	0.18	0.44	0.27	0.53	0.58	0.32	0.42	0.76
AISC ($ per pound)	**0.68**	**0.77**	0.50	0.82	0.57	0.86	0.94	0.61	0.76	1.10

Gross Profit

Gross profit for the year ended December 31, 2022, was higher than the prior year due to higher sales volumes, higher zinc prices, net of price adjustments, and favourable foreign exchange.

Production

Zinc production for the year ended December 31, 2022, was below the prior year production and annual guidance, due to lower grades impacted by mine sequencing. Current annual copper production exceeded guidance and 2021 production due to higher mill throughput and grades. Lead production for the year was higher than the prior year due to higher grades.

Production Costs and Cash Cost

Production costs for the year ended December 31, 2022, were higher than the prior year due to inflationary increases on input costs and higher production volumes, partially offset by favourable foreign exchange.

Zinc cash cost for the year ended December 31, 2022, was better than annual guidance and the prior year cash cost, due to higher by-products credits and favourable foreign exchange movements.

AISC for the year were lower than the prior year due to lower cash cost.

Josemaria Project (Argentina)

Josemaria Project is located in the San Juan Province of Argentina, approximately 9 km east of the Chile-Argentina border. Access to site is to be from the city of San Juan, a major mining centre, along public two-lane paved roads and a project-developed and maintained gravel road. The project is developing access to water, grid power, as well as transportation and logistics wholly within San Juan province.

Project Development

The Josemaria Project is a large-scale copper-gold-silver project. Lundin Mining acquired the Project with the April 2022 acquisition of Josemaria Resources. The Josemaria Project received its Environmental Social Impact Assessment ("ESIA") approval from the Mining Authority of San Juan, Argentina on April 11, 2022. The Josemaria Project team are working with the national and provincial authorities to progress the project through the next stages of development and associated approvals and meeting the conditions accompanying the issuance of the ESIA.

The Josemaria Project is working towards establishing a baseline capital cost estimate and project execution schedule based on advancing the project engineering design. Plant engineering, including procurement of long lead equipment, is underway and engineering was at 38% complete as at December 31, 2022. Early works continues onsite mainly with the preparation of platforms for the camp, commissioning of additional fuel storage and kitchen expansion at the existing Batidero camp. Pre-construction early works including internal access roads and completion of Phase 1 of the new camp were also well advanced. Work continues on permitting and the EIA for the new power line was submitted. Agreements continue to progress on power supply, concentrate logistics, infrastructure funding and a project construction union agreement.

Annual guidance for the Project was $300.0 million in 2022, including engineering, long-lead equipment, pre-construction activities, owner's costs and drilling. In 2022, the Company spent $237.4 million, inclusive of foreign exchange and trading gains on equity investments, of which $171.1 million was recorded as capital expenditure and has entered into approximately $122.0 million of non-cancellable commitments. Substantially all project costs related to the Josemaria Project were capitalized beginning in the fourth quarter of 2022.

Josemaria Mineral Resources and Mineral Reserves remain unchanged since the 2020 estimates. Subsequent to the 2020 estimate cut-off date, approximately 30,600 metres of drilling have been completed through the end of 2022, which will be incorporated into future Mineral Resource and Reserve estimates. Testing and modelling work continues, which will also be incorporated into the updated estimate.

Metal Prices, LME Inventories and Smelter Treatment and Refining Charges

The average metal prices for zinc and nickel were higher in 2022 compared to 2021, while the average metal price for copper was lower over the same period. The average gold price was unchanged in 2021 and 2022. The average prices during the fourth quarter for copper and nickel were 3% and 15% higher, respectively, than the average prices of the third quarter of 2022. The average price of zinc during the fourth quarter of 2022 was 8% lower than the average price in the third quarter of 2022, and the price of gold was essentially unchanged. All metal prices, with the exception of nickel, were lower in the current quarter compared to the prior year comparable quarter.

		Three months ended December 31,			Year ended December 31,		
(Average LME Price)		**2022**	2021	Change	**2022**	2021	Change
Copper	US$/pound	**3.63**	4.40	-18%	**3.99**	4.23	-6%
	US$/tonne	**8,001**	9,699		**8,797**	9,317	
Zinc	US$/pound	**1.36**	1.53	-11%	**1.58**	1.36	16%
	US$/tonne	**3,001**	3,364		**3,478**	3,007	
Gold	US$/ounce	**1,726**	1,795	-4%	**1,800**	1,799	—%
Nickel	US$/pound	**11.47**	8.99	28%	**11.61**	8.39	38%
	US$/tonne	**25,292**	19,821		**25,604**	18,488	

The LME inventory for zinc and nickel decreased during 2022 and ended the year 84% and 46% lower respectively, than the closing levels of 2021. The LME inventory for copper remained unchanged.

During the first four months of 2022 the treatment charges (“TC”) and refining charges (“RC”) in the spot market for copper concentrates between miners and commodity traders increased from an average spot TC during January of $53 per dmt of concentrate and a spot RC of $0.053 per lb of payable copper to a spot TC of $77 per dmt of concentrate and a spot RC of $0.077 per lb of payable copper during April 2022. Starting in May, with slightly decreased supply, the spot TC’s and copper RC’s started to decrease from an average spot TC during May of $74 per dmt of concentrate and a spot RC of $0.074 per lb of payable copper to a spot TC of $53 per dmt of concentrate and a spot RC of $0.053 per lb of payable copper during July 2022. During the remainder of the year the spot TC increased from an August level of $58 per dmt of concentrates and a spot RC of $0.058 per lb payable copper, peaking at a spot TC of $80 per dmt of concentrates and a spot RC of $0.08 per lb payable copper in November 2022, before dropping to a spot TC of $76 per dmt of concentrates and a spot RC of $0.076 per lb payable copper in December 2022.

The Chinese smelter buying terms followed the same trend as above, starting the year from a spot TC of $63 per dmt of concentrates and a spot RC of $0.063 per lb payable copper and finishing the year at a spot TC of $87 per dmt of concentrates and a spot RC of $0.087 per lb payable copper.

The terms for annual contracts for copper concentrates for 2023 were reached in November 2022 at a TC of $88 per dmt with a RC of $0.088 per payable lb of copper. This represents an improvement for the smelters compared to the 2022 annual terms at a TC of $65.00 per dmt of concentrates and a RC of $0.065 per payable lb of copper.

The spot TC, delivered China, for zinc concentrates increased steadily during the first four months of 2022, ranging between $115 per dmt, flat, at the beginning of the year to $260 per dmt, flat, by the end of April. After gradually decreasing down to $189 per dmt, flat in July 2022, the spot TC again increased through the balance of the year, ending at $275 per dmt, flat. The TC for annual contracts for 2022 was settled at $230 per dmt of concentrates, with an upscale price escalator of 5% from a price basis of $3,800 per mt zinc without de-escalator, and represented an improvement of approximately $71 per dmt concentrates in favour of the smelters compared to the prior year. The negotiation of annual terms for 2023 are not expected to be completed until the end of the first quarter of 2023.

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 December 31, 2022, the Company had cash and cash equivalents of $191.4 million. The Company continues to expect to be able to fund all its contractual commitments with its operating cash flow, cash on hand and available capital resources.

Cash flow from operations for the year ended December 31, 2022 amounted to $876.9 million and was $608.1 million lower than the prior year as a result of lower gross profit before depreciation of $572.9 million, a lower comparative change in non-cash working capital, increase in Josemaria costs partially offset by lower cash taxes paid.

Cash flow used in investing activities for the year ended December 31, 2022 amounted to $1,013.4 million and was higher compared to the prior year due to higher capital investments, particularly deferred stripping. During the second quarter of 2022, $126.4 million was used for the acquisition of Josemaria Resources.

During the current year, the Company used $251.6 million in financing activities which was lower than the cash used in 2021. This was primarily as a result of higher net proceeds from debt used to fund the Josemaria Project.

Capital Resources

As at December 31, 2022, the Company had $170.2 million of debt and $27.2 million of lease liabilities outstanding.

The Company has a revolving Credit Facility of $1,750.0 million (2021 - $800.0 million with a $200.0 million accordion option), maturing in April 2027. As at December 31, 2022, $13.7 million was outstanding (2021 - $nil). The Credit Facility bears interest on drawn funds at rates of Term Secured Overnight Financing Rate ("Term SOFR") + Credit Spread Adjustment ("CSA") + 1.45% to Term SOFR + CSA + 2.50% depending on the Company's net leverage ratio. The Credit Facility is subject to customary covenants. Subsequent to year end the Company drew down an additional $25.0 million on the Credit Facility, and received commitments from the lenders to, upon completion and execution of the first amendment to the fourth amended and restated credit agreement, extend the term by one year to April 2028 and reduce the credit spread adjustment.

The Company also has an equipment financing line of credit of $26.7 million (€25.0 million) with an outstanding balance of $2.4 million at December 31, 2022 (2021 - $5.1 million). The Company also has a commercial paper program which matures in May 2025 in the amount of $26.7 million (€25.0 million). The program bears interest rates at EURIBOR+0.50%. As at December 31, 2022, the full amount of the program was drawn (2021 - $nil). As at December 31, 2022, the Company had outstanding unsecured term loans of $127.4 million with interest rates between 5.32% to 6.13% and maturity dates ranging from January 5, 2023 to December 20, 2023. Subsequent to year end the Company obtained additional unsecured term loans totalling $34.6 million.

The Company purchased approximately 10.8 million shares under its NCIB for total consideration of $59.4 million during the year ended December 31, 2022 (2021 - 4.5 million shares, $40.7 million consideration). All of the common shares purchased have been cancelled.

The Company renewed its NCIB which allows the Company to purchase up to 65,313,173 common shares over a twelve month period commencing December 9, 2022. In addition, the Company entered into an automatic share purchase plan with its designated broker to allow for the purchase of common shares at times when the Company ordinarily would not be active in the market due to trading blackout periods, insider trading rules or otherwise.

On April 28, 2022, the Company issued 40,031,936 Lundin Mining common shares and 2,513,866 Lundin Mining replacement stock options upon closing of the Josemaria Resources acquisition. For a detailed discussion of the Company's acquisition of Josemaria Resources refer to Note 3 of the Company's Consolidated Financial Statements.

The development of the Josemaria Project requires significant capital commitments from the Company, and additional funding, beyond debt, may be required to advance the project to completion. Such additional funding may take the form of a partnership, joint venture, royalty, stream or other arrangement (or combination of the foregoing) for the Josemaria Project, any of which would dilute the Company's existing interest in the Josemaria Project. The Company may also be required or elect to pursue equity financing, which could have a dilutive effect on existing security holders if shares, options, warrants or other convertible securities are issued.

The Company's ability to obtain additional financing for the Josemaria Project in the future will depend, in part, on prevailing capital market conditions and the Company's financial performance. Failure to secure adequate financing on a timely basis may cause the Company to postpone, abandon, reduce or terminate its development activities in respect of the Josemaria Project and could have a material adverse effect on the Company's business, results of operations and financial condition.

In addition, the Company's exploration, acquisition, development and operational activities generally require significant investment of resources and capital. The Company allocates such resources and capital to support business objectives, and the availability of required resources and capital is subject to market conditions and the Company's financial position.

The Company has limited financial resources and there is no assurance that sufficient additional funding or financing will be available to the Company or its direct and indirect subsidiaries on acceptable terms, or at all, for further exploration or development of its properties, including the development of the Josemaria Project, or to fulfill its obligations under any applicable agreements.

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

The terms of the Credit Agreement require the Company to satisfy various affirmative and negative covenants and to meet certain financial ratios and tests. These covenants limit, among other things, the Company's ability to incur further indebtedness if doing so would cause it to fail to meet certain financial covenants, create certain liens on assets or engage in certain types of transactions. A failure to comply with these covenants, including a failure to meet the financial tests or ratios, would likely result in an event of default under the Credit Agreement and would allow the lenders to restrict future loans or accelerate the debt, which could materially and adversely affect the Company's business, financial condition and results of operations, its ability to meet payment obligations under its debt and the price of its common shares.

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

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

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

Contractual Obligations, Commitments and Contingencies

The Company has contractual obligations and capital commitments as described in Note 24 "Commitments and Contingencies" in the Company's 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.

The Company has the following contractual obligations and capital commitments as at December 31, 2022:

	Payments due by period[1]			
$ thousands	<1 year	1-5 years	Thereafter	Total
Reclamation and closure provisions	23,550	78,213	588,649	690,412
Long-term debt and lease liabilities	171,282	30,451	1,360	203,093
Capital commitments	382,043	101,694	—	483,737
Defined pension obligations	709	2,474	1,797	4,980
	577,584	212,832	591,806	1,382,222

[1]Reported on an undiscounted basis, before inflation.

From time to time, the Company is involved in legal proceedings that arise in the ordinary course of its business. Additionally, the Company has other commitments and contingencies as discussed in the Company's Consolidated Financial Statements Note 24 "Commitments and Contingencies".

Financial Instruments

During the year, the Company entered into derivative contracts consisting of foreign currency forward contracts and forward option contracts. The option contracts consist of put and call contracts in a collar structure. The Company does not currently utilize financial instruments in hedging metal price or interest rate exposure.

For a detailed discussion of the Company's financial instruments refer to Note 23 of the Company's 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 $.

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

If market prices for metals fall below the Company's full production costs and remain at such levels for any sustained period of time, the Company may experience losses and may decide to discontinue mining operations or development of a project at one or more of its properties. If the prices drop significantly, the economic prospects of the mines and projects in which the Company has an interest could be significantly reduced or rendered uneconomic, in which case the Company may need to restate its Mineral Resource and Mineral Reserve estimates. Low metal prices will affect the Company's liquidity, and if they persist for an extended period of time, the Company may have to look for other sources of cash flow to maintain liquidity until metal prices recover. A sustained and material impact on the Company's liquidity may also impact the Company's ability to comply with financial covenants under its credit facilities.

Foreign Currency Denominated Production Costs

For the year ended December 31, 2022, Candelaria production costs are approximately 55% CLP denominated and Chapada production costs are approximately 80% BRL denominated. Production costs for Eagle, Neves-Corvo and Zinkgruvan are substantially denominated in their functional currencies.

Metal Prices

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

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

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 26 of the Company’s December 31, 2022 Consolidated Financial Statements.

Changes in Accounting Policies and Critical Accounting Estimates and Judgments

The Company describes its significant accounting policies as well as any changes in accounting policies in Note 2 “Basis of Presentation and Summary of Significant Accounting Policies” of the December 31, 2022 Consolidated Financial Statements.

Non-GAAP and Other Performance Measures

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

Net (Debt) Cash

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

($thousands)	**December 31, 2022**	December 31, 2021	December 31, 2020
Cash and cash equivalents	**191,387**	594,069	141,447
Current portion of total debt and lease liabilities	**(170,149)**	(14,617)	(116,942)
Debt and lease liabilities	**(27,179)**	(16,386)	(86,106)
	(197,328)	(31,003)	(203,048)
Deferred financing fees (netted in above)	**(4,926)**	—	(1,622)
	(202,254)	(31,003)	(204,670)
Net (debt) cash	**(10,867)**	563,066	(63,223)

Adjusted Operating Cash Flow and Adjusted Operating Cash Flow per Share

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

	Year ended December 31,		
($thousands, except share and per share amounts)	**2022**	2021	2020
Cash provided by operating activities	**876,889**	1,484,954	565,888
Changes in non-cash working capital items	**116,056**	2,136	78,714
Adjusted operating cash flow	**992,945**	1,487,090	644,602
Basic weighted average number of shares outstanding	**762,518,753**	736,789,666	734,074,514
Adjusted operating cash flow per share	**1.30**	2.02	0.88

	Three months ended December 31,	
($thousands, except share and per share amounts)	**2022**	2021
Cash provided by operating activities	**156,890**	384,177
Changes in non-cash working capital items	**132,167**	97,326
Adjusted operating cash flow	**289,057**	481,503
Basic weighted average number of shares outstanding	**770,804,446**	735,233,287
Adjusted operating cash flow per share	**0.38**	0.65

Free Cash Flow from Operations and Free Cash Flow

The Company believes free cash flow from operations and free cash flow are relevant measures for investors. Free cash flow from operations is indicative of the Company's ability to generate cash from operations, after consideration of required sustaining capital expenditures necessary to maintain operations. Free cash flow is a relevant measure for some investors, as it is indicative of the Company's available cash generated.

Free cash flow from operations is defined as cash flow provided by operating activities, excluding exploration and project investigation costs and less sustaining capital expenditures. Free cash flow is defined as free cash flow from operations less expansionary capex and exploration and project investigation costs.

The Company has redefined free cash flow so that it encompasses all capital expenditures, including both sustaining and expansionary, to more fully represent available cash generation.

	Year ended December 31,		
($thousands)	**2022**	2021	2020
Cash provided by operating activities	**876,889**	1,484,954	565,888
Sustaining capital expenditures	**(639,831)**	(475,373)	(366,501)
General exploration and business development	**144,353**	44,938	44,212
Free cash flow from operations	**381,411**	1,054,519	243,599
General exploration and business development	**(144,353)**	(44,938)	(44,212)
Expansionary capital expenditures	**(202,993)**	(56,388)	(63,440)
Free cash flow	**34,065**	953,193	135,947

	Three months ended December 31,	
($thousands)	**2022**	2021
Cash provided by operating activities	**156,890**	384,177
General exploration and business development	**12,094**	8,628
Sustaining capital expenditures	**(204,686)**	(136,560)
Free cash flow from operations	**(35,702)**	256,245
General exploration and business development	**(12,094)**	(8,628)
Expansionary capital expenditures	**(76,485)**	(17,358)
Free cash flow	**(124,281)**	230,259

Adjusted EBITDA, Adjusted Earnings and Adjusted EPS

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

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

	Year ended December 31,		
($thousands)	**2022**	2021	2020
Net earnings	**463,533**	879,301	189,057
Add back:			
Depreciation, depletion and amortization	**554,750**	522,764	447,474
Finance income and costs	**64,185**	41,387	46,624
Income taxes	**134,628**	365,686	152,421
	1,217,096	1,809,138	835,576
Unrealized foreign exchange	**21,164**	27,648	(12,582)
Unrealized (gain) loss of derivative asset and liability	**(58,691)**	3,836	21,812
Income from investment in associates	**(3,297)**	(24,895)	(3,302)
Gain on disposal of subsidiary	**(16,828)**	—	—
Sinkhole costs	**63,271**	—	—
Ore stockpile inventory write-down	**62,546**	65,025	—
Business interruption insurance settlement	**—**	(16,000)	—
Project standby and suspension costs	**—**	—	10,043
Labour action costs	**—**	—	5,133
Other	**7,245**	4,664	189
Total adjustments - EBITDA	**75,410**	60,278	21,293
Adjusted EBITDA	**1,292,506**	1,869,416	856,869

	Three months ended December 31,	
($thousands)	**2022**	2021
Net earnings	**145,295**	266,070
Add back:		
Depreciation, depletion and amortization	**142,710**	145,367
Finance income and costs	**16,664**	11,070
Income taxes	**(2,347)**	127,495
	302,322	550,002
Unrealized foreign exchange	**(3,836)**	24,121
Unrealized (gain) loss of derivative asset and liability	**(59,681)**	4,581
Income from investment in associates	**—**	(2,661)
Sinkhole costs	**55,482**	—
Ore stockpile inventory write-down	**62,546**	65,025
Business interruption insurance settlement	**—**	(16,000)
Other	**(3,117)**	(2,114)
Total adjustments - EBITDA	**51,394**	72,952
Adjusted EBITDA	**353,716**	622,954

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

	Year ended December 31,		
($thousands, except share and per share amounts)	**2022**	2021	2020
Net earnings attributable to Lundin Mining shareholders	**426,851**	780,348	168,798
Add back:			
Total adjustments - EBITDA	**75,410**	60,278	21,293
Tax effect on adjustments	**(797)**	(21,817)	11,886
Deferred tax arising from foreign exchange translation	**(20,733)**	1,730	39,684
Tax asset revaluations	**—**	—	5,675
Prior year tax refund and interest	**—**	—	(19,161)
Other	**2,026**	64	(2,934)
Total adjustments	**55,906**	40,255	56,443
Adjusted earnings	**482,757**	820,603	225,241
Basic weighted average number of shares outstanding	**762,518,753**	736,789,666	734,074,514
Net earnings attributable to Lundin Mining shareholders	**0.56**	1.06	0.23
Total adjustments	**0.07**	0.05	0.08
Adjusted EPS	**0.63**	1.11	0.31

	Three months ended December 31,	
($thousands, except share and per share amounts)	**2022**	2021
Net earnings attributable to Lundin Mining shareholders	**145,562**	228,780
Add back:		
Total adjustments - EBITDA	**51,394**	72,952
Tax effect on adjustments	**8,214**	(19,088)
Deferred tax arising from foreign exchange translation	**(14,469)**	(1,481)
Other	**829**	368
Total adjustments	**45,967**	52,751
Adjusted earnings	**191,529**	281,531
Basic weighted average number of shares outstanding	**770,804,446**	735,233,287
Net earnings attributable to Lundin Mining shareholders	**0.19**	0.31
Total adjustments	**0.06**	0.07
Adjusted EPS	**0.25**	0.38

Realized Price per Pound

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

Capital Expenditures

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

- **Sustaining capital expenditures –** Expenditures which maintain existing operations and sustain production levels.

- **Expansionary capital expenditures –** Expenditures which increase current or future production capacity, cash flow or earnings potential.

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

Cash Cost per Pound

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

- **Cash cost per pound, gross –** Total cash costs directly attributable to mining operations, excluding any allocation of upfront streaming proceeds or capital expenditures for deferred stripping, are divided by the sales volume of the primary metal to arrive at gross cash cost per pound. As this measure is not impacted by fluctuations in sales of by-product metals, it is generally more consistent across periods.

- **Cash cost per pound, net of by-products –** Credits for by-products sales are deducted from total cash costs directly attributable to mining operations. By-product revenue is adjusted for the terms of streaming agreements, but excludes any deferred revenue from the allocation of upfront cash received. The net cash costs are divided by the sales volume of the primary metal to arrive at net cash cost per pound. The inclusion of by-product credits provides a broader economic measurement, incorporating the benefit of other metals extracted in the production of the primary metal.

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

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

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

Three months ended December 31, 2022						
Operations	**Candelaria**	**Chapada**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	33,561	12,037	3,239	6,351	17,635	
Pounds (000s)	73,990	26,537	7,141	14,001	38,878	
Production costs						450,927
Less: Royalties and other						(15,664)
						435,263
Deduct: By-product credits						(168,620)
Add: Treatment and refining charges						33,897
Cash cost	186,628	51,782	17,169	32,462	12,499	300,540
Cash cost per pound ($/lb)	**2.52**	**1.95**	**2.40**	**2.32**	**0.32**	
Add: Sustaining capital expenditure	117,174	41,299	5,968	22,086	16,607	
Royalties	—	3,137	9,152	3,185	—	
Reclamation and other closure accretion and depreciation	1,999	1,855	4,403	481	902	
Leases and other	4,360	932	638	835	118	
All-in sustaining cost	310,161	99,005	37,330	59,049	30,126	
AISC per pound ($/lb)	**4.19**	**3.73**	**5.23**	**4.22**	**0.77**	

Three months ended December 31, 2021						
Operations	**Candelaria**	**Chapada**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	43,417	13,628	3,390	10,668	18,005	
Pounds (000s)	95,718	30,044	7,474	23,519	39,694	
Production costs						375,007
Less: Royalties and other						(15,192)
						359,815
Deduct: By-product credits						(180,394)
Add: Treatment and refining charges						35,963
Cash cost	125,630	32,255	(1,623)	36,065	23,057	215,384
Cash cost per pound ($/lb)	**1.31**	**1.07**	**(0.22)**	**1.53**	**0.58**	
Add: Sustaining capital expenditure	85,747	14,419	3,865	19,204	13,013	
Royalties	—	4,061	6,307	4,280	—	
Reclamation and other closure accretion and depreciation	1,961	859	1,841	528	993	
Leases and other	1,867	980	304	734	275	
All-in sustaining cost	215,205	52,574	10,694	60,811	37,338	
AISC per pound ($/lb)	**2.25**	**1.75**	**1.43**	**2.59**	**0.94**	

Twelve months ended December 31, 2022						
Operations	**Candelaria**	**Chapada**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	147,251	45,563	14,427	31,592	65,684	
Pounds (000s)	324,633	100,449	31,806	69,648	144,808	
Production costs						1,661,358
Less: Royalties and other						(53,785)
						1,607,573
Deduct: By-product credits						(656,534)
Add: Treatment and refining charges						124,841
Cash cost	637,486	209,238	25,168	158,351	45,637	1,075,880
Cash cost per pound ($/lb)	**1.96**	**2.08**	**0.79**	**2.27**	**0.32**	
Add: Sustaining capital expenditure	389,731	104,711	16,413	71,222	48,144	
Royalties	—	12,298	33,281	4,169	—	
Reclamation and other closure accretion and depreciation	8,001	7,388	18,512	1,562	3,937	
Leases and other	11,313	3,988	2,404	1,404	665	
All-in sustaining cost	1,046,531	337,623	95,778	236,708	98,383	
AISC per pound ($/lb)	**3.22**	**3.36**	**3.01**	**3.40**	**0.68**	

($000s, unless otherwise noted)	**2023 Guidance**					
Cash cost	599,800	263,500	46,100	180,400	90,100	
Cash cost per pound($/lb)	**1.80 - 1.95**	**2.55 - 2.75**	**1.50 - 1.65**	**2.10 - 2.30**	**0.60 - 0.65**	

Twelve months ended December 31, 2021						
Operations	**Candelaria**	**Chapada**	**Eagle**	**Neves-Corvo**	**Zinkgruvan**	
($000s, unless otherwise noted)	**(Cu)**	**(Cu)**	**(Ni)**	**(Cu)**	**(Zn)**	**Total**
Sales volumes (Contained metal in concentrate):						
Tonnes	148,213	47,123	15,012	36,618	64,056	
Pounds (000s)	326,753	103,888	33,096	80,729	141,219	
Production costs						1,371,253
Less: Royalties and other						(57,887)
						1,313,366
Deduct: By-product credits						(646,950)
Add: Treatment and refining charges						122,330
Cash cost	494,213	108,782	(40,883)	152,416	74,218	788,746
Cash cost per pound ($/lb)	**1.51**	**1.05**	**(1.24)**	**1.89**	**0.53**	
Add: Sustaining capital expenditure	312,388	52,275	16,279	52,552	41,325	
Royalties	—	13,858	28,241	9,856	—	
Reclamation and other closure accretion and depreciation	8,552	3,443	8,138	1,434	4,200	
Leases and other	6,753	3,456	1,772	4,049	1,370	
All-in sustaining cost	821,906	181,814	13,547	220,307	121,113	
AISC per pound ($/lb)	**2.52**	**1.75**	**0.41**	**2.73**	**0.86**	

Managing Risks

Risks and Uncertainties

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

For additional discussion on Lundin Mining's risks, refer to the "Risks and Uncertainties" section of the Company's Annual Information Form ("AIF") for the year ended December 31, 2022 and the "Cautionary Statement on Forward-Looking Information" of this MD&A.

Management's Report on Internal Controls

Disclosure controls and procedures ("DCP")

DCP have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operation of DCP. Management has evaluated the effectiveness of the Company's DCP and has concluded that they were effective as at December 31, 2022.

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"). Management conducted an evaluation of the effectiveness of ICFR and concluded that it was effective as at December 31, 2022.

Changes in ICFR

There have been no changes in the Company's ICFR during the three months ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's financial reporting.

Outstanding Share Data

As at February 22, 2023, the Company has 770,988,424 common shares issued and outstanding, and 6,646,168 stock options and 1,311,556 share units outstanding under the Company's 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).

Consolidated Financial Statements of

Lundin Mining Corporation

December 31, 2022

Management's Report

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

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

(Signed) Peter Rockandel

Chief Executive Officer

(Signed) Teitur Poulsen

Senior Vice President and Chief Financial Officer

Toronto, Ontario, Canada
February 22, 2023

Independent auditor's report

To the Shareholders of Lundin Mining Corporation

Our opinion

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

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

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

Basis for opinion

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

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

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

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

Key audit matters

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

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

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

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 22, 2023

LUNDIN MINING CORPORATION

CONSOLIDATED BALANCE SHEETS
(in thousands of US dollars)

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

Commitments and contingencies (Note 24)

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

APPROVED BY THE BOARD OF DIRECTORS

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

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

LUNDIN MINING CORPORATION

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended December 31, 2022 and 2021

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

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

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

LUNDIN MINING CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

(in thousands of US dollars)

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

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

LUNDIN MINING CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2022 and 2021

(in thousands of US dollars, except for shares)

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

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

LUNDIN MINING CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(in thousands of US dollars)

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

Supplemental cash flow information (Note 29)

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

1. NATURE OF OPERATIONS

Lundin Mining Corporation is a diversified Canadian base metals mining company primarily producing copper, zinc, gold and nickel. The Company owns 80% of the Candelaria and Ojos del Salado mining complex ("Candelaria") located in Chile. The Company's wholly-owned operating assets include the Chapada mine located in Brazil, the Eagle mine located in the United States of America ("USA"), the Neves-Corvo mine located in Portugal, and the Zinkgruvan mine located in Sweden. In addition, the Company owns the large scale copper-gold Josemaria project ("Josemaria Project"), located in Argentina (Note 3).

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of presentation and measurement

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting

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

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

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

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

(ii) Significant accounting policies

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

(a) Basis of consolidation

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

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

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

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

(b) Investments in associates

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

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

(c) Translation of foreign currencies

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

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

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

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

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

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

(d) Cash and cash equivalents

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

(e) Restricted funds

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

(f) Inventories

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

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

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

(g) Mineral properties

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

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

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

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

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

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

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

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

(h) Plant and equipment

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

Useful lives are as follows:

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

(i) Intangible assets

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

(j) Impairment and impairment reversals

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

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

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

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

(k) Business combinations and goodwill

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

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

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

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

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

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

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

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

(m) Leases

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

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

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

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

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

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

The lease liability is subsequently measured by:

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

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

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

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

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

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

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

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

(n) Provision for pension obligations

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

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

(o) Reclamation and other closure provisions

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

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

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

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

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

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

(p) Revenue recognition

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

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

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

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

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

(q) Share-based compensation

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

(r) Current and deferred income taxes

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

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

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

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

(s) Earnings per share

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

(t) Accounting for equity investments

As part of the capital funding process for ongoing activities at the Josemaria Project, the Company purchases equity instruments via a third-party investment broker. The equity instruments are transferred from the parent to the Argentinian subsidiary and held for a pre-determined period and then sold. The Company only purchases equity instruments with high trading volumes and low volatilities. The equity instruments are designated as held-for-trading, and as such all changes in the fair value of the underlying equity instruments are recognized through the consolidated statement of earnings.

Upon receipt of the transferred equity instruments by the local investment broker, the Company realizes an immediate foreign exchange impact. This foreign exchange impact is incurred directly as a result of holding equity instruments with the intention of trading, and as such the foreign exchange impact is also recognized through the consolidated statement of earnings.

(u) Financial instruments

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

Financial Assets at Amortized Cost

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

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

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

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

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

Financial Liabilities at Amortized Cost

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

Financial Liabilities at FVTPL

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

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

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

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

Hedge Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Josemaria Resources Inc. acquisition - Management determined that the Company's acquisition of Josemaria Resources Inc. ("Josemaria Resources") (Note 3), which owns the copper-gold project in the San Juan Province of Argentina, did not meet the definition of a business combination under IFRS 3.

The assets acquired included plant and equipment, and Mineral Resources and Mineral Reserves. They did not include sufficient infrastructure or workforce to create substantial output, as the plant and equipment acquired only supported the engineering, procurement and preparation for pre-construction early works. Accordingly, the acquisition has been accounted for as the purchase of individual assets in accordance with IAS 16 – Property, Plant and Equipment.

The identifiable assets and liabilities acquired were measured at their relative fair values as at the date of acquisition. The excess of the consideration paid for the identifiable assets and liabilities acquired was attributed to the mineral properties of the Josemaria Project. The determination of the relative fair values required management to make assumptions and estimates on the future production profile, construction costs, metal prices, discount rates, and exchange rates. Changes in the assumptions or estimates could affect the relative fair values of the assets acquired and liabilities assumed in the purchase price allocation.

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

3. ACQUISITION OF JOSEMARIA

On April 28, 2022 the Company completed the acquisition of Josemaria Resources through a plan of arrangement (the "Transaction") for a purchase price of $539.7 million. On closing of the Transaction, each former Josemaria Resources shareholder received either (i) C$1.60 in cash or (ii) 0.1487 ("Exchange Ratio") Lundin Mining shares plus C$0.11 cash for each whole Lundin Mining share issued, or a combination of cash and shares, subject to proration. This resulted in total cash consideration paid of $144.4 million and the issuance of 40,031,936 Lundin Mining common shares to Josemaria Resources shareholders. In addition, outstanding Josemaria Resources stock options were converted to Lundin Mining stock options at the Exchange Ratio, resulting in the issuance of 2,513,866 Lundin Mining stock options (the "Replacement Options").

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

The purchase price is as follows:

Cash consideration	$	144,412
Fair value of 40,031,936 common shares issued by the Company (a)		369,175
Fair value of 2,513,866 Replacement Options issued by the Company (b)		13,436
Transaction costs		9,321
Lundin Mining's previously held shares in Josemaria Resources		3,343
Total purchase price	**$**	**539,687**

Assets acquired and liabilities assumed:

Cash and cash equivalents	$	26,534
Receivables and other assets		1,584
Mineral properties, plant and equipment (Note 7)		675,477
Total assets		703,595
Trade and other payables		(62,770)
Debentures (c)		(47,000)
Bridge loan (d)		(54,100)
Lease liabilities (Note 11)		(38)
Total liabilities		(163,908)
Total assets acquired and liabilities assumed, net	**$**	**539,687**

a) The fair value of the common shares issued was determined using the Company's share price of C$11.83 and foreign exchange rate of USD/CAD: 1.283 at the close of business on April 28, 2022 (Note 14).

b) Each Replacement Option gives the holder the fully-vested right to acquire common shares of the Company. The exercise price of the Replacement Options was determined by dividing the exercise price of the Josemaria Resources stock options by the Exchange Ratio. The full option value of the Replacement Options was accounted for as consideration, and no future compensation expense will be recorded with respect to the Replacement Options.

   The fair value of the Replacement Options was determined using the Black-Scholes option pricing model which assumed a dividend yield of 3.04%, risk-free interest rate of 2.21%, expected life of 0.07 years to 2.83 years, and expected price volatility of 48%. On issuance, the weighted average fair value of the Replacement Options was C$6.75 (Note 14).

c) Subsequent to the Transaction closing, the Company settled in full the principal on the existing debentures totaling $47.0 million (Note 11).

d) The $54.1 million bridge loan owed by Josemaria Resources to the Company became an intercompany loan with the closing of the Transaction and was eliminated on consolidation.

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

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

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

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	December 31, 2022	December 31, 2021
Trade receivables	**$ 430,734**	$ 507,697
Value added tax	**65,028**	37,136
Prepaid expenses	**53,767**	25,972
Other receivables	**26,649**	31,869
	$ 576,178	$ 602,674

In 2021, other receivables included an insurance settlement of $16.0 million related to a mill interruption at Chapada in 2020, which was received in the first quarter of 2022.

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

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

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

6. INVENTORIES

Inventories are comprised of the following:

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

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

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

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

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

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

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

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

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

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

During the second quarter of 2022, the Company completed the Josemaria Resources acquisition (Note 3) acquiring $668.8 million of mineral properties, plant and equipment. In addition, $6.6 million of transaction costs related to the acquisition were capitalized in 2021. During the fourth quarter of 2022, the Company began to capitalize the Josemaria Project development costs (Note 2(iv)).

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

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

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

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

The Company leases various assets including buildings, rail cars, vehicles, machinery and equipment. The following table summarizes the changes in right-of-use assets within plant and equipment:

		Net book value
As at December 31, 2020	$	38,870
Additions		10,408
Depreciation		(20,011)
Disposals		(873)
Effects of foreign exchange		(797)
As at December 31, 2021		27,597
Josemaria acquisition (Note 3)		32
Additions		22,071
Depreciation		(21,288)
Disposals		(75)
Effects of foreign exchange		(414)
As at December 31, 2022	**$**	**27,923**

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

8. INVESTMENT IN ASSOCIATE

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

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

The Company had a 24% ownership interest in Freeport Cobalt, a specialty cobalt business based in Kokkola, Finland, held through its 24% owned subsidiary Koboltti Chemicals Holdings Limited (“KCHL”), with the balance held by Freeport-McMoRan Inc. (56%) and La Générale des Carrières et des Mines (20%), a Democratic Republic of the Congo government-owned corporation.

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

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

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

9. GOODWILL

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

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

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

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

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

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

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

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

Chapada

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

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

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

Key assumptions for Chapada

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

Neves-Corvo

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

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

Key assumptions for Neves-Corvo

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

Ojos

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

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

Key assumptions for Ojos

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

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

10. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

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

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

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

11. DEBT AND LEASE LIABILITIES

Debt and lease liabilities are comprised of the following:

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

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

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

		Leases		Debt		Total
As at December 31, 2020	$	36,312	$	166,736	$	203,048
Additions		10,420		33,171		43,591
Payments		(19,369)		(195,813)		(215,182)
Disposals		(866)		—		(866)
Interest		1,494		—		1,494
Financing fee amortization		—		322		322
Financing fee reclassification		—		1,300		1,300
Effects of foreign exchange		(2,113)		(591)		(2,704)
As at December 31, 2021		25,878		5,125		31,003
Josemaria acquisition (Note 3)		38		47,000		47,038
Additions		21,198		282,938		304,136
Payments		(21,651)		(160,824)		(182,475)
Disposals		(26)		—		(26)
Interest		1,434		—		1,434
Financing fee amortization		—		656		656
Deferred financing fee		—		(4,926)		(4,926)
Effects of foreign exchange		295		193		488
As at December 31, 2022		27,166		170,162		197,328
Less: current portion		13,813		156,336		170,149
Long-term portion	**$**	**13,353**	**$**	**13,826**	**$**	**27,179**

a) During the second quarter of 2022, the Company executed a fourth amended and restated credit agreement that increased its secured revolving credit facility to $1,750.0 million (previously $800.0 million with a $200.0 million accordion option), reduced the cost of borrowing, and extended the maturity to April 2027 (previously August 2023). The credit facility bears interest on drawn funds at rates of Term Secured Overnight Financing Rate (“Term SOFR”) + Credit Spread Adjustment (“CSA”) + 1.45% to Term SOFR+CSA+2.50% (previously LIBOR+1.75% to LIBOR+2.75%), depending on the Company’s net leverage ratio. The revolving credit facility is subject to customary covenants. During the fourth quarter of 2022, the Company drew down $50.0 million on the credit facility and subsequently repaid $32.0 million. As at December 31, 2022, the balance outstanding was $18.0 million (December 31, 2021 - nil). The previously issued SEK and Euro denominated letters of credit of $15.9 million (SEK 162.0 million) and $2.3 million (€2.2 million) were cancelled on April 14, 2022, and December 13, 2022, respectively. Deferred financing fees of $4.3 million have been netted against borrowings. As at December 31, 2021, deferred financing fees were reported in other assets. In January 2023, the Company drew down an additional $25.0 million on the credit facility. On February 16, 2023, the Company received commitments from the lenders of the revolving credit facility to, upon completion and execution of the first amendment to the fourth amended and restated credit agreement, extend the term by one year to April 2028 and reduce the credit spread adjustment.

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

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

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

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

c) Lease liabilities relate to leases on buildings, rail cars, vehicles, machinery and equipment which have remaining lease terms of one to twelve years and interest rates of 0.8% - 8.0% over the terms of the leases.

d) Sociedade Mineira de Neves-Corvo, S.A. (“Somincor”), a subsidiary of the Company which owns the Neves-Corvo mine, has a commercial paper program which matures in May 2025. The $26.7 million (€25.0 million) program bears interest on drawn funds at EURIBOR+0.50%. During 2022, Somincor made several draw downs totalling $81.5 million (€80.0 million) and made several repayments totalling $55.7 million (€55.0 million). As at December 31, 2022, the credit facility remains fully drawn at $26.7 million (€25.0 million).

e) As at December 31, 2022, the balance outstanding for Somincor equipment financing was $2.4 million (€2.2 million) (December 31, 2021 - $5.1 million). Interest rates vary from a fixed rate of 0.88% to EURIBOR+0.84%, dependent on the piece of equipment, with the debt maturing throughout 2023 and 2024.

f) As part of the acquisition of Josemaria Resources (Note 3), the Company assumed existing debentures of $47.0 million. Immediately following the Transaction closing, the Company settled the debentures balance in full. As at December 31, 2022, there was no balance outstanding.

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

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

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

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

12. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

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

Consideration received under the Company's gold, silver and copper streaming agreements is deemed to be variable and can be subject to cumulative adjustments when the contractual volume to be delivered changes. As a result of changes to the Company's R&R, adjustments have been made to the deferred revenue liability for 2021 and 2022 which were recognized through revenue and finance costs.

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

a) Candelaria

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

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

b) Chapada mine

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

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

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

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

c) Neves-Corvo mine

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

d) Zinkgruvan mine

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

13. RECLAMATION AND OTHER CLOSURE PROVISIONS

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

	Reclamation provisions	Other closure provisions	Total
Balance, December 31, 2020	$ 399,838	$ 44,407	$ 444,245
Accretion	9,108	—	9,108
Changes in estimate	71,361	1,558	72,919
Changes in discount rate	(56,992)	—	(56,992)
Payments	(4,695)	(4,480)	(9,175)
Effects of foreign exchange	(11,654)	(2,396)	(14,050)
Balance, December 31, 2021	406,966	39,089	446,055
Accretion	14,344	—	14,344
Changes in estimate	45,766	11,374	57,140
Changes in discount rate	(43,667)	—	(43,667)
Payments	(11,175)	(4,728)	(15,903)
Effects of foreign exchange	(11,214)	(907)	(12,121)
Balance, December 31, 2022	401,020	44,828	445,848
Less: current portion	18,579	4,971	23,550
Long-term portion	**$ 382,441**	**$ 39,857**	**$ 422,298**

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

14. SHARE CAPITAL

(a) Authorized and issued shares

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

(b) Share units

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

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

i) *Time-vesting SUs*

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

ii) *Performance-vesting SUs*

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

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

(c) Stock options

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

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

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

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

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

(d) Replacement Options

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

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

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

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

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

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

	Outstanding Options			Exercisable Options		
Range of exercise prices (C$)	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (C$)	Number of Options Exercisable	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price (C$)
4 to 6.99	1,140,633	1.3	6.57	1,115,633	1.2	6.58
7 to 9.99	2,205,827	1.8	7.28	1,424,164	1.6	7.39
10 to 12.99	1,451,203	6.2	11.54	22,533	6.2	11.54
13 to 15.99	1,661,334	5.2	14.91	823,271	5.2	14.91
	6,458,997	**3.6**	**10.08**	**3,385,601**	**2.4**	**8.98**

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

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

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

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

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

Upon closing the Josemaria Resources acquisition (Note 3), the Company issued 40,031,936 common shares to the former shareholders of Josemaria Resources with a fair value of $369.2 million.

(f) Dividends

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

(g) Normal course issuer bid

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

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

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

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

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

15. NON-CONTROLLING INTERESTS

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

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

Summarized Balance Sheets

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

Summarized Statements of Earnings and Comprehensive Income (Loss)

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

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

The above information is presented before inter-company eliminations.

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

16. REVENUE

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

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

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

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

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

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

17. PRODUCTION COSTS

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

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

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

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

18. EMPLOYEE BENEFITS

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

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

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

19. GENERAL EXPLORATION AND BUSINESS DEVELOPMENT

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

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

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

20. FINANCE INCOME AND COSTS

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

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

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

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

21. OTHER INCOME AND EXPENSE

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

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

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

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

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

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

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

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

22. CURRENT AND DEFERRED INCOME TAXES

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

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

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

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

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

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

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

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

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

Deferred tax liabilities, net

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

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

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

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

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

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

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

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

23. FINANCIAL INSTRUMENTS

Derivatives instruments

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

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

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

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

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

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

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

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

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

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

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

Fair values of financial instruments

The Company's financial assets and financial liabilities have been classified into categories that determine their basis of measurement. The following table shows the carrying values, fair values and fair value hierarchy of the Company's financial instruments as at December 31, 2022 and December 31, 2021:

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

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

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

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

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

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

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

Trade receivables/pricing provisions on concentrate sales – The fair value of trade receivables that contain provisional pricing sales arrangements are valued using quoted forward market prices. The Company recognized negative pricing adjustments of $89.0 million in revenue during the year ended December 31, 2022 (2021 - $104.1 million positive pricing adjustments).

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

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

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

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

24. COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

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

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

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

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

e) The Company may be involved in legal proceedings arising in the ordinary course of business, including the actions described below. The potential amount of the liability with respect to such legal proceedings is not expected to materially affect the Company's financial position. The Company believes the claims to be without merit and the loss, if any, cannot be determined at this time for all contingencies. The Company has accordingly not accrued any amounts related to the litigations below (unless otherwise noted). The Company intends to vigorously defend these claims.

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

25. SEGMENTED INFORMATION

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

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

For the year ended December 31, 2022

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

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

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

For the year ended December 31, 2021

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

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

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

26. RELATED PARTY TRANSACTIONS

a) **Transactions with associates** - The Company may enter into transactions related to its investment in associate. These transactions are entered into in the normal course of business and on an arm's length basis.

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

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

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

27. MANAGEMENT OF FINANCIAL RISK

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

(a) Credit risk

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

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

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

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

(b) Liquidity risk

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

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

(c) Foreign exchange risk

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

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

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

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

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

(d) Commodity price risk

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

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

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

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

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

(e) Interest rate risk

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

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

28. MANAGEMENT OF CAPITAL RISK

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

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

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

29. SUPPLEMENTARY CASH FLOW INFORMATION

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

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