
LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2021

(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, 2021 with those of the same period from the previous year.

This MD&A is dated as of November 9, 2021 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, 2021, 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, 2020. References to the "2021 Period" and "2020 Period" relate to the nine months ended September 30, 2021 and September 30, 2020, 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 27 metallic mineral concessions and three construction material concessions covering an area of approximately 64,270 hectares in southeast Ecuador, including the Fruta del Norte gold mine ("Fruta del Norte" or "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 are dedicated to operating Fruta del Norte responsibly. 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 operations of Fruta del Norte will benefit its shareholders, the Government and the citizens of Ecuador.

THIRD QUARTER 2021 HIGHLIGHTS AND ACTIVITIES

Operating results continued to be strong in the third quarter and are highlighted by the production of 107,663 ounces ("oz") of gold and sales of 111,605 oz at a cash operating cost¹ of \$650 per oz sold and all-in sustaining cost ("AISC")¹ of \$804 per oz sold. From this, net revenues, adjusted earnings¹, and free cash flow¹ of \$190.8 million, \$58.8 million, and \$47.1 million, respectively, were realized during the quarter resulting in a cash balance of \$221.8 million at quarter end.

Fruta del Norte continued to advance construction to achieve the expanded 4,200 tonnes per day ("tpd") capacity at its process plant and progressively increased mill throughput to an average of 3,971 tpd during the quarter. With the completion of the mill expansion early in the fourth quarter, the Company remains on track to end the year at the upper end of its stated 2021 guidance of 380,000 to 420,000 oz of gold produced and the lower end of the AISC guidance of between \$770 and \$830 per oz of gold sold, calculated on a basis consistent with prior periods.

The following two tables provide an overview of key operating and financial results achieved during 2021 compared to the same periods in 2020.

¹ Refer to "Non-IFRS Measures" section.

LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2021

(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)

	Three months ended September 30, 2021		Nine months ended September 30, 2020 ¹	
Tonnes mined	382,667	265,298	1,145,778	462,972
Tonnes milled	365,316	324,143	1,036,468	568,633
Average head grade (g/t)	10.3	10.4	10.9	9.4
Average recovery (%)	88.8%	86.8%	88.2%	84.8%
Average mill throughput (tpd)	3,971	3,340	3,797	3,306
Gold ounces produced	107,663	94,250	320,599	145,570
Gold ounces sold	111,605	62,160	318,822	128,274

	Three months ended September 30, 2021		Nine months ended September 30, 2020	
Net revenues (\$'000)	190,753	118,904	546,889	168,906 ²
Income from mining operations (\$'000)	89,431	62,751	264,066	77,529 ²
Earnings before interest, taxes, depreciation, and amortization (\$'000) ³	112,832	58,030	352,475	13,652
Adjusted earnings before interest, taxes, depreciation, and amortization (\$'000) ³	113,468	76,040	327,187	59,963
Net income (loss) (\$'000)	56,673	27,780	192,637	(45,925)
Free cash flow (\$'000) ³	47,114	(4,295)	193,689	(51,546)
Average realized gold price (\$/oz sold) ³	1,769	1,986	1,770	1,884 ²
Cash operating cost (\$/oz sold) ³	650	632	635	713 ²
All-in sustaining costs (\$/oz sold) ³	804	728	778	803 ²
Free cash flow per share (\$) ³	0.20	(0.02)	0.84	(0.23)
Adjusted net earnings (\$'000) ³	58,796	45,790	171,005	29,690
Adjusted net earnings per share (\$) ³	0.25	0.20	0.74	0.13

¹ The figures presented are for the nine months ended September 30, 2020 which include the two-month ramp up period before achieving commercial production.

² Amount relates to the period after achievement of commercial production.

³ Refer to "Non-IFRS Measures" section.

LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2021

(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)

The difference between net income and adjusted earnings during the third quarter and the 2021 Period is due to non-cash derivative losses of \$0.6 million and derivative gains of \$25.3 million, respectively, associated with fair value accounting for the gold prepay and stream facilities. These non-cash items are driven by numerous factors including anticipated forward gold prices and yields. Non-cash derivative gains (or losses) associated with anticipated decreasing (or increasing) forward gold prices are recorded in the statement of operations, while non-cash derivative gains (or losses) associated with increasing (or decreasing) yields are recorded in the statement of other comprehensive income. These non-cash gains or losses are derived from complex valuation modelling and accounting treatment which are explained in more detail later in the MD&A. Revaluation of these obligations may result in considerable period-to-period volatility in the Company's net income, comprehensive income, current and long term liabilities and do not necessarily reflect the amounts that will actually be repaid when the obligations become due.

Operating Results During the Third Quarter of 2021

- The mine maintained its strong operating performance with 382,667 tonnes mined.
- Underground mine development also continued as planned with a total of 2,148 metres completed. Development rates averaged 23.3 metres per day in the third quarter.
- The mill continued to increase throughput, processing 365,316 tonnes of ore at an average throughput of 3,971 tpd.
- The average grade of ore milled was 10.3 grams per tonne with average recovery at 88.8%.
- Gold production was 107,663 oz, comprised of 76,837 oz of concentrate and 30,826 oz of doré.
- The Company sold a total of 111,605 oz of gold, consisting of 78,251 oz of concentrate and 33,354 oz of doré at an average realized gold price¹ of \$1,769 per oz for total gross revenues from gold sales of \$197.4 million. Net of treatment and refining charges, revenues were \$190.8 million.
- Cash operating costs¹ and AISC¹ were \$650 and \$804 per oz of gold sold, respectively. Cash operating costs were higher than the previous quarter mainly due to a decrease in grade processed (10.3 g/t vs. 11.1 g/t) which is in line with plan. The higher AISC compared to the previous quarter was the result of the higher cash operating costs and higher sustaining capital expenditures in the quarter.
- Income from mining operations was \$89.4 million. The Company generated cash flow of \$92.7 million from operations and ended the quarter with a cash balance of \$221.8 million. Free cash flow¹ for the quarter was \$47.1 million or \$0.20 per share and for the 2021 Period was \$193.7 million or \$0.84 per share.
- Earnings before interest, taxes, depreciation, and amortization¹ ("EBITDA") and adjusted EBITDA¹ were \$112.8 million and \$113.5 million, respectively.
- Net income was \$56.7 million after deducting derivative losses, corporate, exploration, finance costs, and associated taxes on earnings. Adjusted earnings¹, which exclude derivative losses, were \$58.8 million, or \$0.25 per share.

Capital Expenditures

South Ventilation Raise ("SVR")

- The SVR progressed in accordance with the revised work plan and completion is still expected in the second quarter of 2022. Raise boring to a diameter of 2.1 metres was completed near the end of the third quarter and the 2.1 metre raise was shotcreted shortly after the end of the quarter. Contractor award and mobilization for the slash and line to a diameter of 5.1 metres is expected in the fourth quarter. There is no anticipated impact on production forecasts for the remainder of 2021 or 2022 as a result of the revised work plan.

Expansion Project

- The mine operated at the higher 4,200 tpd production rate for the quarter, and the mill expansion advanced during the third quarter and was substantially completed early in the fourth quarter of 2021 as scheduled and on budget.

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LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2021

(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)

Sustaining Capital

- The second raise of the tailings dam was completed shortly after quarter end.
- Resource expansion drilling at Fruta del Norte continued to progress during the quarter which focussed on the expansion of the inferred resource at the south end of the deposit. Initial results of this program are expected in the fourth quarter of 2021.

Health and Safety and Community

Health and Safety

- The health and safety of personnel at site is of paramount importance, and stringent procedures remain in place to minimize the impact of COVID-19 on the workforce. Through vaccination campaigns by Ecuador's Ministry of Public Health, 99.7% of the Company's employees and on-site contractors were vaccinated as at September 30, 2021.
- During the quarter there were zero Lost Time Incidents and one Medical Aid Incident. FDN has reached over 3 million hours worked without a Lost Time Incident near the end of the third quarter.
- The Total Recordable Incident Rate was 0.16 per 200,000 hours worked during the third quarter of 2021 and 0.55 per 200,000 hours worked during the 2021 Period.

Community

- The internet connectivity project for 21 local communities advanced during the quarter and was completed in October 2021. Teachers now have high speed internet connection in the school, students in local communities are equipped with a tablet, and internet speed has been upgraded using fibre optic infrastructure. This project addresses the challenges that local schools continue to face due to the COVID-19 pandemic.
- Construction of the public bridge over the Zamora River advanced under the authority of the provincial government to replace the bridge that collapsed during the fourth quarter of 2020. Lundin Gold has provided the funding for this work to date. Lundin Gold has also been supporting the affected communities by assisting with transportation of people and supplies.

Exploration

The Company's 9,000 metre regional exploration program, which has now been expanded to 11,000 metres, continued during the third quarter and is focused on the Puente Princesa target, with two drill holes completed and two in progress. Results from the Puente Princesa drilling are expected in the first quarter of 2022.

Drilling at the Barbasco target ended during the third quarter. Six diamond drill holes totalling 5,387 metres were completed at Barbasco, with all of the assays received. Initial interpretation of the results is as follows:

- The holes intersected the late Fruta del Norte andesites, Suarez basin fill sediments and the Santiago Formation andesites and sediments (the host rock for Fruta del Norte).
- Zones of epithermal related alteration were intersected in all three rock types and multiple narrow (generally 2 metres or less), widely spaced epithermal quartz-carbonate-sulphide veins and some broader intervals of epithermal crackle brecciation were also intersected. Most of the veins are mildly anomalous in gold, silver and the epithermal pathfinder elements arsenic and antimony.
- The frequency of the veining and the intensity of the epithermal alteration increases to the south into an area completely covered by post-mineralization rocks. It is interpreted that the narrow veins and associated epithermal alteration have a component of lateral flow from further south along the eastern edge of the basin.
- Drilling is planned to continue in 2022 on the more remote and steep southern area of the Barbasco target once new access tracks are constructed.

LUNDIN GOLD INC.

Management's Discussion and Analysis
 Nine Months Ended September 30, 2021

(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)

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).

	2021 Q3	2021 Q2	2021 Q1	2020 Q4
Revenues	\$ 190,753	\$ 216,145	\$ 139,991	\$ 189,250
Income from mining operations	\$ 89,431	\$ 110,604	\$ 64,031	\$ 94,857
Derivative gain (loss) for the period	\$ (636)	\$ (25,599)	\$ 51,523	\$ (90,673)
Net income (loss) for the period	\$ 56,673	\$ 49,984	\$ 85,980	\$ (1,233)
Basic income (loss) per share	\$ 0.24	\$ 0.22	\$ 0.37	\$ (0.01)
Diluted income (loss) per share	\$ 0.24	\$ 0.21	\$ 0.37	\$ (0.01)
Weighted-average number of common shares outstanding				
Basic	232,723,880	231,998,447	230,751,034	230,039,327
Diluted	235,017,999	234,508,000	233,634,540	230,039,327
Additions to property, plant and equipment	\$ 20,101	\$ 16,157	\$ 12,240	\$ 23,307
Total assets	\$ 1,630,830	\$ 1,590,849	\$ 1,502,715	\$ 1,505,360
Long-term debt	\$ 748,856	\$ 772,361	\$ 776,881	\$ 857,094
Working capital	\$ 136,139	\$ 109,010	\$ 57,571	\$ 56,603
	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

LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2021

(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)

Three months ended September 30, 2021 compared to the three months ended September 30, 2020

Mill throughput was progressively increased to an average of 3,971 tpd during the three months ended September 30, 2021. In comparison, during the three months ended September 30, 2020, the focus was on the restart of operations at Fruta del Norte following the temporary suspension of activities in response to the COVID-19 pandemic.

The Company generated net income of \$56.7 million during the third quarter of 2021 compared to a net income of \$27.8 million during the third quarter of 2020. Net income was generated from the recognition of revenues of \$190.8 million resulting in income from mining operations of \$89.4 million. This is offset by derivative losses of \$0.6 million, finance expense of \$11.4 million, income tax expense of \$16.0 million, and other expenses totalling \$4.7 million. During the third quarter of 2020, net income was generated from income from mining operations of \$62.8 million offset by derivative losses of \$18.0 million, finance expense of \$13.4 million, and other expenses totalling \$3.6 million.

Income from mining operations

During the third quarter of 2021, the Company recognized revenues of \$190.8 million from the sale of 111,605 oz of gold. This is offset by cost of goods sold of \$101.3 million which is comprised of operating expenses of \$61.5 million; royalties of \$11.1 million; and depletion and depreciation of \$28.8 million. During the same period in 2020, following the restart of activities from the temporary suspension, revenues of \$118.9 million were recognized from the sale of 62,160 oz of gold which were offset by cost of goods sold of \$56.2 million.

Exploration

Drilling activities on two regional targets continued during the third quarter of 2021, explaining the higher costs compared to the same period in 2020, as permits for the regional drilling were only received in September 2020.

Corporate administration

Corporate administration costs were consistent between the third quarter of 2021 and the third quarter of 2020 when \$3.1 million and \$3.0 million were incurred, respectively.

Finance expense

Finance expense of \$11.4 million was incurred during the third quarter of 2021 compared to \$13.4 million during the third quarter of 2020. Interest expense on the Company's debt facilities was lower during the third quarter of 2021 due to a lower principal balance outstanding as well as a decrease in LIBOR rates.

Derivative gain or loss

A derivative loss of \$0.6 million was recorded on the statement of operations during the third quarter of 2021 compared to a derivative loss of \$18.0 million in the third quarter of 2020. This is largely the result of movements between forward gold prices at the end of the relevant quarter compared to the beginning of the same quarter, which in turn causes 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.

Income taxes

Income taxes of \$16.0 million were accrued during the period which is comprised of current income tax expense of \$14.5 million and deferred income tax expense of \$1.5 million. The deferred income tax expense relates to the derivative loss in other comprehensive income as explained below. Current income tax expense is generated from net income for tax purposes in Ecuador relating to operations at Fruta del Norte. In addition to corporate income taxes in Ecuador which are levied at a rate of 22%, current income tax expense includes an accrual for the portion of profit sharing payable to the Government of Ecuador which is calculated at the rate of 12% of the estimated net income for tax purposes for the quarter. The employee portion of profit sharing payable, calculated at the rate of 3% of net income for tax purposes is considered an employee benefit and is included in operating expenses.

Corporate income taxes accrued to the end of September 30, 2021 are partially offset by tax credits available for use by the Company. Actual income taxes and profit sharing payable to the Government of Ecuador and the employees will be based on 2021 fiscal results and payable in 2022.

LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2021

(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)

The Company has deferred tax assets arising from unused tax losses, tax credits, and deductible temporary differences which have not been recognized on its financial statements due to its history of taxable losses and its relatively short experience of quarterly operating profits. The Company will commence recognizing deferred tax assets once it determines that it is probable that these timing differences can be utilized against future taxable profits.

Nine months ended September 30, 2021 compared to the nine months ended September 30, 2020

The Company generated net income of \$192.6 million during the 2021 Period compared to a loss of \$45.9 million during the 2020 Period. During the 2021 Period, the recognition of revenues of \$546.9 million generated income from mining operations of \$264.1 million. Derivative gains of \$25.3 million were also recorded. This was offset by finance expense of \$35.2 million, income tax expense of \$44.1 million, and other expenses totalling \$17.5 million.

Revenues and income from mining operations were lower for the 2020 Period at \$168.9 million and \$77.5 million, respectively, as commercial production only started in February 2020 and because of the suspension of operations due to the COVID-19 pandemic during the second quarter of 2020. During the 2020 Period, the loss of \$45.9 million was also driven by a derivative loss of \$46.3 million, costs relating to the suspension of operations of \$29.3 million and finance expense of \$32.0 million.

Income from mining operations

During the 2021 Period, the Company recognized revenues of \$546.9 million from the sale of 318,822 oz of gold. This is offset by cost of goods sold of \$282.8 million which is comprised of operating expenses of \$170.4 million; royalties of \$31.9 million; and depletion and depreciation of \$80.5 million resulting in income from mining operations of \$264.1 million. During the same period in 2020, revenues of \$168.9 million were recognized from the sale of 93,066 oz of gold following declaration of commercial production resulting in income from mining operations of \$77.5 million.

Corporate administration

Corporate administration costs of \$10.8 million were incurred during the 2021 Period compared to \$15.0 million during the 2020 Period. This decrease is mainly attributable to the payment of milestone bonuses of \$2.8 million for the achievement of commercial production to the Company's employees and stock-based compensation of \$3.8 million mainly due to the grant of cash-settled stock-based compensation (restricted share units) during the first quarter of 2020. This is a non-cash cost due to the recognition of a liability at fair value on grant date and subsequent revaluation at each reporting period. During the first quarter of 2021, equity-settled stock-based compensation was awarded which results in the amortization of its fair value at grant date over the vesting period rather than immediate recognition of an expense and liability.

Exploration

Drilling activities on two regional targets started in March 2021, explaining the higher costs in the 2021 Period compared to the 2020 Period as permits for the regional drilling were only received in September 2020.

Suspension of operations

In response to the COVID-19 pandemic, operations at Fruta del Norte were suspended throughout the second quarter of 2020. 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

Finance expense of \$35.2 million was incurred during the 2021 Period compared to \$32.0 million during the 2020 Period. This expense was recognized starting only in March 2020 following the achievement of commercial production. Prior to this, these amounts were capitalized to property, plant, and equipment.

LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2021

(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)

Derivative gain or loss

Derivative gains and losses in the statement of operations and other comprehensive income are driven by the Company's gold prepay and stream facilities, debt obligations that are classified as financial liabilities measured at fair value. During the 2021 Period, the Company made scheduled principal and interest repayments totaling \$51.6 million under its gold prepay facility and \$31.9 million under its stream facility, based on gold and silver prices at the time of repayment. In addition, a further increase or reduction of these debt obligations on the balance sheet was recognized due to a change in their estimated fair values since December 31, 2020. This variation is recorded as derivative gains or losses in the statement of operations and other comprehensive income 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 are repaid by the Company.

These debt 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 forward gold and silver prices and the Company's risk adjusted discount rate:

- The value of future repayments under the gold prepay and stream credit facilities are based on forward gold and silver price estimates at time of repayment. Spot gold prices at September 30, 2021 are lower compared to December 31, 2020 and as a result, forward prices have followed suit. This decrease is somewhat offset by a factor for volatility. Overall, this has resulted in a lower estimated fair value of the debt obligations at the current balance sheet date and the recognition of derivative gains in the statement of operations for the 2021 Period. This does not necessarily reflect the amounts that will actually be repaid when the obligations become due in the future. While significant derivative gains or losses will continue to be recognized at each reporting period, the potentially more significant impact of the same change in forward gold and silver prices on the value of future production and revenue forecasts 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. During the 2021 Period, yields and credit risk have decreased resulting in an increase in the fair value of the gold prepay and stream credit facilities. The increase in fair value due to a change in credit risk must be recorded as a loss in other comprehensive income rather than offsetting the derivative gain in the statement of operations. The tax impact of the derivative loss in other comprehensive income during the 2021 Period must also be recorded. This results in a deferred income tax expense in the statement of operations as an offset to the deferred income tax recovery in other comprehensive income.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2021, the Company had cash of \$221.8 million and a working capital balance of \$136.1 million compared to cash of \$79.6 million and a working capital balance of \$56.6 million at December 31, 2020. The change in cash during the 2021 Period was primarily due to cash generated from operating activities of \$309.7 million and proceeds from the exercise of stock options and anti-dilution rights of \$16.1 million. This is offset by principal and interest repayments under the loan facilities totalling \$129.0 million and cash outflows of \$54.3 million for capital expenditures which include costs for remaining initial construction activities, the expansion project, and sustaining capital.

LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2021

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Trade receivables

The majority of trade receivables represent the value of concentrate and doré sold as at period end for which the funds are not yet received. The increase in trade receivables as at September 30, 2021 is due to an increased level of sales near the end of the third quarter of 2021 compared to the year ended December 31, 2020. Consistent with industry standards, concentrate 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

Subject to the submission of monthly claims and their acceptance by the applicable authorities, VAT paid in Ecuador by the Company after January 1, 2018 are expected to be refunded or applied, based on the level of export sales in any given month, as a credit against other taxes payable. Now that the Company is generating 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. A portion of the advance royalty payment is classified as current assets based on expected utilization over the next twelve months.

Inventories

Inventories have increased primarily due to increased ore stockpiles and gold-in-circuit at higher grades compared to the balance at December 31, 2020. 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 to the refinery, with a 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 and the increase in delivery times due to the impact of COVID-19 on the global supply chain.

Investment activities

Investment activities during the 2021 Period are comprised principally of costs for remaining initial construction activities, the expansion project, and sustaining capital at FDN.

Liquidity and capital resources

The Company has generated strong operating cash flow during 2021 and expects to continue to do so for the remainder of the year based on its production and AISC guidance. This strong operating cash flow will support debt repayments, regional exploration and underground expansion drilling at FDN, and planned capital expenditures.

Monthly payments under the stream facility will be based on 7.75% and 100% of gold and silver ounces sold, respectively, calculated at the current gold and silver prices at the end of each month, less \$400 and \$4 per oz, respectively. Quarterly payments under the gold prepay facility are expected to be based on the current value of 9,775¹ oz of gold at the end of each quarter. Scheduled variable quarterly principal repayments of the senior debt facilities will total \$24.5 million during the fourth quarter of 2021. The Company is working towards achieving construction completion, as defined under the senior debt facilities, before the end of 2021. Upon achieving this milestone, additional quarterly principal repayments based on 30% of Fruta del Norte's excess cash flow, also a defined term in the senior debt facilities, will commence. The current portion of long-term debt includes an estimate of additional quarterly principal repayments as a result of reaching completion in 2021.

¹ This parameter increases to 11,500 oz and 13,225 if the gold price during the immediately preceding quarter is less than \$1,436 and less than \$1,062, respectively.

LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2021

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Notwithstanding forecasting strong cash flows from operations, 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 to operate FDN without extended interruptions, such as it might be caused by an escalation of the COVID-19 pandemic, and on future profitable production.

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 facilities have 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, with foreign operations in Ecuador. Revenues generated and expenditures incurred in Ecuador are primarily denominated in U.S. dollars, as are its loan facilities. However, equity capital, if needed, is typically raised in Canadian dollars. As such, the Company is subject to risk due to fluctuations in the exchange rates of foreign currencies. Although the Company does not enter into derivative financial instruments to manage its exposure, the Company tries to manage this risk by maintaining most of its cash in U.S. dollars.

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 are accounted for at fair value through profit or loss and on the senior debt facilities 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 operational 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 of 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 a portion of the Company's trade receivables as well as its gold prepay and the stream credit facilities, which are accounted for at fair value through profit or loss, are impacted by fluctuations of commodity prices.

LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2021

(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)

COMMITMENTS

Significant capital expenditures contracted as at September 30, 2021 but not recognized as liabilities are as follows:

		Capital expenditures
12 months ending September 30, 2022	\$	8,584
October 1, 2022 onward		-
Total	\$	8,584

OFF-BALANCE SHEET ARRANGEMENTS

During the 2021 Period and the year ended December 31, 2020, 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 233,109,155 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 4,913,400 common shares, 335,300 restricted share units with a performance criteria, 115,700 restricted share units settled by issuance of shares, and 20,561 deferred share units.

OUTLOOK

While guidance for 2021 remains unchanged with production of 380,000 to 420,000 oz of gold at Fruta del Norte, the Company expects to end the year closer to the upper end of guidance. Likewise, while maintaining its AISC¹ guidance for 2021 at between \$770 and \$830 per oz of gold sold, calculated on a basis consistent with prior periods, the Company expects to be closer to the lower end of its AISC guidance for 2021.

The SVR is the last remaining scope of work under the original FDN construction project. The plan to complete the SVR was revised early in the third quarter due to ongoing issues. The new plan includes a smaller diameter raise of 2.1 metres which was completed during the quarter, followed by shotcrete lining, completed in October. This is to be followed by slashing and installation of a 5.1 metre concrete lining. Completion of the SVR remains on track for the second quarter of 2022, and there is no anticipated impact on production for 2021 and 2022 as a result of this revised work plan.

Exploration drilling continues at Puente-Princesa. Results from this campaign are expected in the first quarter of 2022.

NON-IFRS MEASURES

This MD&A refers to certain financial measures, such as average realized gold price per oz sold, EBITDA, adjusted EBITDA, cash operating cost per oz. sold, all-in sustaining cost, free cash flow, free cash flow per share, and adjusted earnings, 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.

¹ Refer to "Non-IFRS Measures" section.

LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2021

(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)

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.

	Three months ended September 30, 2021		September 30, 2020		Nine months ended September 30, 2021		September 30, 2020	
Revenues	\$	190,753	\$	118,904	\$	546,889	\$	168,906
Treatment and refining charges		9,637		5,968		25,551		8,318
Less: silver revenues		(2,997)		(1,435)		(8,259)		(1,852)
Gold sales	\$	197,396	\$	123,437	\$	564,181	\$	175,372
Gold oz sold		111,605		62,160		318,822		93,066
Average realized gold price	\$	1,769	\$	1,986	\$	1,770	\$	1,884

EBITDA and Adjusted EBITDA

Earnings before interest, taxes, depreciation, and amortization ("EBITDA") is a metric used to better understand the financial performance of the Company by computing earnings from business operations without including the effects of capital structure, tax rates and depreciation. Adjusted EBITDA is EBITDA excluding items which are considered not indicative of underlying business operations.

	Three months ended September 30, 2021		September 30, 2020		Nine months ended September 30, 2021		September 30, 2020	
Net income (loss) for the period	\$	56,673	\$	27,780	\$	192,637	\$	(45,925)
Adjusted for:								
Finance expense		11,432		13,353		35,180		32,010
Income tax expense		15,950		-		44,116		-
Depletion and depreciation		28,777		16,897		80,542		27,567
EBITDA	\$	112,832	\$	58,030	\$	352,475	\$	13,652
Derivative loss (gain)		636		18,010		(25,288)		46,311
Adjusted EBITDA	\$	113,468	\$	76,040	\$	327,187	\$	59,963

LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2021

(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)

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 costs incurred during the suspension of operations in 2020 and derivative gains or losses, and related income tax effects, 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,		Nine months ended September 30,	
	2021	2020	2021	2020
Net income (loss) for the period	\$ 56,673	\$ 27,780	\$ 192,637	\$ (45,925)
Adjusted for:				
Suspension of operations	-	-	-	29,304
Derivative loss (gain)	636	18,010	(25,288)	46,311
Deferred income tax expense (recovery)	1,487	-	3,656	-
Adjusted earnings	\$ 58,796	\$ 45,790	\$ 171,005	\$ 29,690
Basic weighted average shares outstanding	232,723,880	229,936,873	231,831,680	226,647,415
Adjusted basic earnings per share	\$ 0.25	\$ 0.20	\$ 0.74	\$ 0.13

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.

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Operating expenses	\$ 61,465	\$ 32,381	\$ 170,423	\$ 56,605
Royalty expenses	11,089	6,884	31,884	9,720
Cash operating costs	\$ 72,554	\$ 39,265	\$ 202,307	\$ 66,325
Gold oz sold	111,605	62,160	318,822	93,066
Cash operating cost per oz sold	\$ 650	\$ 632	\$ 635	\$ 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.

LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2021

(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)

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Cash operating costs	\$ 72,554	\$ 39,265	\$ 202,307	\$ 66,325
Corporate social responsibility	363	195	931	617
Treatment and refining charges	9,637	5,968	25,551	8,318
Accretion of restoration provision	27	9	80	29
Sustaining capital	10,146	1,264	27,332	1,264
Less: silver revenues	(2,997)	(1,435)	(8,259)	(1,852)
All-in sustaining cost	\$ 89,730	\$ 45,266	\$ 247,942	\$ 74,701
Gold oz sold	111,605	62,160	318,822	93,066
All-in sustaining cost per oz sold	\$ 804	\$ 728	\$ 778	\$ 803

Free cash flow and free cash flow per share

Free cash flow is indicative of the Company's ability to generate cash from operations after consideration for required capital expenditures, including related VAT impact, necessary to maintain operations and interest paid on its debt obligations. Free cash flow is defined as cash flow provided by operating activities, less cash used for investing activities and interest paid.

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net cash provided by operating activities	\$ 92,658	\$ 23,385	\$ 309,746	\$ 18,625
Net cash used for investing activities	(24,715)	(17,966)	(54,323)	(47,153)
Interest paid	(20,829)	(9,714)	(61,734)	(23,018)
Free cash flow	\$ 47,114	\$ (4,295)	\$ 193,689	\$ (51,546)
Basic weighted average shares outstanding	232,723,880	229,936,873	231,831,680	226,647,415
Free cash flow per share	\$ 0.20	\$ (0.02)	\$ 0.84	\$ (0.23)

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 2020 Management's Discussion and Analysis.

LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2021

(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)

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. 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 2, 2021 (the "AIF"), which is available on SEDAR at www.sedar.com.

QUALIFIED PERSON

The technical information relating to Fruta del Norte 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, 2021 is expected to be published on or about February 23, 2022.

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, 2021 and ending September 30, 2021, 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,

LUNDIN GOLD INC.

Management's Discussion and Analysis
Nine Months Ended September 30, 2021

(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)

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 2021 production outlook, including estimates of gold production, grades recoveries and AISC; expected sales receipts, cash flow forecasts and financing obligations; its estimated capital costs and the expected timing and impact of completion of capital projects including the south ventilation raise; the recovery of VAT; the timing of achieving construction completion; the timing and the success of its drill program at Fruta del Norte and its other exploration activities; and the Company's efforts to protect its workforce from COVID-19.

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 related to political and economic instability in Ecuador; risks 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 available at www.sedar.com.