
LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2020

(All dollar amounts are stated in U.S. dollars unless otherwise indicated. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Lundin Gold Inc. and its subsidiary companies (collectively, "Lundin Gold" or the "Company") provides a detailed analysis of the Company's business and compares its financial results for the three and nine months ended September 30, 2020 with those of the same period from the previous year.

This MD&A is dated as of November 9, 2020 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes thereto for the three and nine months ended September 30, 2020, which are prepared in accordance with IAS 34: Interim Financial Statements, and the Company's audited annual consolidated financial statements and related notes thereto, which are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and the MD&A for the fiscal year ended December 31, 2019. References to the "2020 Period" and "2019 Period" relate to the nine months ended September 30, 2020 and September 30, 2019, respectively.

Other continuous disclosure documents, including the Company's press releases, quarterly and annual reports and annual information form, are available through its filings with the securities regulatory authorities in Canada at www.sedar.com.

Lundin Gold, headquartered in Vancouver, Canada, owns 30 metallic mineral concessions and three materials concessions covering an area of approximately 64,786 hectares in southeast Ecuador, including the Fruta del Norte gold mine ("Fruta del Norte" or the "FDN"). Fruta del Norte is comprised of seven concessions covering an area of approximately 5,566 hectares and is located approximately 140 km east-northeast of the City of Loja. Fruta del Norte is one of the highest-grade gold mines in production in the world today.

The Company's board and management team have extensive expertise in mine operations and have advanced Fruta del Norte through its development, construction and achieved commercial production in the first quarter of this year. Following three months of suspension of operations due to the COVID-19 pandemic, the Company announced the re-start of operations in early July. Gold production for 2020 is forecasted in the range of 200,000 to 220,000 ounces ("oz").

The Company operates with transparency and in accordance with international best practices. Lundin Gold is committed to delivering value to its shareholders, while simultaneously providing economic and social benefits to impacted communities, fostering a healthy and safe workplace and minimizing the environmental impact. The Company believes that the value created through the operation of Fruta del Norte will benefit its shareholders, the Government and the citizens of Ecuador.

THIRD QUARTER 2020 HIGHLIGHTS AND ACTIVITIES

The Company had a very strong re-start of operations at Fruta del Norte following the temporary suspension in the second quarter due to the COVID-19 pandemic. This is highlighted by production of 94,250 oz at a low cash operating cost per oz¹ of \$632 per oz sold in the third quarter, resulting in net revenues, income and cash flow from operations of \$119 million, \$62.8 million and \$23.4 million, respectively, for the quarter.

Operating results

- Mining ramped up over the quarter reaching an average mining rate of 3,750 tonnes per day ("tpd") in September.
- As at September 30, 2020, underground mine development remains in line with plan with a total of 1,556 metres of development completed during the quarter with development rates averaging 26.6 metres per day in September. Good ground conditions have allowed mining to switch to long-hole stoping mining methods versus drift and fill in key high-grade areas.
- The process plant operated better than plan and processed a total of 324,143 tonnes of ore at an average gold grade of 10.4 g/t.

¹ Refer to "Non-IFRS Measures" section.

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- Average gold recovery for the quarter was 86.8%, which is higher than recoveries achieved in the brief period of commissioning, ramp up and operations prior to the suspension of operations.
- Gold production for the quarter was 94,250 oz, comprised of 66,790 oz of concentrate and 27,460 oz of doré.
- During the quarter, 62,160 oz of gold were sold. The differences between ounces produced and sold is due to finished product, concentrate and doré, at site or in transit to the smelter or refinery, respectively, at September 30, 2020.

The table below summarizes operating data for the third quarter, and period-to-date from March 1, 2020, following declaration of commercial production.

	Q3 2020	March 1 – September 30, 2020
Tonnes mined (tonnes)	265,298	322,432
Tonnes milled (tonnes)	324,143	386,861
Average head grade (g/t)	10.4	10.2
Average recovery (%)	86.8	85.8
Average mill throughput (tpd)	3,340	3,424
Gold ounces produced	94,250	106,000
Gold ounces sold	62,160	93,066

In addition, for the year to date, from January 1, 2020 to September 30, 2020, a total of 145,570 oz of gold has been produced and 128,274 oz has been sold, including 35,208 oz sold prior to declaration of commercial production.

Financial Results

- The Company recognized gross revenues of \$123 million based on sales of 62,160 oz at an average realized gold price of \$1,986 per oz sold¹ during the third quarter. Net of treatment and refining charges, revenues for the quarter were \$119 million.
- In the quarter, sales were comprised of 46,041 oz of gold in concentrate and 16,119 oz of gold in doré.
- Cash operating costs¹ and all-in-sustaining costs ("AISC")¹ for the quarter were \$632 and \$728 per oz of gold sold, respectively. This strong financial performance reflects in part the benefits of the advance preparation during the suspension of operations in anticipation of re-starting operations and accessing high grade ore in the mine.
- Income from mining operations was \$62.8 million in the first full quarter of production.
- Net income for the quarter was \$27.8 million, after deducting corporate, exploration and finance costs and derivative losses. Adjusted net earnings¹ for the quarter were \$45.8 million and \$0.20 per share¹.
- In the quarter, the Company generated cash flow of \$23.4 million from operations.
- The Company made scheduled principal and interest payments under the stream facility and interest payments under the senior debt totaling \$11.6 million during the quarter.

	Q3 2020	January 1 – September 30, 2020
Net revenues (\$'000)	118,904	168,906
Income from mining operations (\$'000)	62,751	77,529
Net income (loss) (\$'000)	27,780	(45,925)
Average gold sale price (\$/oz sold) ¹	1,986	1,884 ²
Average cash operating cost (\$/oz sold) ¹	632	713 ²
Average all-in sustaining costs (\$/oz sold) ¹	728	803 ²
Operating cash flow per share (\$) ¹	0.10	0.08
Adjusted net earnings (\$'000) ¹	45,790	29,690
Adjusted net earnings per share (\$) ¹	0.20	0.13

¹ Refer to "Non-IFRS Measures" section.

² Calculated from March 1 to September 30, 2020 to reflect period since commercial production was declared

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Corporate

- On July 31, 2020, Tamara Brown of Newcrest Mining Limited ("Newcrest") resigned from the board. On August 11, 2020, Bob Thiele was appointed to the board as Newcrest's nominee. Mr. Thiele has over 35 years of operational and corporate project and mining experience and currently serves as General Manager – Technical Services & Business Improvement for Newcrest.

Construction

South Ventilation Raise

- Work on the completion of the South Ventilation Raise ("SVR") resumed in June and is continuing. The SVR has been filled with concrete due to a localized ground fall. Re-drilling of the pilot hole is underway and due to voids in the concrete, progress has been slower than anticipated as the voids must be grouted as they are encountered. As of the end of the quarter, work on the SVR is now anticipated to be completed in early 2021. The timing of this work does not impact planned production.

Construction

- Commissioning of the mine paste backfill plant was substantially completed by quarter end with paste poured in one stope. Ramp up of the production rate is continuing and full production is anticipated in November.
- The restart of construction of the Company's Zamora River bridge is anticipated in the coming weeks following implementation of stringent COVID-19 protocols to minimize health risks to the nearby communities and is expected to be completed early in the second quarter of 2021.

Health and Safety and Community

Health and Safety

- The health and safety of personnel at site is of paramount importance, with stringent procedures followed to minimize the impact of COVID-19 on the workforce. To date, only 34 cases were identified at site, with no known active cases currently at site.
- During the quarter there was one Lost Time Incident and two Medical Aid Incidents.
- The Total Recordable Incident Rate for the 2020 Period was 0.51 per 200,000 hours worked.

Community

- Subsequent to the end of the quarter, a public bridge over the Zamora River which connected local communities and was used in part for access to Fruta del Norte collapsed, with no reported injuries. Lundin Gold is supporting the affected communities through assistance with transportation of people and supplies and has reaffirmed its commitment to fund the replacement of the public bridge to be constructed under the authority of the provincial government, estimated at \$3.0 million.
- Following the collapse of the bridge, a group of local residents erected a blockade on the public road used to access Fruta del Norte. A resolution has since been reached through the efforts of the Company and the national government and the blockade was removed.

Exploration

- In September, the Company received the permit for drilling one of its priority targets, Barbasco, located 7 kilometres ("km") from Fruta del Norte along the 16 km long Suarez Pull-Apart Basin structure. Plans for a drilling campaign at Barbasco, including establishing separate COVID-19 protocols for these activities, are underway targeting a start date in early 2021.

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SUMMARY OF QUARTERLY FINANCIAL RESULTS

The Company's quarterly financial statements are reported under IFRS as issued by the IASB as applicable to interim financial reporting. The following table provides highlights from the Company's financial statements of quarterly results for the past eight quarters (unaudited).

	2020 Q3	2020 Q2	2020 Q1	2019 Q4
Revenues	\$ 118,904	\$ 13,146	\$ 36,856	\$ -
Income from mining operations	\$ 62,751	\$ 4,442	\$ 10,336	\$ -
Derivative loss for the period	\$ (18,010)	\$ (25,732)	\$ (2,569)	\$ (35,120)
Net income (loss) for the period	\$ 27,780	\$ (64,374)	\$ (9,331)	\$ (40,765)
Basic income (loss) per share	\$ 0.12	\$ (0.29)	\$ (0.04)	\$ (0.18)
Diluted income (loss) per share	\$ 0.12	\$ (0.29)	\$ (0.04)	\$ (0.18)
Weighted-average number of common shares outstanding				
Basic	229,936,873	225,724,679	224,244,554	223,339,447
Diluted	233,264,544	225,724,679	224,244,554	223,339,447
Additions to property, plant and equipment	\$ 3,790	\$ 9,386	\$ 5,347	\$ 98,642
Total assets	\$ 1,452,070	\$ 1,407,231	\$ 1,403,192	\$ 1,408,961
Long-term debt	\$ 808,770	\$ 790,285	\$ 808,251	\$ 878,586
Working capital	\$ 31,172	\$ (7,205)	\$ 39,581	\$ 32,800
	2019 Q3	2019 Q2	2019 Q1	2018 Q4
Revenues	\$ -	\$ -	\$ -	\$ -
Derivative gain (loss) for the period	\$ (33,723)	\$ (24,745)	\$ 468	\$ (28,508)
Net income (loss) for the period	\$ (39,672)	\$ (30,797)	\$ (7,711)	\$ (23,491)
Basic income (loss) per share	\$ (0.18)	\$ (0.14)	\$ (0.04)	\$ (0.11)
Diluted income (loss) per share	\$ (0.18)	\$ (0.14)	\$ (0.04)	\$ (0.11)
Weighted-average number of common shares outstanding				
Basic	222,953,642	222,535,083	216,061,503	213,163,980
Diluted	222,953,642	222,535,083	216,061,503	213,163,980
Additions to property, plant and equipment	\$ 109,996	\$ 118,520	\$ 124,069	\$ 113,841
Total assets	\$ 1,344,528	\$ 1,343,799	\$ 1,062,931	\$ 1,012,461
Long-term debt	\$ 772,526	\$ 722,689	\$ 388,106	\$ 364,252
Working capital	\$ 124,586	\$ 222,056	\$ 59,889	\$ 153,186

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Three months ended September 30, 2020 compared to the three months ended September 30, 2019

The Company generated net income of \$27.8 million during the third quarter of 2020 compared to a net loss of \$39.7 million during the third quarter of 2019. Net income was generated from the Company's first full quarter of operations which resulted in revenues of \$119 million and income from mining operations of \$62.8 million. This is offset by a derivative loss of \$18.0 million and finance expense of \$14.3 million. In the second quarter of 2020, operations were temporarily suspended in response to the COVID-19 pandemic. Prior to that, Fruta del Norte was under construction and therefore, the Company did not generate income. The loss during the third quarter of 2019 was driven by derivative loss of \$33.7 million and corporate administration costs of \$6.1 million.

Income from mining operations

During the third quarter of 2020, the Company recognized revenues of \$119 million from the sale of 62,160 oz of gold. This is offset by cost of goods sold of \$56.2 million which is comprised of operating expenses of \$32.4 million; royalties of \$6.9 million; and depletion and amortization of \$16.9 million.

Corporate administration

Corporate administration costs decreased from \$6.1 million during the third quarter of 2019 to \$2.1 million during the third quarter of 2020. This decrease is attributable to lower professional fees, no training for operations as that program was completed in 2019, and the start of commercial production and resulting classification of certain costs to operating expenses.

Finance expense (income)

Finance expense of \$14.3 million was incurred during the third quarter of 2020. This is comprised of costs under the Company's loan facilities including accrued interest expense totaling \$9.8 million and related fees of \$3.4 million. These amounts were previously capitalized during the construction period.

Derivative loss

Derivative loss of \$18.0 million was recorded during the third quarter of 2020 compared to a derivative loss of \$33.7 million in the third quarter of 2019. The derivative loss is due to the change in estimated fair values of the gold prepay, stream, and offtake facilities which are accounted for as financial liabilities measured at fair value and is more fully explained below.

Nine months ended September 30, 2020 compared to the nine months ended September 30, 2019

The Company generated a net loss of \$45.9 million during the 2020 Period compared to a loss of \$78.2 million during the 2019 Period. The net loss during the 2020 Period is primarily due to a derivative loss of \$46.3 million; finance expense of \$32.0 million, costs relating to the suspension of operations of \$29.3 million; and corporate administration costs of \$15.0 million. This is offset by income from mining operations of \$77.5 million. During the 2019 Period, the loss of \$78.2 million was driven by a derivative loss of \$58.0 million and corporate administration costs of \$18.9 million.

Income from mining operations

Effective March 1, 2020, following declaration of commercial production in February 2020, net proceeds from saleable mineral material and expenditures of an operating nature were recognized as revenues and cost of sales, instead of being deducted from or added to the capitalized cost of FDN, as applicable, during the final few months of construction, commissioning and ramp up of Fruta del Norte. As a result, revenues of \$169 million was recognized during the 2020 Period based on sales of 93,066 oz of gold. After deducting cost of goods sold of \$91.4 million, the Company generated income from mining operations during the 2020 Period of \$77.5 million. Revenues and net income from mining operations for the 2020 Period were severely impacted by the suspension of operations due to the COVID-19 pandemic during the second quarter of 2020.

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Corporate administration

Corporate administration costs of \$15.0 million was incurred during the 2020 Period compared to \$18.9 million during the 2019 Period. The decrease of \$3.9 million is mainly due to training costs, which decreased by \$3.1 million during the 2020 Period as the training program for operations was completed in the third quarter of 2019, lower professional fees and the classification of certain costs as operating expenses since reaching commercial production. This is offset in part by the payment of milestone bonuses of \$2.8 million for the achievement of commercial production to the Company's employees.

Suspension of operations

In response to the COVID-19 pandemic, operations at Fruta del Norte were suspended throughout the second quarter. The Company continued to pay all personnel during the period of temporary suspension while retaining a minimal number of staff at Fruta del Norte for care and maintenance activities as well as other activities to ensure an efficient restart of operations. Suspension costs of \$29.3 million were principally comprised of wages, site maintenance activities, COVID-19 related costs and ongoing fixed costs such as insurance and property taxes.

Finance expense (income)

With the start of commercial production, finance expense is recognized in the Company's condensed consolidated interim statement of income. This resulted in finance expense of \$32.0 million during the 2020 Period which includes interest of \$24.3 million on the Company's loan facilities as well as other finance costs of \$5.4 million in support of the loan facilities.

Derivative loss

The Company did not make repayments under its gold prepay facility but made principal and interest repayments of \$11.3 million under the stream facility during the 2020 Period. The variation in the amount of these debt obligations is mainly due to a change in their estimated fair values during the 2020 Period as they are accounted for as financial liabilities measured at fair value. This variation is recorded as a derivative gain or loss in the applicable period. The fair values calculated under the Company's accounting policies are based on numerous estimates noted below as of the balance sheet date and are, therefore, subject to further future variations until the debt obligations will actually be repaid by the Company.

These balances are valued using Monte Carlo simulation valuation models. The key inputs used by the Monte Carlo simulation include: the gold and silver forward prices, the Company's expectation about long-term gold yields, gold and silver volatility, risk-free rate of return, risk-adjusted discount rate, and production expectations. Relatively small variations in some of these inputs can give rise to significant variations in the fair value of financial liabilities; hence, the large derivative gains and losses recorded in the accounts to date.

Two key drivers of current fair values are gold and silver prices and the Company's risk adjusted discount rate:

- Future repayments under the gold prepay and stream credit facilities are based on forward gold and silver price estimates at time of repayment. During periods of increasing gold and silver prices, their forecast forward prices will also generally increase. This, combined with a factor for volatility, results in a higher estimated fair value of the debt obligations at the current balance sheet date and the recognition of derivative losses, although it does not necessarily reflect the amounts that will actually be repaid when the obligations become due in the future. It should also be noted that the potentially more significant impact of the same change in forward gold and silver prices on the value of future production and revenues forecast to be generated during the same periods when the debt obligations will be repaid cannot be recognized because of the inherent uncertainty and risks associated with actually realizing such production and sales.
- The discount rate used to determine the current fair value of future payments under the gold prepay and stream credit facilities is dependent not only on the Company's own weighted average cost of capital, but also on market conditions. These include inflation, economic conditions, both local and industry specific, and other factors outside of the Company's control like the COVID-19 pandemic. The pandemic has negatively impacted global financial markets, and may continue to do so, causing a volatility in yields and credit risk. An increase in yields would generally cause a decrease in the fair value of financial instruments like the gold prepay and stream credit facilities.

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LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2020, the Company had cash of \$68.8 million and a working capital balance of \$31.2 million compared to cash of \$75.7 million and a working capital balance of \$32.8 million at December 31, 2019. The change in cash in the 2020 Period was primarily due to costs incurred, net of sales generated, for the development of Fruta del Norte of \$35.4 million and interest payments totaling \$23.0 million. This is offset by net proceeds from the equity financing completed in June 2020 of \$41.4 million; cash generated by operating activities of \$18.6 million; proceeds of \$3.2 million from stock option exercises and \$4.9 million from the issuance of shares to Newcrest under the anti-dilution rights related to its shareholding in the Company.

Trade receivables

The majority of trade receivables represent the value of concentrate sold as at period end for which the funds are not yet received. Consistent with industry standards, these sales have relatively long payment terms and are not fully settled until concentrates are received by the customer and related final assays confirmed, generally two to four months after the export sale occurs. There is no recorded allowance for credit losses. In determining the recoverability of trade receivables, the Company assesses the credit quality of the counterparty, with the concentration of the credit risk limited due to the nature of the counterparties involved and a history of no credit losses.

VAT receivables

VAT paid in Ecuador by the Company after January 1, 2018 will be refunded or applied as a credit against other taxes payable based on export sales. As the Company is starting to generate sales, a portion of the VAT recoverable has been reclassified as current assets based on the Company's assessment of the estimated time for processing current VAT claims and forecast future sales.

Advanced royalties

Advance royalties are deductible against future royalties on sales payable to the Government of Ecuador at a rate equal to the lesser of 50% of the actual future royalties payable in a six-month period or 10% of the total advance royalty payment. As the Company is generating sales, a portion of the advance royalty payment is classified as current assets.

Inventories

With commercial production reached in February 2020 and a full three months of production in the third quarter, inventories are now at expected levels. Gold inventory is recognized in the ore stockpiles and in production inventory, comprised principally of concentrate and doré at site or in transit to port or the refinery, with a small component of gold-in-circuit. The high value of material and supplies, comprised of consumables and spare parts, reflects the Company's assessment of the procurement cycles due to the remoteness of FDN.

Investment activities

Investment activities for the 2020 Period are comprised principally of costs for the construction and development of Fruta del Norte, with minimal costs incurred to date on sustaining capital.

Liquidity and capital resources

The Company's treasury was sufficient to support the Company during the temporary suspension and re-start of operations, including meeting all of its obligations under its existing loans. The treasury was supplemented by an equity financing of \$41.4 million in June 2020. Following the re-start of operations in early July, in the third quarter the Company generated \$23.4 million of net cash from its operating activities while also increasing its working capital position. The Company expects to generate net sale receipts and net operating cash flows well in excess of its known obligations due in the next twelve months. It also expects to support exploration and the completion of current and planned capital projects through its operating cash flow. This notwithstanding, the Company cannot be certain that an escalation of the COVID-19 pandemic would not have an impact on operations or on the Company's financial position in the future. The Company's continuing operations and the underlying value and recoverability of the amount shown for the mineral interests and property, plant and equipment are ultimately dependent upon the ability of the Company operate FDN without extended interruptions and on future profitable production.

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TRANSACTIONS WITH RELATED PARTIES

During the 2020 Period, the Company paid \$0.2 million (2019 – \$0.2 million) to Namdo Management Services Ltd. ("Namdo"), a private corporation associated with an officer of the Company. The Company occupies office space in the Namdo offices in Vancouver for the Company's management, investor relations personnel and support staff. Namdo charges a service fee and recovers out of pocket expenses related to the Company.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, cash equivalents and receivables, which are categorized as financial assets at amortized cost, and accounts payable and accrued liabilities, which are categorized as financial liabilities at amortized cost. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. In addition, the gold prepay credit facility, stream loan credit facility, and offtake commitment have been classified as financial liabilities measured at fair value. The senior debt facility has been classified as a financial liability at amortized cost.

The Company's financial instruments are exposed to a variety of financial risks by virtue of its activities.

Currency risk

Lundin Gold is a Canadian company and its capital is typically raised in Canadian dollars, with foreign operations in Ecuador. The majority of its expenditures are incurred in Ecuador which are primarily denominated in U.S. dollars. These expenditures are funded by utilizations under the Company's long-term debt and sales proceeds which are in U.S. dollars. As such, the Company is not subject to significant risk due to fluctuations in exchange rates.

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The majority of the Company's cash is held in large financial institutions with a high investment grade rating. The Company is also subject to credit risk associated with its trade receivables. The Company manages this risk by only selling to a small group of reputable customers with strong financial statements.

Interest rate risk

The Company is subject to interest rate risk with respect to the fair value of long-term debt which is accounted for at fair value through profit or loss and on the Facility for which interest payments are affected by movements to the LIBOR rate.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. Cash flow forecasting is performed regularly to monitor the Company's liquidity requirements to ensure it has sufficient cash to meet its financial needs at all times. In addition, management is actively involved in the review, planning and approval of significant expenditures and commitments.

Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices for gold and silver. Commodity price risks are affected by many factors that are outside the Company's control including global or regional consumption patterns, the supply of and demand for metals, speculative activities, the availability and costs of substitutes, inflation and political and economic conditions. The Company has not hedged the price of any commodity at this time.

The fair value of long-term debt which is accounted for at fair value through profit or loss is impacted by fluctuations of commodity prices.

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COMMITMENTS

Significant capital expenditures contracted as at September 30, 2020 but not recognized as liabilities are as follows:

		Development costs
12 months ending September 30, 2021	\$	9,893
October 1, 2021 onward		-
Total	\$	9,893

OFF-BALANCE SHEET ARRANGEMENTS

During the 2020 Period and the year ended December 31, 2019 there were no off-balance sheet transactions. The Company has not entered into any specialized financial arrangements to minimize its currency risk.

OUTSTANDING SHARE DATA

As at the date of this MD&A, there were 230,008,017 common shares issued and outstanding and outstanding warrants to purchase a total of 411,441 common shares. There were also stock options outstanding to purchase a total of 6,279,900 common shares, 148,000 restricted share units with a performance criteria, 34,600 restricted share units settled by issuance of shares, and 1,247 deferred share units.

OUTLOOK

Guidance for the second half of 2020 remains unchanged and gold production at Fruta del Norte for the fourth quarter of 2020 is estimated to be in the range of 60,000 to 75,000 oz. Production is expected to be lower in the fourth quarter compared to the third quarter due to a planned mill maintenance shutdown to expand the concentrate filter press capacity and lower feed grades, which are more reflective of the overall average resource grade. Total 2020 gold production is estimated to be between 200,000 and 220,000 oz, unchanged from previous guidance.

AISC for the second half of 2020 is expected to range between \$770 and \$850 per oz of gold sold, consistent with prior guidance. AISC includes \$10.4 million in sustaining capital, most of which is planned for the fourth quarter and comprised of costs for the tailings dam raise which commenced in September, the purchase of surface mobile equipment and other efficiency improvement projects.

The following capital project activities, which are still part of the construction scope of Fruta del Norte, are also continuing:

- Complete the construction of the Company's bridge over the Zamora River construction early in the second quarter of 2021.
- Complete the South Ventilation Raise early in the first quarter of 2021.

An initial internal throughput expansion study has confirmed the technical feasibility of increasing throughput in the plant from 3,500 tonnes to 4,200 tpd. Engineering, costing, procurement of additional equipment and scheduling are underway with the objective of completing this project before the end of 2021.

The reactivation of the exploration program, focused on drilling the Barbasco target, has commenced and drilling is expected to start in early 2021.

In early 2021, the Company plans to also commence a 10,000 meter drill program targeting conversion and expansion of the Fruta del Norte mineral resource.

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NON-IFRS MEASURES

This MD&A refers to certain financial measures, such as average realized gold price, cash operating cost per oz. and all-in sustaining cost per oz, which are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. These measures may differ from those made by other companies and accordingly may not be comparable to such measures as reported by other companies. These measures have been derived from the Company's financial statements because the Company believes that, with the achievement of commercial production, they are of assistance in the understanding of the results of operations and its financial position.

Average realized gold price per oz sold

Average realized gold price is a metric used to better understand the gold price realized during a period. This is calculated as sales for the period plus treatment and refining charges less silver sales divided by gold oz sold.

	July 1 to September 30, 2020		September 30, 2019		March 1 to September 30, 2020		September 30, 2019	
Revenues	\$	118,904	\$	-	\$	168,906	\$	-
Treatment and refining charges		5,968		-		8,318		-
Less: silver revenues		(1,435)		-		(1,852)		-
Gold sales	\$	123,437	\$	-	\$	175,372	\$	-
Gold oz sold		62,160		-		93,066		-
Average realized gold price	\$	1,986	\$	-	\$	1,884	\$	-

Adjusted Earnings and adjusted basic earning per share

Adjusted earnings and adjusted basic earnings per share can be used to measure and may assist in evaluating operating earning trends in comparison with results from prior periods by excluding specific items that are significant, but not reflective of the underlying operating activities of the Company. Presently, these include: the second quarter suspension of operations and derivative losses from accounting for the gold prepay and stream facilities at fair value. Adjusted basic earnings per share is calculated using the weighted average number of shares outstanding under the basic method of earnings per share as determined under IFRS.

	Three months ended September 30, 2020		September 30, 2019		Nine months ended September 30, 2020		September 30, 2019	
Net income (loss) for the period	\$	27,780	\$	(39,672)	\$	(45,925)	\$	(78,180)
Adjusted for:								
Suspension of operations		-		-		29,304		-
Derivative loss		18,010		33,723		46,311		58,000
Adjusted earnings (loss)	\$	45,790	\$	(5,949)	\$	29,690	\$	(20,180)
Basic weighted average shares outstanding		229,936,873		222,953,642		226,647,415		220,541,990
Adjusted basic earnings (loss) per share	\$	0.20	\$	(0.03)	\$	0.13	\$	(0.09)

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Cash operating cost per oz

Cash operating cost per oz sold, combined with revenues, can be used to evaluate the Company's performance and ability to generate operating income and cash flow from operating activities. Cash operating costs include operating expenses and royalty expenses from March 1, 2020 after the achievement of commercial production.

	July 1 to September 30,		March 1 to September 30,	
	2020	2019	2020	2019
Operating expenses	\$ 32,381	\$ -	\$ 56,605	\$ -
Royalty expenses	6,884	-	9,720	-
Cash operating costs	\$ 39,265	\$ -	\$ 66,325	\$ -
Gold oz sold	62,160	-	93,066	-
Cash operating cost per oz sold	\$ 632	\$ -	\$ 713	\$ -

All-in sustaining cost

AISC provides information on the total cost associated with producing gold since March 1, 2020 and has been calculated on a basis consistent with historic news releases by the Company.

The Company calculates AISC as the sum of total cash operating costs (as described above), corporate social responsibility costs, treatment and refining charges, accretion of restoration provision, and sustaining capital, less silver revenue, all divided by the gold ounces sold to arrive at a per oz amount.

Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied.

	July 1 to September 30,		March 1 to September 30,	
	2020	2019	2020	2019
Cash operating costs	\$ 39,265	\$ -	\$ 66,325	\$ -
Corporate social responsibility	195	262	617	855
Treatment and refining charges	5,968	-	8,318	-
Accretion of restoration provision	9	-	29	-
Sustaining capital	1,264	-	1,264	-
Less: silver revenues	(1,435)	-	(1,852)	-
Cash operating costs	\$ 45,266	\$ 262	\$ 74,701	\$ -
Gold oz sold	62,160	-	93,066	-
Cash operating cost per oz sold	\$ 728	\$ -	\$ 803	\$ -

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Operating cash flow per share

Operating cash flow per share can be used to evaluate the Company's ability to generate cash flow from operations. The Company calculates operating cash flow per share as net cash provided by or used for operating activities divided by its basic weighted-average number of common shares outstanding.

	Three months ended September 30, 2020		2019		Nine months ended September 30, 2020		2019	
Net cash provided by (used for) operating activities	\$	23,385	\$	(8,101)	\$	18,625	\$	(18,433)
Basic weighted average shares outstanding		229,936,873		222,953,642		226,647,415		220,541,990
Operating cash flow per share	\$	0.10	\$	(0.04)	\$	0.08	\$	(0.08)

CRITICAL ACCOUNTING ESTIMATES

The adoption of certain accounting policies requires the Company to make estimates that affect both the amount and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require judgments about matters that are inherently uncertain. For a complete discussion of accounting estimates deemed most crucial by the Company, refer to the Company's annual 2019 Management's Discussion and Analysis.

RISKS AND UNCERTAINTIES

Natural resources exploration, development and operation involves a number of risks and uncertainties, many of which are beyond the Company's control, such as some of the risks relating to the impacts of the COVID-19 pandemic virus outbreak. These risks and uncertainties include, without limitation, the risks discussed elsewhere in this MD&A and those set out in the Company's Annual Information Form dated March 24, 2020 (the "AIF") and its short form prospectus dated June 8, 2020 (the "Prospectus"), which are available on SEDAR at www.sedar.com.

QUALIFIED PERSON

The technical information relating to the Fruta del Norte Project contained in this MD&A has been reviewed and approved by Ron Hochstein P. Eng, Lundin Gold's President & CEO who is a Qualified Person under NI 43-101. The disclosure of exploration information contained in this MD&A was prepared by Stephen Leary, MAusIMM CP(Geo), a consultant to the Company, who is a Qualified Person in accordance with the requirements of NI 43-101.

FINANCIAL INFORMATION

The report for the year ended December 31, 2020 is expected to be published on or about February 24, 2021.

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DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

Management, including the Chief Executive Officer and the Chief Financial Officer, are responsible for the design of the Company's disclosure controls and procedures in order to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

Internal controls over financial reporting

Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Because of their inherent limitations, internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required under Multilateral Instrument 52-109, management advises that there have been no changes in the Company's internal control over financial reporting that occurred during the most recent interim period, beginning January 1, 2020 and ending September 30, 2020, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

FORWARD LOOKING STATEMENTS

Certain of the information and statements in this MD&A are considered "forward-looking information" or "forward-looking statements" as those terms are defined under Canadian securities laws (collectively referred to as "forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "believes", "anticipates", "expects", "is expected", "scheduled", "estimates", "pending", "intends", "plans", "forecasts", "targets", or "hopes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "will", "should" "might", "will be taken", or "occur" and similar expressions) are not statements of historical fact and may be forward-looking statements.

By their nature, forward-looking statements and information involve assumptions, inherent risks and uncertainties, many of which are difficult to predict, and are usually beyond the control of management, that could cause actual results to be materially different from those expressed by these forward-looking statements and information. Lundin Gold believes that the expectations reflected in this forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct. Forward-looking information should not be unduly relied upon. This information speaks only as of the date of this MD&A, and the Company will not necessarily update this information, unless required to do so by securities laws.

This MD&A contains forward-looking information in a number of places, such as in statements pertaining to the Company's efforts to protect its workforce from COVID-19, its 2020 production outlook, including estimates of gold production, grades and recoveries and its expectations regarding all-in-sustaining costs, the expected timing of completion of capital projects including the SVR and its private bridge over the Zamora River, the Company's continued support to community initiatives, the timing of completion and implementation of the throughput expansion study and its plans to reactivate exploration activities.

Lundin Gold's actual results could differ materially from those anticipated. Management has identified the following risk factors which could have a material impact on the Company or the trading price of its shares: risks relating to the impacts of a pandemic virus outbreak; risks associated with the Company's community relationships; risks related to financing requirements; failure by the Company to maintain its obligations under its credit facilities; operating risks; risks associated with the ramp up of mining operations; risks related to political and economic instability in Ecuador; risks

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related to production estimates; risks related to Lundin Gold's compliance with environmental laws and liability for environmental contamination; volatility in the price of gold; shortages of critical supplies; lack of availability of infrastructure; deficient or vulnerable title to mining concessions; easements and surface rights; risks related to the Company's workforce and its labour relations; inherent safety hazards and risk to the health and safety of the Company's employees and contractors; risks related to the Company's ability to obtain, maintain or renew regulatory approvals, permits and licenses; the imprecision of mineral reserve and resource estimates; key talent recruitment and retention of key personnel; volatility in the market price of the Company's shares; the potential influence of the Company's largest shareholders; uncertainty with the tax regime in Ecuador; measures to protect endangered species and critical habitats; the cost of non-compliance and compliance costs; exploration and development risks; the Company's reliance on one project; risks related to illegal mining; the reliance of the Company on its information systems and the risk of cyber-attacks on those systems; the adequacy of the Company's insurance; uncertainty as to reclamation and decommissioning; the ability of Lundin Gold to ensure compliance with anti-bribery and anti-corruption laws; the uncertainty regarding risks posed by climate change; the potential for litigation; limits of disclosure and internal controls; security risks to the Company; its assets and its personnel; conflicts of interest; the risk that the Company will not declare dividends; and social media and the Company's reputation.

There can be no assurance that such statements will prove to be accurate, as Lundin Gold's actual results and future events could differ materially from those anticipated in this forward-looking information as a result of the factors discussed under the heading "Risk Factors" in the AIF and the Prospectus available at www.sedar.com.