

Lundin Foundation

Non-consolidated Financial Statements
(Expressed in United States dollars)
December 31, 2020

INDEPENDENT AUDITOR’S REPORT

To the Directors of Lundin Foundation:

Opinion

We have audited the financial statements of Lundin Foundation (the “Foundation”), which comprise the non-consolidated statement of financial position as at December 31, 2020, and the non-consolidated statement of operations, non-consolidated statement of changes in net assets and non-consolidated statement of cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2020, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the non-consolidated financial statements, which describes the change in unit of measure and presentation currency. The unit of measure of the Foundation changed to United States dollars (“USD”) as at January 1, 2020 and the non-consolidated financial statements as at December 31, 2020 and for the year then ended are presented in USD. The non-consolidated financial statements of the Foundation as at December 31, 2019 and for the year then ended were issued in Canadian dollars. For comparative purposes only, the non-consolidated financial statements as at December 31, 2019 and for the year then ended are presented in USD in these non-consolidated financial statements. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these 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 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 audit 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 controls.
- Obtain an understanding of the internal controls 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 Foundation's internal controls.
- 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 the events or conditions that may cast significant doubt on the Foundation'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 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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 controls that we identify during our audit.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
April 23, 2021

Lundin Foundation

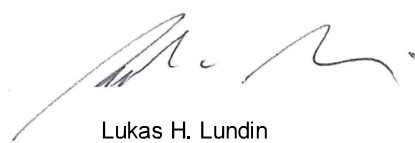
Non-consolidated Statement of Financial Position (Amounts expressed in United States dollars)

As at December 31

	<i>note</i>	<u>2020</u>	<u>2019</u>
ASSETS			
Current			
Cash and cash equivalents		\$ 2,493,184	\$ 1,296,528
Accounts receivable	7(a), 7(c), 7(d)	524,271	1,306,794
Prepaid expenses and deposits		70,276	15,279
Note receivable from related party		-	548,589
Total current assets		<u>3,087,731</u>	<u>3,167,190</u>
Long-term investment	4	141,595	224,372
Property and equipment, net	5	26,919	23,663
Restricted cash - loan guarantees	6	285,120	449,986
Total assets		<u>\$ 3,541,365</u>	<u>\$ 3,865,211</u>
LIABILITIES AND NET ASSETS			
Current			
Accounts payable and accrued liabilities	7(e)	\$ 365,446	\$ 305,241
Commitments	10		
Net assets			
Unrestricted net assets		<u>3,175,919</u>	<u>3,559,970</u>
Total liabilities and net assets		<u>\$ 3,541,365</u>	<u>\$ 3,865,211</u>

See accompanying notes to these non-consolidated financial statements.

Approved on behalf of the Board:



Lukas H. Lundin
Director



Erin Johnston
Director

Lundin Foundation

Non-consolidated Statement of Operations (Amounts expressed in United States dollars)

For the year ended December 31

	<i>note</i>	<u>2020</u>	<u>2019</u>
Revenue			
Contributions	7(d)	\$ 3,991,605	\$ 6,211,242
COVID emergency subsidy		7,175	-
Expense recovery	7(a), 7(c)	<u>1,012,310</u>	<u>1,231,643</u>
		5,011,090	7,442,885
Project costs		3,194,373	4,899,057
Grant expense		<u>6,270</u>	-
		3,200,643	4,899,057
Excess of revenue over expenses before general and administration expenses		<u>1,810,447</u>	<u>2,543,828</u>
General and administrative expenses (Schedule 1)			
Amortization of property and equipment	7(a), 7(c) 5	12,954	12,681
Audit and tax		38,914	97,416
Bank charges and interest		20,266	16,929
Board and portfolio meetings		6,676	7,851
Conferences		4,269	33,272
Legal fees		36,943	67,462
Memberships		5,053	18,633
Office supplies and services	7(e)	25,205	45,058
Rent and utilities	7(e)	172,608	222,105
Retreat and staff meeting		-	15,209
Salaries, benefits and staffing services		1,095,873	1,058,237
Sponsorships		-	11,643
Sustainability summit		675	-
Telephone and internet		15,225	18,800
Travel		7,236	80,378
Website and communication		<u>53,555</u>	<u>112,340</u>
		1,495,452	1,818,014
Excess of revenue over expenses from operations before other income (loss)		<u>314,995</u>	<u>725,814</u>
Other income (loss)			
Foreign exchange loss		(53,169)	(228,447)
Interest income on loan and note receivable		-	30,820
Investment income on cash and cash equivalents		2,356	3,773
Write-off of loan and interest receivable		-	(89,259)
Impairment loss on repayable grant scheme		-	(19,021)
Fair value gain on shares donated to related party		-	78,532
Donations	7(b)	<u>(648,233)</u>	<u>(726,376)</u>
		(699,046)	(949,978)
Deficiency of revenue over expenses for the year		<u>\$ (384,051)</u>	<u>\$ (224,164)</u>

See accompanying notes to these non-consolidated financial statements.

Lundin Foundation

Non-consolidated Statement of Changes in Net Assets
(Amounts expressed in United States dollars)

For the year ended December 31

	<u>2020</u>	<u>2019</u>
Net assets, beginning of year	\$ 3,559,970	\$ 3,788,964
Deficiency of revenue over expenses for the year	(384,051)	(224,164)
Presentation currency translation difference	-	(4,830)
Net assets, end of year	\$ 3,175,919	\$ 3,559,970

See accompanying notes to these non-consolidated financial statements.

Lundin Foundation

Non-consolidated Statement of Cash Flows (Amounts expressed in United States dollars)

For the year ended December 31

	2020	2019
Operating activities		
Deficiency of revenue over expenses for the year	\$ (384,051)	\$ (224,164)
Add (deduct) items not affecting cash		
Amortization of property and equipment	12,954	12,681
Guarantee draw-down on project loans, net of bank charges and interests	39,049	-
Interest income on loan and note receivable	-	(30,820)
Write-off of loan and interest receivable	-	89,259
Impairment loss on repayable grant scheme	-	19,021
Fair value gain on shares donated to related party	-	(78,532)
Donation-in-kind to related party	-	128,532
Foreign exchange loss	53,169	228,447
	<u>(278,879)</u>	<u>144,424</u>
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	782,523	(368,424)
(Increase) decrease in prepaid expenses and deposits	(54,997)	12,693
Increase in accounts payable in accrued liabilities	51,928	89,092
Cash provided by (used in) operating activities	<u>500,575</u>	<u>(122,215)</u>
Investing activities		
Capital distributions received on investment	82,777	244,733
Repayment of note receivable from related party	548,589	-
Purchase of software	(7,355)	-
Cash provided by investing activities	<u>624,011</u>	<u>244,733</u>
Financing activities		
Repayment of loan guarantee	129,841	-
Cash provided by financing activities	<u>129,841</u>	<u>-</u>
Net increase in cash during the year	1,254,427	122,518
Effect of foreign exchange on cash and cash equivalents	(57,771)	(52,363)
Cash and cash equivalents, beginning of year	1,296,528	1,226,373
Cash and cash equivalents, end of year	<u>\$ 2,493,184</u>	<u>\$ 1,296,528</u>
Cash and cash equivalents consists of:		
Cash	\$ 2,401,442	\$ 1,206,016
Cash equivalents	91,742	90,512
	<u>\$ 2,493,184</u>	<u>\$ 1,296,528</u>

See accompanying notes to these non-consolidated financial statements.

Lundin Foundation

Notes to Non-consolidated Financial Statements

(Amounts expressed in United States dollars unless otherwise noted)

For the year ended December 31, 2020

1. Purpose of the organization

The Lundin Foundation (the "Foundation"), incorporated under the *Canada Corporations Act* in 2005, is a registered non-profit corporation headquartered in Vancouver, British Columbia. The Foundation is affiliated with the Lundin Group of Companies.

The Foundation works with contributing partners, governments, and local communities to improve the management of, and benefit streams from, resource development projects in targeted countries. The Foundation is exempt from income taxes in Canada.

2. Basis of preparation

Basis of presentation

The financial statements of the Foundation have been prepared by management in accordance with *CPA Canada Handbook – Accounting, Part III, Accounting Standards for Not-for-Profit Organizations* ("ASNPO").

Change in unit of measure and presentation currency

In 2020, the Foundation examined the basis of its current and future transactions, and determined that the majority of funding and expenditures are now transacted in the United States dollar (USD). After the analysis of all the facts and circumstances, including the immaterial Canadian dollar (CAD) net positions in the balance sheet and the future perspectives of the entity, it was concluded this was not a temporary situation and the unit of measure that reflected the Foundation's economic activities was changed from CAD to USD. The change has been applied prospectively as of January 1, 2020.

Consequently, the financial statements have been presented in USD for the current year and the comparative figures and information.

3. Summary of significant accounting policies

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Accordingly, actual results could differ from these estimates.

Foreign currency translation

Amounts denominated in foreign currencies have been translated into USD as follows:

- (a) Monetary assets and liabilities are translated at the rate of exchange in effect as at the date of the statement of financial position;
- (b) Non-monetary assets and liabilities, at the rates of exchange prevailing on the transaction dates; and
- (c) Revenue and expenses, excluding amortization, which are translated at the same rate as the related asset, at the rates of exchange prevailing on the transaction dates.

Foreign exchange gains and losses are included in the statement of operations.

Financial instruments

The Foundation's financial instruments consist of cash and cash equivalents, accounts receivable, note receivable from related party, long-term investments, restricted cash – loan guarantees, and accounts payable and accrued liabilities.

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active

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Notes to Non-consolidated Financial Statements

(Amounts expressed in United States dollars unless otherwise noted)

For the year ended December 31, 2020

market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such other financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments, measured subsequently at fair value, are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets recognized at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected timing and amount of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances improve in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with financial institutions, and short-term deposits which are highly liquid with original maturities of less than three months.

Investments

Investments in which the Foundation does not have control or significant influence are accounted for using the cost method whereby the investment is initially recorded at cost and earnings from the investment are recognized only to the extent received or receivable.

At each reporting date, the investments are reviewed to assess whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment, if any. Previously recognized impairment losses are reversed when the extent of the impairment decreases, provided that the adjusted carrying amount is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously.

Property and equipment

Property and equipment are recorded at cost, less accumulated amortization. Contributed assets are recorded at fair market value at the date of contribution. Amortization is calculated using the straight-line method at the following annual rates:

Office improvements	over lease period
Office furniture and equipment	5 years
Software	10 years

When an item of property and equipment no longer has any long-term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Revenue recognition

Contributions

Contributions and government grants are recognized using the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are deferred and recognized as revenue in the period in which the related expenses are incurred.

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Notes to Non-consolidated Financial Statements

(Amounts expressed in United States dollars unless otherwise noted)

For the year ended December 31, 2020

Interest income

Interest income on interest-bearing note receivable from related party is accrued when earned.

Contributed materials and services

From time to time, the Foundation receives contributions of materials. Contributed materials are recorded at fair value when a fair value can be reasonably estimated, and the materials would otherwise be purchased.

From time to time, individuals contribute time and expertise to the Foundation's operations. Because of the difficulty in determining the fair value of the contributed services, the value of contributed services is not recognized in the financial statements.

4. Long-term investment

The Foundation holds 7.82% equity interest in Central Africa SME Fund C.V. ("CASME"), over which it does not have control or significant influence. CAMSE is a Dutch limited partnership that invests in small to medium sized enterprises in Central Africa.

5. Property and equipment

	2020			2019	
	Cost	Accumulated amortization	Net book value	Net book value	
Office improvements	\$ 114,331	\$ 104,074	\$ 10,257	\$	22,759
Office furniture and equipment	2,263	1,811	452		904
Software	16,210	-	16,210		-
	<u>\$ 132,804</u>	<u>\$ 105,885</u>	<u>\$ 26,919</u>	<u>\$</u>	<u>23,663</u>

6. Restricted cash – loan guarantees

		2020	2019
Northern Initiatives ("CDFI")	(a)	\$ 188,260	\$ 227,312
Association of Los Helados (the "Association")	(b)	96,860	92,833
Equity Bank (Kenya) Limited ("EBKL")	(c)	-	129,841
		<u>\$ 285,120</u>	<u>\$ 449,986</u>

- (a) CDFI is to provide loans for the benefit of individuals or companies with 1 to 20 employees resident or operating in Marquette County, Michigan, USA and whose loan is partially guaranteed by the Eagle Emerging Entrepreneurs Fund ("Clients").

In 2013, the Foundation deposited \$250,000 in an insured depository institution selected by the CDFI, fully collateralising the Foundation's guarantee of loans that will be granted by CDFI to Clients. The Foundation will guarantee 75% of each loan granted by CDFI to eligible Clients, in accordance with the terms of the guarantee.

As at December 31, 2020, CDFI has disbursed an aggregate of \$2,224,768 (2019 – \$1,979,464) in business loans. To date, CDFI has drawn down \$67,123 (2019 - \$27,181) from the loan guarantee balance.

- (b) The Association is a non-profit entity with its main goal to develop and support plans and programs to micro-entrepreneurs for Copiapo and Tierra Amarilla in Chile ("Participants"), and whose loan is partially guaranteed by a financing program.

The Foundation deposited the US dollar equivalent of CLP75,000,000 to an insured depository institution selected by the Association, fully collateralising the Foundation's guarantee of loans that will be granted by

Lundin Foundation

Notes to Non-consolidated Financial Statements

(Amounts expressed in United States dollars unless otherwise noted)

For the year ended December 31, 2020

the Association to Participants. The Foundation will guarantee 75% of each loan granted by the Association to eligible Participants, in accordance with the terms of the guarantee.

To date, no amount has been drawn down from the loan guarantee balance.

- (c) The Foundation partnered with Equity Group Foundation and launched Lundin Equity Emerging Entrepreneurs Fund (“LEEEF”), which aims to accelerate the growth of micro and small and medium-sized enterprises (“MSMEs”) in three key counties in Kenya: Turkana, Isiolo, and Lamu. These are among the most marginalized and economically underdeveloped regions in the country, which are located along Lamu Port South Sudan Ethiopian Transport (“LAPSSET”) infrastructure route. LEEEF provides business training to MSMEs, and partial loan guarantees to graduates of business training. The target impact of LEEEF is to create jobs, income benefits and on-going economic development along under-served regions of the country, with particular focus on women and youth.

The Foundation deposited \$130,208 at EBKL, a company incorporated under the laws of Kenya, fully capitalizing the Foundation’s guarantee of loans that will be granted by EBKL to MSMEs. The Foundation will guarantee 50% of each loan granted by the facility to eligible MSMEs, in accordance with the terms of the guarantee.

The LEEEF program concluded during the year ended December 31, 2019 and the guarantee amount, net of banking fees, was returned to the Foundation during the year ended December 31, 2020 upon closure of the bank account. No amount had been drawn down from the loan guarantee balance.

7. Related party transactions

Related party transactions that are in the normal course of operations are recorded at the exchange amount, which is the consideration established and agreed to by the related parties. Related party transactions that are not in the normal course of operations are recorded at the exchange amount.

- (a) During the year ended December 31, 2020, the Foundation incurred \$318,605 (2019 - \$262,974) of salaries, rent and other office expenses on behalf of LGIF. As at December 31, 2020, the Foundation had a receivable balance due from LGIF of \$101,704 (2019 - \$269,748).
- (b) During the year ended December 31, 2020, the Foundation donated \$598,375 (2019 - \$726,376). In 2019, donations included a \$115,804 donation-in-kind of Rent To Own Zambia Ltd.’s preference shares and the fair value gain on the donation-in-kind of \$78,532.
- (c) During the year ended December 31, 2020, the Foundation incurred \$693,705 (2019 - \$968,669) of salaries, rent and other office expenses on behalf of AHLCF. As at December 31, 2020, the Foundation had a receivable balance due from AHLCF of \$214,211 (2019 - \$380,963). The receivable balance is non-interest bearing and unsecured with payment due on demand.
- (d) During the year ended December 31, 2020, the Foundation received total contributions of \$3,977,022 (2019 - \$5,948,226) from companies in the Lundin group, where the Directors of the Foundation also serve as Directors on the board or as members of senior management in the companies. Of this amount, \$206,608 (2019 - \$577,504) is recorded in accounts receivable as at December 31, 2020.
- (e) Included in rent and utilities and office supplies and services expenses is \$141,552 (2019 - \$218,314) to a private corporation (“Namdo Management Services Ltd.”) owned by a member of the Board of Directors. Namdo Management Services Ltd. charges the Foundation the rent for office space and the cost of shared support staff and recovers out-of-pocket expenses related to the Foundation’s activities. As at December 31, 2020, \$561 (2019 - \$2,926) is included in accounts payable and accrued liabilities.

8. Financial summaries of controlled entity

The Foundation controls 100% of LGIF. LGIF, a charitable foundation, was incorporated under the Canada Not-for-profit Corporations Act in 2005. It is a registered charity exempt from income taxes in Canada.

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Notes to Non-consolidated Financial Statements

(Amounts expressed in United States dollars unless otherwise noted)

For the year ended December 31, 2020

LGIF provides financing and makes equity investments to businesses and entrepreneurs with innovative solutions to pressing, social and environmental challenges to relieve poverty in developing nations.

There are no significant differences in accounting policies between the Foundation and LGIF. LGIF's assets are not subject to restrictions. Financial summaries of this unconsolidated entity as at December 31, 2020 and 2019 and for the years then ended are as follows:

	2020	2019
Financial position		
Total assets	\$ 2,487,091	\$ 3,183,247
Total liabilities	\$ 129,260	\$ 451,107
Total unrestricted net assets	2,357,831	2,732,140
	\$ 2,487,091	\$ 3,183,247
Results of operations		
Total revenue	\$ 598,375	\$ 726,376
Total expenses	(972,684)	(1,251,991)
Deficiency of revenue over expenses for the year	\$ (374,309)	\$ (525,615)
Cash flows		
Cash provided by operating activities	\$ 851,078	\$ 208,442
Cash (used in) investing activities	(266,671)	(627,516)
Cash (used in) provided by financing activities	(160,182)	105,131
Increase (decrease) in cash during the year	\$ 424,225	\$ (313,943)

9. Financial risks

Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Certain of the Foundation's cash and cash equivalents and restricted cash – loan guarantees earn interest at variable market rates and certain loans receivable earn interest at fixed interest rates. The Foundation does not use derivative financial instruments to manage the effects of this risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk in the event of non-performance by counterparties primarily in connection with its cash and cash equivalents, accounts receivable, note receivable from related party, and restricted cash – loan guarantees. The Foundation mitigates its credit risk with respect to cash and cash equivalents and restricted cash – loan guarantees by dealing with financial institutions with no publicly known liquidity problems and, with respect to note receivable from related party by dealing only with what management believe to be sound counterparties.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to liquidity risk primarily from its accounts payable and accrued liabilities. The Foundation's ability to meet its obligations depends on generating cash flows from operations and the ability to obtain financing from other sources including its existing and other potential funders.

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Notes to Non-consolidated Financial Statements

(Amounts expressed in United States dollars unless otherwise noted)

For the year ended December 31, 2020

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation has certain cash and cash equivalents, accounts receivable, note receivable from related party, restricted cash – loan guarantees, and accounts payable and accrued liabilities denominated in Australian dollars (AUD), Chilean Pesos (CLP), Kenyan Shilling (KES), Norwegian Krone (NOK), CAD, and Côte d'Ivoire CFA Franc (XOF), and thus the Foundation is exposed to the risk of fluctuations in earnings and cash flows arising from changes in the exchange rate between USD and those currencies and the degree of volatility in those rates.

The USD amounts of the Foundation's financial instruments denominated in foreign currencies at December 31, 2020 and 2019 are as follows:

	2020					
	AUD	CLP	KES	NOK	CAD	XOF
Cash and cash equivalents	-	-	29,130	-	426,659	-
Accounts receivable	-	-	-	-	103,452	-
Restricted cash - loan guarantees	-	96,860	-	-	-	-
Accounts payable and accrued liabilities	(27,269)	(25,217)	(20,330)	-	(63,999)	-
	(27,269)	71,643	8,800	-	466,112	-

	2019					
	AUD	CLP	KES	NOK	CAD	XOF
Cash and cash equivalents	-	-	60,418	-	222,924	13,591
Accounts receivable	-	-	-	-	272,616	-
Note receivable from related party	-	-	-	-	-	-
Restricted cash - loan guarantees	-	92,833	-	-	-	-
Accounts payable and accrued liabilities	-	-	(22,560)	(102,556)	(47,512)	(3,078)
	-	92,833	37,858	(102,556)	448,028	10,513

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. The Foundation is exposed to other price risk from investments held by the Foundation for which future prices are uncertain.

10. Commitments

The Foundation is committed to disbursements of project costs by 2021 in the form of service agreements totaling \$580,771 (2019 - \$1,769,801).

The Foundation's operating lease commitments for its offices as at December 31, 2020 are as follows:

2021	\$ 138,960
2022	\$ 29,971
2023	\$ 8,945

Lease commitments for 2021 includes \$111,334 due to Namdo Management Services Ltd., a related party of the Foundation.

11. Impact of COVID-19 pandemic

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Foundation's environment and in the global markets, possible disruption in supply chains, and

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Notes to Non-consolidated Financial Statements

(Amounts expressed in United States dollars unless otherwise noted)

For the year ended December 31, 2020

measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Foundation's future operations.

As of the date of the approval of the financial statements on April 16, 2021, impacts of the COVID-19 pandemic have led to reduction in funding and project activities compared to the pre-pandemic years. Accordingly, the program spending has been reduced to align with the funding level and general and administrative costs, by reducing contract staff and office space.

The Foundation cannot estimate the length and gravity of the COVID-19 pandemic. If the pandemic continues, it may have a material effect on the Foundation's future results. The Foundation is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly.

Lundin Foundation

Schedule of general and administrative expenses

(Amounts expressed in United States dollars unless otherwise noted)

For the year ended December 31, 2020

General and administrative expenses, net of expense recoveries of \$1,012,310 (notes 7(a) and 7(c)) (2019 - \$1,231,643) are as follows:

		<u>2020</u>	<u>2019</u>
	<i>note</i>		
Amortization of property and equipment	5	\$ 12,954	\$ 12,681
Audit and tax		30,031	27,799
Bank charges and interest		14,347	15,145
Board and portfolio meetings		-	5,828
Conferences		1,158	13,375
Legal fees		11,468	33,347
Memberships		2,854	1,682
Office supplies and services	7(e)	18,433	30,678
Rent and utilities	7(e)	139,586	167,180
Retreat and staff meeting		-	15,164
Salaries, benefits and staffing services		186,898	154,458
Sustainability summit		675	-
Telephone and internet		8,510	7,084
Travel		2,894	-
Website and communication		53,334	101,948
		<u>\$ 483,142</u>	<u>\$ 586,369</u>

See accompanying notes to these non-consolidated financial statements.