
LUNDIN GOLD INC.

Management's Discussion and Analysis

Six Months Ended June 30, 2022

(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 six months ended June 30, 2022 with those of the same period from the previous year.

This MD&A is dated as of August 9, 2022 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes thereto for the three and six months ended June 30, 2022, 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 ("IFRS"), and the MD&A for the fiscal year ended December 31, 2021. References to the "2022 Period" and "2021 Period" relate to the six months ended June 30, 2022 and June 30, 2021, 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.

SECOND QUARTER 2022 HIGHLIGHTS AND ACTIVITIES

Operating results were strong again in the second quarter and are highlighted by the production of 111,890 ounces ("oz") of gold and sale of 96,291 oz at a cash operating cost¹ of \$702 per oz sold and all-in sustaining cost ("AISC")¹ of \$864 per oz sold. From this, net revenues, adjusted earnings¹, and free cash flow¹ of \$178 million, \$13.5 million, and \$21.2 million, respectively, were realized during the quarter resulting in a cash balance of \$301 million at quarter end. Our cash balance remains very strong notwithstanding significant senior debt repayments (\$48.5 million) and reduced free cash flow in Q2 2022 as a result of the payment of annual income taxes of \$29.2 million and profit sharing of \$31.5 million for 2021, which were due in April.

Activity on the last remaining construction project, the South Ventilation Raise, continued and is now expected to be completed early in Q4.

The Company's processing throughput was just above the design capacity of 4,200 tonnes per day ("tpd") for the quarter. Sustaining capital expenditures, a figure included in the AISC¹ calculation, accounted for \$96 per oz sold and are expected to increase for the remainder of the year as activities continue to ramp up. These include construction of the third tailings dam raise, the most significant cost in 2022, for which completion is expected in Q4 2022.

Based on continuing strong operating results for the first half of 2022, the Company is increasing its production guidance from 405,000 to 445,000 oz to between 430,000 and 460,000 oz and decreasing its AISC¹ guidance from \$860 to \$930 per oz sold to between \$820 and \$870 per oz sold.

¹ Refer to "Non-IFRS Measures" section.

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Also, following the approval of a dividend policy in May 2022, the Company has declared an inaugural dividend of \$0.20 per share payable on September 13, 2022 (September 16 for shares trading on Nasdaq Stockholm) based on a record date of August 24, 2022. Under this newly established policy, the Company anticipates paying dividends semi-annually, following the release of second quarter and year end results, respectively.

The following two tables provide an overview of key operating and financial results achieved during 2022 compared to the same periods in 2021.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Tonnes ore mined	369,430	397,640	749,059	763,111
Tonnes ore milled	385,675	346,561	759,082	671,152
Average mill head grade (g/t)	10.3	11.1	10.8	11.2
Average recovery	87.6%	88.2%	88.9%	88.0%
Average mill throughput (tpd)	4,238	3,808	4,194	3,708
Gold ounces produced	111,890	108,799	233,555	212,936
Gold ounces sold	96,291	125,412	215,573	207,217

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenues (\$'000)	177,808	216,145	394,280	356,136
Income from mining operations (\$'000)	82,522	110,604	193,729	174,635
Earnings before interest, taxes, depreciation, and amortization (\$'000) ¹	144,697	109,660	243,510	239,626
Adjusted earnings before interest, taxes, depreciation, and amortization (\$'000) ¹	104,711	135,259	238,248	213,702
Net income (\$'000)	55,962	49,984	79,144	135,964
Free cash flow (\$'000) ¹	21,248	102,995	113,054	146,575
Average realized gold price (\$/oz sold) ¹	1,907	1,773	1,882	1,770
Cash operating cost (\$/oz sold) ¹	702	596	656	626
All-in sustaining costs (\$/oz sold) ¹	864	720	771	764
Free cash flow per share (\$) ¹	0.09	0.44	0.48	0.63
Adjusted net earnings (\$'000) ¹	13,490	74,800	71,040	112,209
Adjusted net earnings per share (\$) ¹	0.06	0.32	0.30	0.48

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The difference between net income and adjusted earnings during the three months ended June 30, 2022 is due to non-cash derivative gains of \$40.0 million (six months ended June 30, 2022: \$5.3 million) associated with fair value accounting for the gold prepay and stream facilities. These non-cash items are driven by numerous factors including expected production profile, anticipated forward gold prices, and yields. Non-cash derivative gains (or losses) associated with decreased (or increased) short-term production and 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 this 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 Second Quarter of 2022

While production was not affected by a national strike in Ecuador, which ended on June 30th, some gold shipments and sales planned for June were impeded by blockades on some of Ecuador's major highways and thus delayed into July (96,291 oz of gold sold against 111,890 oz produced). This resulted in the deferral of some revenues from Q2 2022 to Q3 2022, thereby affecting the level of income from mining operations, earnings, and cash flow in Q2 2022.

- The mine maintained its strong operating performance during the quarter with 369,430 tonnes mined at an average grade of 11.4 grams per tonne. Mine production was reduced slightly near the end of the quarter to allow the mill to process more tonnes from and reduce the run of mine stockpiles in order to manage the oxidation of the ore, which has been impacting mill recoveries.
- Underground mine development also continued as planned with a total of 2,190 metres completed. Development rates averaged 24.0 metres per day in the second quarter.
- The mill processed 385,675 tonnes of ore at an average throughput rate of 4,238 tpd, just above design capacity.
- The average grade of ore milled was 10.3 grams per tonne with average recovery at 87.6%. Recoveries in the second quarter were impacted by the milling of oxidized ore.
- Gold production was 111,890 oz, comprised of 75,730 oz of concentrate and 36,160 oz of doré. The Company sold a total of 96,291 oz of gold, consisting of 68,598 oz of concentrate and 27,693 oz of doré at an average realized gold price¹ of \$1,907 per oz for total gross revenues from gold sales of \$184 million. Net of treatment and refining charges, revenues were \$178 million.
- Cash operating costs¹ and AISC¹ were \$702 and \$864 per oz of gold sold, respectively, in line with the lower end of guidance. Sustaining capital is expected to increase in the second half of the year due to the ongoing construction of the third tailings dam raise and ramp up of other activities.
- Income from mining operations was \$82.5 million. The Company generated cash flow of \$60.7 million from operations and ended the quarter with a cash balance of \$301 million. Free cash flow¹ for the quarter was \$21.2 million or \$0.09 per share. Cash flow in Q2 was impacted by the payment of annual income taxes of \$29.2 million and profit sharing of \$31.5 million, which were due in April.
- Earnings before interest, taxes, depreciation, and amortization¹ ("EBITDA") and adjusted EBITDA¹ were \$145 million and \$105 million, respectively.
- Net income was \$56.0 million including derivative gains of \$40.0 million, corporate, exploration, finance costs, and associated taxes on earnings. Adjusted earnings¹, which exclude derivative gains, were \$13.5 million, or \$0.06 per share. Net income was impacted by the deferral of gold sales because of a national strike in the second half of June.

Capital Expenditures

South Ventilation Raise ("SVR")

- Work on the SVR continues with completion now expected to occur in early Q4. Progress on the SVR during the quarter was affected by difficulties stemming from a blockage, which has now been cleared, that had stopped slash and lining activities. There is no expected impact on production because of this change in timing.

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Sustaining Capital

- The third raise of the tailings dam started during the second quarter and construction is anticipated to be completed in Q4.
- Resource expansion/conversion drilling at Fruta del Norte continued to progress with 4,096 metres completed during the quarter focusing on expansion or conversion of the Inferred Resource at the south end of the deposit.
- Expenditures for other sustaining capital projects will ramp up throughout the remainder of the year.

Health and Safety and Community

Health and Safety

- Stringent health and safety procedures remain in place to protect our personnel, including minimizing the impact of COVID-19 on the workforce. Through vaccination campaigns by Ecuador's Ministry of Public Health, 100% of the Company's employees and on-site contractors were vaccinated and, as at June 30, 2022, 84% had received at least one booster shot.
- During the quarter there was one Lost Time Incident and four Medical Aid Incidents.
- The Total Recordable Incident Rate was 0.57 per 200,000 hours worked during the 2022 Period.

Community

- Various community business projects supported by the Company are under way, including sponsoring the establishment of micro businesses providing ancillary services to Fruta del Norte and the community, such as a textile manufacturer and fire extinguisher maintenance provider. These are in addition to the ongoing projects such as road maintenance, education projects, and economic development.
- The Company has also continued or restarted many community initiatives. They include working with Shuar indigenous communities to promote improved agricultural practices and with Junior Achievement Ecuador to prepare local students graduating from high school for the national exit exam (and thus access to post-secondary education), as well as support of after-school activities in the local town of Los Encuentros such as music, soccer, boxing, and English programs.

Exploration

Near Mine Exploration Program

- A recent exploration data review demonstrated a much wider mineralization footprint nearby the FDN deposit. Several targets of interest are essentially untested, with similar geological conditions to those at FDN, and present significant new exploration opportunities. Shortly after quarter end, the Company's announced the start of a near mine program focused on targets within and around the existing FDN operation and exploring sectors in the continuities of the FDN deposit and along the extension of major structures. The program, which is expected to cost \$4 million in 2022, is planned to include over 6,000 metres of drilling from both underground and surface, new geophysical surveys, geological mapping, and geochemical sampling.

Regional Exploration Program

- The Company's 2022 regional exploration program continued on the Barbasco and Puente Princesa targets. Drilling is ongoing with two rigs turning and a third rig now added. During the first half of 2022, 7,240 metres were drilled across nine holes, mainly at Puente-Princesa and Barbasco.
- At Puente-Princesa, a total of 4,723 metres were drilled across six holes.
 - Drilling intersected a major structure, around 50 metres in width, characterized by intervals of quartz veins and hydrothermal carbonate breccias with silica replacement and sulphides hosted in a post mineral volcanic sequence.
 - Initial results returned narrow low-grade gold intervals (hole PCS 2022-16) and suggest further exploration potential toward the north extension, at the Quebrada La Negra target, where anomalous gold and the epithermal pathfinder element arsenic occur in soil over a 1.5 kilometre northeast trend and are associated to the conglomerate of the Suarez Basin.
 - Additional drilling is planned to better understand this target.
- At Barbasco, 1,845 metres were completed across two drill holes.
 - Drilling intersected zones of epithermal related alteration and narrow (< 1 m wide), widely spaced epithermal quartz-carbonate-sulphide veins in the volcanic sequence of the Santiago Formation, containing anomalous values of gold and the epithermal pathfinder elements arsenic and antimony (hole BAR-2022-015). Additional drilling is planned to the east.

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- Drilling also intercepted a thick sequence of finely laminated silica on top of the volcanic rocks in the Santiago Formation, a proximal indicator of epithermal systems (hole BAR-2022-017). Results are pending and additional drilling is underway to test underneath this silica layer.
- A complete table of results received to date can be found in Lundin Gold's press release dated August 4, 2022.

Newcrest Earn-In Agreement

- Early in the second quarter, Newcrest International Pty Ltd. ("Newcrest"), a wholly owned subsidiary of Newcrest Mining Limited, met the first expenditure requirement of \$4.0 million under the Earn-In Agreement covering eight of Lundin Gold's early-stage concessions to the north and south of Fruta del Norte. Newcrest exercised its option to proceed to the second stage of the earn-in on May 28, 2022. Through completion of the second stage, which requires the expenditure of a further \$6.0 million, Newcrest would earn an initial 25% interest in the eight concessions indirectly through a subsidiary of Lundin Gold. The current program is focused on drill testing priority copper-gold porphyry targets which to date detected low-level porphyry style copper mineralization. Drilling is anticipated to restart in Q4.

Corporate

- The inaugural Climate Change (the "TCFD Report") and the 2021 Sustainability Reports were published. The TCFD Report details Lundin Gold's governance, climate strategy around climate change risks and opportunities, risk management and metrics and how the Company is working towards establishing targets. The 2021 Sustainability Report highlights accomplishments and progress achieved by the Company on several initiatives and programs during its first full year of operations.
- Near the end of Q2 2022, the Company upgraded the trading of common shares in the U.S. to the OTCQX Market under the symbol LUGDF. Shortly after quarter end, its common shares also became eligible for electronic clearing and settlement in the U.S. through the Depository Trust Company simplifying the process of trading with the objective of enhancing the liquidity of Lundin Gold shares in the U.S.
- A number of changes were made to the Company's Board of Directors at its annual shareholders' meeting on May 5, 2022 (the "Meeting"); Messrs. Lukas Lundin and Paul McRae retired from the Board and Mr. Jack Lundin was elected as a director. Following the Meeting, the Board appointed Mr. Jack Lundin as Chairman.
- After the end of the quarter and in line with the effective conclusion of the FDN construction and expansion projects, Mr. Dave Dicaire, the Company's Vice President Projects, departed Lundin Gold.

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SUMMARY OF QUARTERLY FINANCIAL RESULTS

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

	2022 Q2	2022 Q1	2021 Q4	2021 Q3
Revenues	\$ 177,808	\$ 216,472	\$ 186,440	\$ 190,753
Income from mining operations	\$ 82,522	\$ 111,207	\$ 91,646	\$ 89,431
Derivative gain (loss) for the period	\$ 39,986	\$ (34,724)	\$ (36,001)	\$ (636)
Net income for the period	\$ 55,962	\$ 23,182	\$ 28,789	\$ 56,673
Basic income per share	\$ 0.24	\$ 0.10	\$ 0.12	\$ 0.24
Diluted income per share	\$ 0.24	\$ 0.10	\$ 0.12	\$ 0.24
Weighted-average number of common shares outstanding				
Basic	234,933,975	233,809,773	233,211,843	232,723,880
Diluted	236,847,992	235,774,444	235,376,672	235,017,999
Additions to property, plant and equipment	\$ 14,532	\$ 9,184	\$ 5,266	\$ 20,101
Total assets	\$ 1,664,030	\$ 1,735,223	\$ 1,685,113	\$ 1,630,830
Long-term debt	\$ 645,724	\$ 752,482	\$ 739,977	\$ 748,856
Working capital	\$ 253,921	\$ 273,680	\$ 217,221	\$ 136,139
	2021 Q2	2021 Q1	2020 Q4	2020 Q3
Revenues	\$ 216,145	\$ 139,991	\$ 189,250	\$ 118,904
Income from mining operations	\$ 110,604	\$ 64,031	\$ 94,857	\$ 62,751
Derivative gain (loss) for the period	\$ (25,599)	\$ 51,523	\$ (90,673)	\$ (18,010)
Net income (loss) for the period	\$ 49,984	\$ 85,980	\$ (1,233)	\$ 27,780
Basic income (loss) per share	\$ 0.22	\$ 0.37	\$ (0.01)	\$ 0.12
Diluted income (loss) per share	\$ 0.21	\$ 0.37	\$ (0.01)	\$ 0.12
Weighted-average number of common shares outstanding				
Basic	231,998,447	230,751,034	230,039,327	229,936,873
Diluted	234,508,000	233,634,540	230,039,327	233,264,544
Additions to property, plant and equipment	\$ 16,157	\$ 12,240	\$ 23,307	\$ 3,790
Total assets	\$ 1,590,849	\$ 1,502,715	\$ 1,505,360	\$ 1,452,070
Long-term debt	\$ 772,361	\$ 776,881	\$ 857,094	\$ 808,770
Working capital	\$ 109,010	\$ 57,571	\$ 56,603	\$ 31,172

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Three months ended June 30, 2022 compared to the three months ended June 30, 2021

The Company generated net income of \$56.0 million during the second quarter of 2022 compared to \$50.0 million during the second quarter of 2021. Net income was generated from the recognition of revenues of \$178 million and income from mining operations of \$82.5 million as well as a derivative gain of \$40.0 million, offset by finance expense of \$28.5 million, income tax expense of \$32.6 million, and other expenses totalling \$5.4 million. During the second quarter of 2021, net income of \$50.0 million was generated from the recognition of revenues of \$216 million and income from mining operations of \$111 million. This was offset by a derivative loss of \$25.6 million, finance expense of \$11.7 million, income tax expense of \$17.2 million, and other expenses totalling \$6.1 million.

Income from mining operations

Net income from mining operations decreased compared to the same quarter in 2021 (\$82.5 million versus \$111 million), driven by a slight increase in production costs and fewer ounces sold. This was partially offset by higher gold prices which helped to generate revenues of \$178 million (2021: \$216 million). Cost of goods sold of \$95.3 million was comprised of operating expenses of \$57.5 million; royalties of \$10.1 million; and depletion and depreciation of \$27.7 million. During the same period in 2021, cost of goods sold was \$106 million.

Exploration

Exploration costs were \$2.8 million in the quarter (2021: \$2.4 million). Activities consisted mainly of drilling at two regional targets, Barbasco and Puente Princesa, where two rigs are mobilized and turning.

Corporate administration

The increase in corporate administration costs between the second quarter of 2022 and 2021 when \$3.7 million and \$3.0 million were incurred, respectively, was mainly due to an increase in travel following the relaxation of COVID related restrictions, as well as regulatory expenses.

Finance expense

Notwithstanding the progressive repayment of the Company's loans, finance expense was higher in the second quarter of 2022 compared to the same period in 2021 (\$28.5 million versus \$11.7 million). This higher expense is mainly due to the recording of Finance Charges under the gold prepay and stream credit facilities, which is expected to continue in future periods. Higher LIBOR rates also impacted this cost.

Derivative gain or loss

A derivative gain of \$40.0 million was recorded on the statement of operations during the second quarter of 2022 compared to a derivative loss of \$25.6 million in the second quarter of 2021. This is largely the result of lower 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 \$32.6 million were accrued during the second quarter of 2022 (2021: \$17.2 million) which is comprised of current and deferred income tax expenses of \$17.2 million and \$15.4 million, respectively. 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.

The income taxes (\$29.2 million) and profit sharing (\$31.5 million) payable to the Government of Ecuador and employees for the fiscal year ended December 31, 2021, accrued at the end of Q1 2022, were remitted in early Q2 2022. Corporate income taxes accrued to the end of June 30, 2022 are partially offset by tax credits available for use by the Company.

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Deferred income taxes are not comparable between the same periods in 2022 and 2021 as the 2021 amount was reduced by the recording of previously unrecognized deferred tax assets. Full recognition of the deferred tax assets occurred by the end of 2021.

Six months ended June 30, 2022 compared to the six months ended June 30, 2021

The Company generated net income of \$79.1 million during the 2022 Period compared to \$136 million during the 2021 Period. During the 2022 Period, the recognition of revenues of \$394 million generated income from mining operations of \$194 million. Derivative gains of \$5.3 million were also recorded. This was offset by finance expense of \$55.8 million, income tax expense of \$49.5 million, and other expenses totalling \$14.6 million.

Revenues and income from mining operations were lower for the 2021 Period at \$356 million and \$175 million, respectively, due mainly to slightly fewer ounces of gold sold and lower realized gold prices. During the 2021 Period, derivative gains of \$25.9 million were also recorded, offset by finance expense of \$23.7 million, income tax expense of \$28.2 million and other expenses totalling \$12.6 million.

Income from mining operations

During the 2022 Period, the Company recognized revenues of \$394 million from the sale of 215,573 oz of gold. This is offset by cost of goods sold of \$201 million which is comprised of operating expenses of \$119 million; royalties of \$22.7 million; and depletion and depreciation of \$59.1 million resulting in income from mining operations of \$194 million. During the same period in 2021, revenues of \$356 million were recognized from the sale of 207,217 oz of gold resulting in income from mining operations of \$175 million.

Corporate administration

Corporate administration costs of \$9.6 million were incurred during the 2022 Period compared to \$7.7 million during the 2021 Period. This difference is mainly attributable to increased travel following the relaxation of COVID related restrictions, higher regulatory and professional fees incurred on account of corporate matters.

Exploration

Exploration drilling has been a focus of the Company's activities outside of FDN, including planning for a near mine drill program started in Q3, explaining the higher costs in the 2022 Period compared to the 2021 Period when a regional program only started in March 2021.

Finance expense

Finance expense of \$55.8 million was incurred during the 2022 Period compared to \$23.7 million during the 2021 Period. This higher expense is mainly due to the recording of Finance Charges under the gold prepay and stream credit facilities, which is expected to continue in future periods. Higher LIBOR rates also impacted this cost.

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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 2022 Period, the Company made scheduled principal, interest and finance charge repayments totaling \$36.9 million (2021: \$34.5 million) under its gold prepay facility and \$25.9 million (2021: \$20.8 million) under its stream facility, based on gold and silver prices at the time of repayment. In addition, a non-cash decrease of these debt obligations of \$14.3 million on the balance sheet was recognized due to a change in their estimated fair values between December 31, 2021 and June 30, 2022 (2021: a decrease of \$16.1 million between December 31, 2021 and June 30, 2021). 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: 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.

Key drivers of current fair values are forward gold and silver prices and the Company's risk adjusted discount rate. The combined net impact of these three factors is a net decrease in the fair value of the gold prepay and stream credit facilities as described more fully below, in addition to the decrease from the scheduled repayments during the period:

- 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 June 30, 2022 were lower compared to December 31, 2021 and as a result, forward prices have followed suit. This has resulted in a decrease in the 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 2022 Period. The same occurred in the 2021 Period. Fair values at a point in time do 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, interest rates, economic conditions, both local and industry specific, and other factors outside of the Company's control. The change in fair value due to a variation in credit risk must be recorded as a loss or gain in other comprehensive income ("OCI") rather than in the statement of operations. During the 2022 Period, yields increased resulting in a decrease in the fair value of the gold prepay and stream facilities and the recording of derivative gains in OCI. The tax impact of the derivative gains in other comprehensive income during the 2022 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.

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LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2022, the Company had cash of \$301 million and a working capital balance of \$254 million compared to cash of \$263 million and a working capital balance of \$217 million at December 31, 2021. The change in cash during the 2022 Period was primarily due to cash generated from operating activities of \$188 million and proceeds from the exercise of stock options, warrants, and anti-dilution rights of \$9.4 million. This is offset by principal repayments, interest and finance charges, including associated taxes, under the gold prepay and stream credit facilities totalling \$67.6 million, interest and principal repayments under the senior debt of \$65.8 million, and cash outflows of \$25.3 million for capital expenditures, which include costs for the SVR and sustaining capital.

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 decrease in trade receivables as at June 30, 2022 is mainly due to the timing of sales near the end of quarter as a result of national protests in Ecuador compared to the year ended December 31, 2021. 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. A portion of the VAT recoverable has been reclassified as current assets based on the Company's assessment of the estimated time for processing VAT claims during the next twelve months.

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

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 experienced under the global supply chain. Inventories have increased from December 31, 2021 to June 30, 2022 primarily due to an increase in the value of gold-in-circuit and doré and concentrate inventory due to temporary delays in the shipment and sale of gold concentrate and doré due to national protests in Ecuador in June. This is partially offset by a decrease in the value of the ore stockpile due to slightly lower tonnes in and grade of the stockpile as at June 30, 2022 compared to December 31, 2021.

Investment activities

Investment activities during the 2022 Period are comprised principally of costs for the SVR and sustaining capital at FDN. Sustaining capital is expected to increase in the second half of the year due to a higher number of 2022 projects, including the TSF third raise.

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Liquidity and capital resources

The Company generated strong operating cash flow during the 2022 Period and expects to continue to do so for the remainder of the year based on its revised production and AISC guidance. At current gold prices, this strong operating cash flow will continue to support aggressive debt repayments, regional and near mine exploration, underground expansion drilling at FDN, planned capital expenditures, growth initiatives and regular dividend payments under the dividend policy approved in the second quarter of this year. The Company declared an inaugural dividend of \$0.20 per share to be paid in September based on shareholders of record on August 24, 2022.

Monthly payments under the stream facility will continue 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.

With the achievement of construction completion, as defined under the senior debt facilities, in December 2021, additional quarterly principal repayments based on 30% of Fruta del Norte's excess cash flow, also a defined term in the senior debt facilities, commenced in 2022 (the "Cash Sweep"). Accordingly, in addition to the scheduled variable quarterly repayments the Company has and will continue to accelerate the repayment of its senior debt based on this Cash Sweep. The current portion of long-term debt includes an estimate of the total quarterly principal repayments due in the twelve months following the reporting period, inclusive of the Cash Sweep.

FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, cash equivalents and certain 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 and the senior debt facility as a financial liability at amortized cost. Further, provisionally priced trade receivables of \$70.6 million (2021 - \$75.7 million) are measured at fair value using quoted forward market prices.

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.

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.

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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 always meet its operational needs. 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.

COMMITMENTS

Significant capital expenditures contracted as at June 30, 2022 but not recognized as liabilities are as follows:

	Capital expenditures	
12 months ending June 30, 2023	\$	15,069
July 1, 2023 onward		-
Total	\$	15,069

OFF-BALANCE SHEET ARRANGEMENTS

During the 2022 Period and the year ended December 31, 2021, 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 235,165,784 common shares issued and outstanding. There were also stock options outstanding to purchase a total of 4,762,000 common shares, 531,800 restricted share units with a performance criteria, 156,600 restricted share units settled by issuance of shares, and 31,465 deferred share units.

OUTLOOK

Lundin Gold's strong performance in the first six months of 2022 provides a robust foundation for the rest of the year, and as a result, the Company is increasing its production guidance to between 430,000 and 460,000 from 405,000 to 445,000 oz and decreasing its AISC¹ guidance to between \$820 and \$870 from \$860 to \$930.

The SVR is the last remaining scope of work under the original FDN construction project. Completion of the SVR is anticipated early in the fourth quarter of 2022 with no anticipated impact on production in 2022.

Sustaining capital will ramp up substantially in Q3 2022 with construction of the third raise of the TSF anticipated to be completed in Q4 2022. The drilling program at FDN for conversion of Inferred Resources and definition of additional resources is ongoing. Several other capital projects are underway and planned for 2022, contributing to an expected increase in sustaining capital costs during the balance of the year.

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The 16,500 metre regional exploration drill program is continuing with four additional targets of interest identified: Barbasco Norte, Capullo, Puma and Quebrada La Negra. A third rig has been added in order to expand the program with one hole already completed at Barbasco Norte. Results are pending and additional drilling at this target is underway. At Capullo, a first hole was recently started. Drill programs at Puma and Quebrada La Negra are expected to be initiated in the third quarter and fourth quarter, respectively.

Exploration data review carried out during the first quarter has indicated several potential targets in areas immediately near the Fruta del Norte deposit. These targets, located in areas coincident with geochemical anomalies on surface, display similar geological characteristics to the Fruta del Norte deposit but have not been tested by drilling. Based on this review, an additional near mine exploration program was planned in the second quarter and has recently started with a combined anticipated 6,000 metres of drilling both underground and from surface with an expected cost of \$4 million to be incurred during the remainder of the year. As of the date of the MD&A two rigs are turning, one underground and one on surface.

Following the approval of the dividend policy in the second quarter of 2022, the Company has declared an inaugural dividend of \$0.20 per share to be paid in September 2022 to shareholders of record on August 24, 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 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.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenues	\$ 177,808	\$ 216,145	\$ 394,280	\$ 356,136
Treatment and refining charges	8,186	9,080	16,432	15,914
Less: silver revenues	(2,348)	(2,854)	(4,925)	(5,262)
Gold sales	\$ 183,646	\$ 222,371	\$ 405,787	\$ 366,788
Gold oz sold	96,291	125,412	215,573	207,217
Average realized gold price	\$ 1,907	\$ 1,773	\$ 1,882	\$ 1,770

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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 June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net income for the period	\$ 55,962	\$ 49,984	\$ 79,144	\$ 135,964
Adjusted for:				
Finance expense	28,483	11,670	55,759	23,748
Income tax expense	32,569	17,244	49,480	28,166
Depletion and depreciation	27,683	30,762	59,127	51,748
EBITDA	\$ 144,697	\$ 109,660	\$ 243,510	\$ 239,626
Derivative loss (gain)	(39,986)	25,599	(5,262)	(25,924)
Adjusted EBITDA	\$ 104,711	\$ 135,259	\$ 238,248	\$ 213,702

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 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 June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net income for the period	\$ 55,962	\$ 49,984	\$ 79,144	\$ 135,964
Adjusted for:				
Derivative loss (gain)	(39,986)	25,599	(5,262)	(25,924)
Deferred income tax expense	(2,486)	(783)	(2,842)	2,169
Adjusted earnings	\$ 13,490	\$ 74,800	\$ 71,040	\$ 112,209
Basic weighted average shares outstanding	234,933,975	231,998,447	234,374,977	231,378,191
Adjusted basic earnings per share	\$ 0.06	\$ 0.32	\$ 0.30	\$ 0.48

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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.

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Operating expenses	\$ 57,462	\$ 62,140	\$ 118,757	\$ 108,958
Royalty expenses	10,141	12,639	22,667	20,795
Cash operating costs	\$ 67,603	\$ 74,779	\$ 141,424	\$ 129,753
Gold oz sold	96,291	125,412	215,573	207,217
Cash operating cost per oz sold	\$ 702	\$ 596	\$ 656	\$ 626

All-in sustaining cost

AISC provides information on the total cost associated with producing gold 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.

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Cash operating costs	\$ 67,603	\$ 74,779	\$ 141,424	\$ 129,753
Corporate social responsibility	384	276	811	568
Treatment and refining charges	8,186	9,080	16,432	15,914
Accretion of restoration provision	153	26	306	53
Sustaining capital	9,233	8,989	12,173	17,186
Less: silver revenues	(2,348)	(2,854)	(4,925)	(5,262)
All-in sustaining cost	\$ 83,211	\$ 90,296	\$ 166,221	\$ 158,212
Gold oz sold	96,291	125,412	215,573	207,217
All-in sustaining cost per oz sold	\$ 864	\$ 720	\$ 771	\$ 764

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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 and finance charge 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 and finance charge paid.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net cash provided by operating activities	\$ 60,686	\$ 142,005	\$ 188,016	\$ 217,088
Net cash used for investing activities	(13,043)	(15,951)	(25,281)	(29,608)
Interest paid	(7,324)	(23,059)	(13,301)	(40,905)
Finance charge paid	(19,071)	-	(36,380)	-
Free cash flow	\$ 21,248	\$ 102,995	\$ 113,054	\$ 146,575
Basic weighted average shares outstanding	234,933,975	231,998,447	234,374,977	231,378,191
Free cash flow per share	\$ 0.09	\$ 0.44	\$ 0.48	\$ 0.63

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 2021 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. 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 21, 2022 (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 Andre Oliveira P. Geo, Vice President, Exploration of the Company, who is a Qualified Person in accordance with the requirements of NI 43-101.

FINANCIAL INFORMATION

The report for the nine months ended September 30, 2022 is expected to be published on or about November 8, 2022.

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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, 2022 and ending June 30, 2022, 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 2022 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 Company's declaration and payment of dividends pursuant to its dividend policy; 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 associated with the Company's community relationships; risks related to political and economic instability in Ecuador; risks related to estimates of production, cash flows and costs; the impacts of a pandemic virus outbreak; risks inherent to mining operations; failure of the Company to maintain its obligations under its debt facilities; shortages of critical supplies;

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control of the Company's largest shareholders; risks related to Lundin Gold's compliance with environmental laws and liability for environmental contamination; the lack of availability of infrastructure; the Company's reliance on one mine; exploration and development risks; risks related to the Company's ability to obtain, maintain or renew regulatory approvals, permits and licenses; uncertainty with the tax regime in Ecuador; risks related to the Company's workforce and its labour relations; volatility in the price of gold; the reliance of the Company on its information systems and the risk of cyber-attacks on those systems; deficient or vulnerable title to concessions, easements and surface rights; inherent safety hazards and risk to the health and safety of the Company's employees and contractors; 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; measures to protect endangered species and critical habitats; social media and reputation; the cost of non-compliance and compliance costs; risks related to illegal mining; the adequacy of the Company's insurance; risks relating to the declaration of dividends; 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; limits of disclosure and internal controls; security risks to the Company, its assets and its personnel; the potential for litigation; and risks due to conflicts of interest.

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.