

# Lundin Mining First Quarter 2022 Results

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TORONTO, April 27, 2022 - (TSX: LUN) (Nasdaq Stockholm: LUMI) [Lundin Mining Corp.](#) ("Lundin Mining" or the "Company") reported earnings attributable to Lundin Mining shareholders of \$345.1 million (\$0.47 per share) in its first quarter 2022. Earnings<sup>1</sup> were \$295.6 million (\$0.40 per share) and adjusted EBITDA<sup>1</sup> were \$587.8 million for the quarter. [View PDF.](#)

Peter Rockandel, President and CEO commented, "We delivered strong financial results in the first quarter, highlighted by EBITDA of \$588M, generation of \$473M of adjusted operating cash flow<sup>1</sup>, and record adjusted EPS<sup>1</sup> of \$0.40.

Overall, our operations performed well, particularly as we adapted to new challenges of the fast-spreading COVID Omicron variant, which had the greatest impact on absences since the onset of the pandemic. Candelaria, Eagle, Zinkgruvan and Neves-Corvo operations, including ramp up of the Zinc Expansion Project, are all on plan for the year. Chapada has had a slow start to the year, with abnormally high rainfall and COVID-related absences impacting our mining activities, though opportunities to catch up on stripping and production plans are being reviewed.

On the growth front, exploration at Chapada's Saúva discovery continues to deliver impressive results expanding the mine footprint, we are working to include the Upper Keel zone at Eagle into next year's update of the life-of-mine plan with the goal of producing ore in 2024, and we are excited to soon be closing our acquisition of Josemaria Resources, meaningfully increasing our gold growth profile."

Summary Financial Results

	Three months ended	
	March 31,	
US\$ Millions (except per share amounts)	2022	2021
Revenue	991.1	681.5
Gross profit	478.8	252.5
Attributable net earnings <sup>2</sup>	345.1	135.2
Net earnings	378.1	154.2
Adjusted earnings <sup>1</sup>	295.6	144.4
Adjusted EBITDA <sup>1</sup>	587.8	354.4
Basic and diluted earnings per share <sup>2</sup>	0.47	0.18
Basic adjusted earnings per share <sup>1</sup>	0.40	0.20
Cash flow from operations	317.3	158.7
Adjusted operating cash flow <sup>1</sup>	472.8	279.8
Adjusted operating cash flow per share <sup>1</sup>	0.64	0.38
Free cash flow <sup>1</sup>	186.5	56.0
Cash and cash equivalents	733.9	181.3
Net cash (debt) <sup>1</sup>	704.9	(8.1)

<sup>1</sup> These are non-GAAP measures. Please refer to the Company's discussion of Non-GAAP and other performance measures in its Management's Discussion and Analysis for the three months ended March 31, 2022 and the Reconciliation of Non-GAAP Measures section at the end of this news release.

<sup>2</sup> Attributable to shareholders of [Lundin Mining Corp.](#)

## Highlights

### Operational Performance

Overall, operations performed well during the quarter and the Company remains on track to achieve overall production guidance. Operations adapted to new challenges of the fast-spreading COVID Omicron variant, which had the greatest impact on absences since the onset of the pandemic, as the Company continued to adhere to precautionary measures necessary to protect the safety of the workforce and communities. Copper and gold production exceeded the prior year quarter, while zinc production was in-line and nickel production was lower than the prior year quarter, as expected. Cash costs<sup>1</sup> for the quarter were better than the prior year quarter at all sites except Eagle and Chapada, where cash costs were in accordance with expectations.

Candelaria (80% owned): Candelaria produced 39,503 tonnes of copper, and approximately 22,000 ounces of gold in concentrate on a 100% basis in the quarter, in-line with expectations. Copper and gold production were higher than the prior year quarter primarily due to better grades. Copper cash cost of \$1.58/lb for the current quarter was better than the prior year quarter due mainly to positive foreign exchange effects and higher sales volumes.

Chapada (100% owned): Chapada produced 10,100 tonnes of copper and approximately 12,000 ounces of

gold in concentrate in the quarter. First quarter production was less than planned as ore release and mining activities were impacted by abnormally high rainfall and COVID related absences necessitating a greater portion of the mill feed to be sourced from stockpile; however copper production was higher than the prior year quarter due to higher recoveries. Copper cash cost of \$1.82/lb for the quarter was higher than the prior year quarter due mainly to higher mining costs resulting from inflation.

Eagle (100% owned): Eagle produced 4,281 tonnes of nickel and 4,420 tonnes of copper during the quarter. While production was better than planned, it was lower than the prior year quarter, primarily due to lower head grades. Nickel cash cost of negative \$1.25/lb was unfavourable compared to the prior year quarter due to lower sales volumes, partially offset by increased by-product credits, and remained in the first quartile of industry cash cost.

Neves-Corvo (100% owned): Neves-Corvo produced 9,860 tonnes of copper for the quarter and 14,751 tonnes of zinc. Higher copper production in the current quarter compared to the prior year quarter resulted from better grades and throughput. Zinc production was higher in the quarter over prior year quarter largely driven by the recent start-up of the Zinc Expansion Project ("ZEP"), though partially offset by lower recoveries. A voluntary temporary suspension of operations took place following a fatal accident on March 30, 2022. Initial lessons learned from the fatality have been shared across the Company's operations, and Lundin Mining remains committed to safe production. Copper cash cost of \$1.70/lb for the quarter was better than the prior year quarter due to favourable zinc by-product credits.

Zinkgruvan (100% owned): Zinc production of 17,640 tonnes was lower than the prior year comparable period but in-line with expected volumes. Lead production of 6,728 tonnes was higher than the prior year quarter due to better grades and recoveries. Zinc cash cost of \$0.27/lb was better than the prior year quarter largely due to higher by-product credits.

#### Total Production

(Contained metal in concentrate)	2022	2021				
	Q1	Total	Q4	Q3	Q2	Q1
Copper (t) <sup>a</sup>	65,081	262,884	76,996	65,077	63,457	57,354
Zinc (t)	32,391	143,797	36,830	38,769	34,833	33,365
Gold (koz) <sup>a</sup>	34	167	46	46	41	34
Nickel (t)	4,281	18,353	4,101	4,124	4,774	5,354
a. Candelaria's production is on a 100% basis.						

<sup>1</sup>This is a non-GAAP measure. Please refer to the Company's discussion of non-GAAP measures in its Management's Discussion and Analysis for the three months ended March 31, 2022.

#### Corporate Highlights

- On February 17, 2022, the Company announced the retirement of Mr. Lukas Lundin as the Chair of Lundin Mining Directors, effective at the Company's 2022 Annual Shareholders Meeting.
- On February 17, 2022, the Company declared a regular dividend of C\$0.09 per share and a semi-annual performance dividend of C\$0.11, for a combined total of C\$0.20 per share of dividends declared.
- On March 30, 2022, the Company reported a fatality at its Neves-Corvo mine in Portugal. Operations were voluntarily temporarily suspended and relevant authorities were notified. Mandatory regulatory investigations were commenced. The Company continues to cooperate fully with those investigations.

## Financial Performance

- Gross profit for the quarter ended March 31, 2022 was \$478.8 million, an increase of \$226.3 million compared to quarter of 2021. The increase was primarily due to higher revenues driven by higher metal prices and price adjustments (\$238.5 million) and higher sales volumes.
- Net earnings for the current quarter were \$378.1 million, a \$223.9 million increase over the first quarter of 2021 primarily attributable to higher gross profit.
- Adjusted earnings for the quarter were \$295.6 million, compared to \$144.4 million in the prior year quarter, a reflection of higher gross profit partially offset by higher income taxes.

## Financial Position and Financing

- Cash and cash equivalents increased by \$139.8 million during the quarter ended March 31, 2022 to \$733.9 million from cash flow from operations of \$317.3 million exceeding capital expenditures of \$144.9 million. In connection with the definitive agreement to acquire [Josemaria Resources Inc.](#), ("Josemaria Resources") and its copper-gold project located in the province of Argentina, the Company provided a \$100.0 million bridge loan facility; during the quarter \$40.5 million was advanced to Josemaria Resources under this facility.
- Net cash as at March 31, 2022 was \$704.9 million, an increase of \$141.8 million from the net cash balance as at March 31, 2021. The increase in net cash is attributable to the positive cash flow impacts previously described.
- As of April 27, 2022, the Company had a cash and net cash balance of approximately \$680.0 million and \$650.0 million respectively, after paying dividends of approximately \$115.0 million on April 13, 2022.

## Outlook

During the quarter, continuing risks associated with global inflation as well as supply chain delivery persisted. These risks have been further heightened with the Russian-Ukraine conflict. To date, there has not been a significant impact on our operations relating to supply chain availability; however, inflationary increases on energy, fuel, contractor costs and consumables are expected to impact operating costs for the remainder of the year. The Company has implemented procurement strategies to mitigate the impact and to continue to monitor these risks.

Total copper, zinc and nickel production are all tracking above the mid-point of the Company's 2022 guidance ranges of 258,000t - 282,000t of copper, 188,000t - 203,000t of zinc, and 15,000t - 18,000t of nickel. Gold production is currently trending at the low end of the 153,000oz - 163,000oz range.

Candelaria, Neves-Corvo, Eagle and Zinkgruvan metal production are on plan and tracking well to achieve annual guidance. Opportunities to increase waste stripping to improve ore availability and production over the remainder of the year at Chapada are being evaluated and actioned; production is currently trending below the annual guidance.

Forecast cash costs remain in-line with annual guidance for Candelaria, Neves-Corvo and Zinkgruvan with expected inflationary impacts on consumables being largely offset by production volumes and by-product metal prices. Chapada's forecast copper cash cost is trending above annual guidance considering the impact of inflation on prices of consumables, the strengthening local currency and production volumes. Eagle's forecast nickel cash cost is trending positively compared to annual guidance, primarily due to copper by-product prices.

Capital expenditures at Eagle, Neves-Corvo and Zinkgruvan are all tracking well to annual guidance. Candelaria and Chapada capital expenditures are trending above annual guidance with inflationary cost increases on capitalized stripping, including diesel, explosives and other consumables.

Total exploration expenditures are on target to be \$45.0 million in 2022.

## About Lundin Mining

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

The information in this release is subject to the disclosure requirements of Lundin Mining under the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below on April 27, 2022 at 18:15 Eastern Time.

#### Reconciliation of Non-GAAP Measures

The Company uses certain performance measures in its analysis. These performance measures have no standardized meaning within generally accepted accounting principles under International Financial Reporting Standards, and therefore, amounts presented may not be comparable to similar data presented by other mining companies. For additional details please refer to the Company's discussion of non-GAAP and other performance measures in its Management's Discussion and Analysis for the three months ended March 31, 2022 which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

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

	Three months ended March 31,	
(\$thousands)	2022	2021
Net earnings	378,109	154,219
Add back:		
Depreciation, depletion and amortization	129,837	125,910
Finance income and costs	14,972	11,096
Income taxes	77,206	69,902
	600,124	361,127
Unrealized foreign exchange loss	7,853	962
Revaluation loss (gain) on derivative liability	3,293	(7,103)
Revaluation gain on marketable securities	(3,892)	(549)
Gain on disposal of subsidiary	(16,828)	-
Other	(2,776)	2
Total adjustments - EBITDA	(12,350)	(6,688)
Adjusted EBITDA	587,774	354,439

Adjusted earnings and adjusted earnings per share can be reconciled to the Company's Condensed Interim Consolidated Statement of Earnings as follows:

	Three months ended March 31,	
(\$thousands, except share and per share amounts)	2022	2021
Net earnings attributable to:		
Lundin Mining shareholders	345,078	135,185
Add back:		
Total adjustments - EBITDA	(12,350)	(6,688)
Tax effect on adjustments	(2,034)	3,129
Deferred tax arising from foreign exchange translation	(34,954)	12,909
Other	(132)	(166)
Total adjustments	(49,470)	9,184
Adjusted earnings	295,608	144,369
Basic weighted average number of shares outstanding	736,410,739	736,891,008
Net earnings attributable to shareholders	0.47	0.18
Total adjustments	(0.07)	0.02
Adjusted earnings per share	0.40	0.20

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

	Three months ended March 31,	
(\$thousands, except share and per share amounts)	2022	2021
Cash provided by operating activities	311,582,575	155,514,800
Changes in non-cash working capital items	155,514,800	155,514,800
Adjusted operating cash flow	472,980,455	472,980,455
Basic weighted average number of shares outstanding	736,410,739	736,891,008
Adjusted operating cash flow per share	0.638	0.638

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

March 31, 2022	March 31, 2021
735,876	1,011,692
30,458	122,480
25,194	67,466
28,982	189,432
704,394 (net debt)	(8,110)

Three months ended March 31, 2022

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Add: Sustaining capital expenditure	82,964	14,455	4,460	19,516	9,039
Royalties	-	3,664	7,791	2,813	-
Interest expense	1,433	1,721	401	36	22
Leases & other	2,504	1,092	4,867	497	1,333
All-in sustaining cost	220,886	72,369	8,540	54,659	19,852
AISC per pound (\$/lb)	2.61	2.56	1.19	2.92	0.57

Three months ended March 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	35,516	7,379	4,118	6,565	15,703	
Pounds (000s)	78,299	16,268	9,079	14,473	34,619	
Production cost						303,113
Less: Royalties and other						(6,505)
						296,608
Deduct: By-product credits						(125,380)
Add: Treatment and refining charges						28,993
Cash cost	129,071	21,699	(14,730)	37,753	26,428	200,221
Cash cost per pound (\$/lb)	1.65	1.33	(1.62)	2.61	0.76	

Add: Sustaining capital expenditure	70,742	8,970	3,529	8,946	10,411
Royalties	-	2,073	6,846	704	-
Interest expense	1,119	859	177	20	18
Leases & other	2,056	669	2,591	1,546	1,381
Cautionary Statement on Forward-Looking Information					
All-in sustaining cost	202,988	34,270	(1,587)	48,969	38,238

All statements of future events made and information contained herein is "forward-looking information" within the meaning of applicable Canadian securities laws. All statements other than statements of historical facts included in this document constitute forward-looking information, including but not limited to statements regarding the Company's plans, prospects and business strategies; the Company's guidance on the timing and amount of future production and its expectations regarding the results of operations; expected costs; permitting requirements and timelines; timing and possible outcome of pending litigation; the results of any Preliminary Economic Assessment, Feasibility Study, or Mineral Resource and Mineral Reserve estimations, life of mine estimates, and mine and mine closure plans; anticipated market prices of metals, currency exchange rates, and interest rates; the development and implementation of the Company's Responsible Mining Management System; the Company's ability to comply with contractual and permitting or other regulatory requirements; anticipated exploration and development activities at the Company's projects; expectations and ability to complete the [Josemaria Resources Inc.](#) transaction; the Company's integration of



acquisitions and any anticipated benefits thereof, including the [Josemaria Resources Inc.](#) transaction; and expectations for other economic, business, and/or competitive factors. Words such as "believe", "expect", "anticipate", "contemplate", "target", "plan", "goal", "aim", "intend", "continue", "budget", "estimate", "may", "will", "can", "could", "should", "schedule" and similar expressions identify forward-looking statements.

Forward-looking information is necessarily based upon various estimates and assumptions including, without limitation, the expectations and beliefs of management, including that the Company can access financing, appropriate equipment and sufficient labor; assumed and future price of copper, nickel, zinc, gold and other metals; anticipated costs; ability to achieve goals; the prompt and effective integration of acquisitions; that the political environment in which the Company operates will continue to support the development and operation of mining projects; and assumptions related to the factors set forth below. While these factors and assumptions are considered reasonable by Lundin Mining as at the date of this document in light of management's experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information. Such factors include, but are not limited to: risks inherent in mining including but not limited to risks to the environment, industrial accidents, catastrophic equipment failures, unusual or unexpected geological formations or unstable ground conditions, and natural phenomena such as earthquakes, flooding or unusually severe weather; uninsurable risks; global financial conditions and inflation; changes in the Company's share price, and volatility in the equity markets in general; volatility and fluctuations in metal and commodity demand and prices; changing taxation regimes; delays or the inability to obtain, retain or comply with permits; reliance on a single asset; unavailable or inaccessible infrastructure, infrastructure failures, and risks related to ageing infrastructure; risks related to negative publicity with respect to the Company or the mining industry in general; health and safety risks; pricing and availability of key supplies and services; the threat associated with outbreaks of viruses and infectious diseases, including the COVID-19 virus; the inability to currently control [Josemaria Resources Inc.](#) and the ability to satisfy the conditions and consummate the [Josemaria Resources Inc.](#) transaction on the proposed terms and expected schedule; exchange rate fluctuations; risks relating to attracting and retaining of highly skilled employees; risks inherent in and/or associated with operating in foreign countries and emerging markets; climate change; regulatory investigations, enforcement, sanctions and/or related or other litigation; existence of significant shareholders; uncertain political and economic environments, including in Brazil and Chile; risks associated with acquisitions and related integration efforts, including the ability to achieve anticipated benefits, unanticipated difficulties or expenditures relating to integration and diversion of management time on integration; indebtedness; liquidity risks and limited financial resources; funding requirements and availability of financing; exploration, development or mining results not being consistent with the Company's expectations; risks related to the environmental regulation and environmental impact of the Company's operations and products and management thereof; activist shareholders and proxy solicitation matters; reliance on key personnel and reporting and oversight systems, as well as third parties and consultants in foreign jurisdictions; historical environmental liabilities and ongoing reclamation obligations; information technology and cybersecurity risks; risks related to mine closure activities, reclamation obligations, and closed and historical sites; social and political unrest, including civil disruption in Chile; the inability to effectively compete in the industry; financial projections, including estimates of future expenditures and cash costs, and estimates of future production may be unreliable; actual ore mined and/or metal recoveries varying from Mineral Resource and Mineral Reserve estimates, estimates of grade, tonnage, dilution, mine plans and metallurgical and other characteristics; ore processing efficiency; risks associated with the estimation of Mineral Resources and Mineral Reserves and the geology, grade and continuity of mineral deposits including but not limited to models relating thereto; enforcing legal rights in foreign jurisdictions; community and stakeholder opposition; changes in laws, regulations or policies including but not limited to those related to mining regimes, permitting and approvals, environmental and tailings management, labor, trade relations, and transportation; risks associated with the structural stability of waste rock dumps or tailings storage facilities; dilution; risks relating to dividends; conflicts of interest; counterparty and credit risks and customer concentration; the estimation of asset carrying values; challenges or defects in title; internal controls; relationships with employees and contractors, and the potential for and effects of labor disputes or other unanticipated difficulties with or shortages of labor or interruptions in production; compliance with foreign laws; potential for the allegation of fraud and corruption involving the Company, its customers, suppliers or employees, or the allegation of improper or discriminatory employment practices, or human rights violations; compliance with environmental, health and safety regulations and laws; and other risks and uncertainties, including but not limited to those described in the "Risk and Uncertainties" section of the Company's AIF and the "Managing Risks" section of the Company's MD&A for the year ended December 31, 2021, which are available on SEDAR at [www.sedar.com](http://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.

SOURCE [Lundin Mining Corp.](#)

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