

# LUNDIN GOLD INC.

Condensed Consolidated Interim Statements of Financial Position  
(Unaudited – Prepared by Management)  
(Expressed in thousands of U.S. Dollars)

	Note	September 30, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7, 14	\$ 302,465	\$ 363,400
Trade receivables and other current assets	3	164,842	169,134
Inventories	4	88,566	89,787
Advance royalty		12,210	13,000
		568,083	635,321
<b>Non-current assets</b>			
VAT recoverable		50,744	52,244
Advance royalty		5,575	16,494
Property, plant and equipment	5	728,131	781,299
Mineral properties	6	164,333	183,507
		\$ 1,516,866	\$ 1,668,865
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 58,851	\$ 71,434
Income taxes payable		71,000	21,445
Other current liabilities	9	-	2,264
Current portion of long-term debt	7	124,438	345,374
		254,289	440,517
<b>Non-current liabilities</b>			
Long-term debt	7	236,671	322,592
Reclamation provisions		7,551	7,049
Deferred income tax liabilities		65,400	46,626
		563,911	816,784
<b>EQUITY</b>			
Share capital	8	1,006,807	989,772
Equity-settled share-based payment reserve	9	13,897	13,856
Accumulated other comprehensive income (loss)		(10,853)	2,612
Deficit		(56,896)	(154,159)
		952,955	852,081
		\$ 1,516,866	\$ 1,668,865

Commitments (Note 17)

Subsequent events (Note 18)

Approved by the Board of Directors

/s/ Ron F. Hochstein

Ron F. Hochstein

/s/ Ian W. Gibbs

Ian W. Gibbs

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**LUNDINGOLD**

# LUNDIN GOLD INC.

Condensed Consolidated Interim Statements of Income and Comprehensive Income  
(Unaudited – Prepared by Management)  
(Expressed in thousands of U.S. Dollars, except share and per share amounts)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
<b>Revenues</b>		\$ 211,172	\$ 210,425	\$ 711,830	\$ 604,705
<b>Cost of goods sold</b>					
Operating expenses		66,994	75,598	207,804	194,355
Royalty expenses		12,359	12,787	41,400	35,454
Depletion and depreciation		32,199	38,110	105,497	97,237
		111,552	126,495	354,701	327,046
<b>Income from mining operations</b>		99,620	83,930	357,129	277,659
<b>Other expenses (income)</b>					
Corporate administration	10	4,451	4,958	16,538	14,553
Exploration		6,234	4,969	15,273	10,595
Finance expense	11	18,242	22,184	55,734	77,943
Other expense (income)		(354)	(4,925)	705	(5,538)
Derivative loss (gain)	7	(11,678)	(41,838)	3,435	(47,100)
		16,895	(14,652)	91,685	50,453
<b>Net income before tax</b>		<b>82,725</b>	<b>98,582</b>	<b>265,444</b>	<b>227,206</b>
<b>Income tax expense</b>					
Current income tax expense	13	20,212	14,614	74,427	51,757
Deferred income tax expense	13	8,731	21,295	22,622	33,632
		28,943	35,909	97,049	85,389
<b>Net income for the period</b>		<b>\$ 53,782</b>	<b>\$ 62,673</b>	<b>\$ 168,395</b>	<b>\$ 141,817</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
<b>Items that may be reclassified to net income</b>					
Currency translation adjustment		(1,376)	(6,706)	183	(7,742)
<b>Items that will not be reclassified to net income</b>					
Derivative gain (loss) related to the Company's own credit risk		(6,709)	1,454	(17,497)	10,518
Deferred income tax on accumulated other comprehensive income		1,476	(456)	3,849	(3,298)
<b>Comprehensive income</b>		<b>\$ 47,173</b>	<b>\$ 56,965</b>	<b>\$ 154,930</b>	<b>\$ 141,295</b>
<b>Income per common share</b>					
Basic		\$ 0.23	\$ 0.27	0.71	\$ 0.60
Diluted		0.22	0.26	0.70	0.60
<b>Weighted-average number of common shares</b>					
Basic		237,411,813	235,165,784	236,810,866	234,641,484
Diluted		239,583,745	236,882,976	238,965,898	236,509,402

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**LUNDINGOLD**

# LUNDIN GOLD INC.

Condensed Consolidated Interim Statements of Changes in Equity  
(Unaudited – Prepared by Management)  
(Expressed in thousands of U.S. Dollars, except number of common shares)

	Note	Number of common shares	Share capital	Equity-settled share-based payment reserve	Other reserves	Deficit	Total
Balance, January 1, 2022		233,361,883	\$ 974,740	\$ 13,570	\$ 6,851	\$ (180,684)	\$ 814,477
Exercise of stock options		874,200	5,342	(1,787)	-	-	3,555
Vesting of share units	9	41,000	406	(406)	-	-	-
Exercise of anti-dilution rights	8	477,260	3,918	-	-	-	3,918
Exercise of warrants	9	411,441	2,445	(511)	-	-	1,934
Stock-based compensation	9	-	-	3,025	-	-	3,025
Other comprehensive loss		-	-	-	(522)	-	(522)
Net income for the period		-	-	-	-	141,817	141,817
Dividends paid		-	-	-	-	(47,033)	(47,033)
<b>Balance, September 30, 2022</b>		<b>235,165,784</b>	<b>\$ 986,851</b>	<b>\$ 13,891</b>	<b>\$ 6,329</b>	<b>\$ (85,900)</b>	<b>\$ 921,171</b>
Balance, January 1, 2023		235,646,977	\$ 989,772	\$ 13,856	\$ 2,612	\$ (154,159)	\$ 852,081
Exercise of stock options		980,552	5,868	(2,033)	-	-	3,835
Vesting of share units	9	240,753	2,419	(1,212)	-	-	1,207
Exercise of anti-dilution rights	8	725,653	8,748	-	-	-	8,748
Stock-based compensation	9	-	-	3,286	-	-	3,286
Other comprehensive loss		-	-	-	(13,465)	-	(13,465)
Net income for the period		-	-	-	-	168,395	168,395
Dividends paid		-	-	-	-	(71,132)	(71,132)
<b>Balance, September 30, 2023</b>		<b>237,593,935</b>	<b>1,006,807</b>	<b>13,897</b>	<b>(10,853)</b>	<b>(56,896)</b>	<b>952,955</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**LUNDINGOLD**

# LUNDIN GOLD INC.

Condensed Consolidated Interim Statements of Cash Flows  
(Unaudited – Prepared by Management)  
(Expressed in thousands of U.S. Dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
<b>OPERATING ACTIVITIES</b>					
Net income for the period		\$ 53,782	\$ 62,673	\$ 168,395	\$ 141,817
Items not affecting cash:					
Depletion and depreciation		32,203	38,111	105,524	97,254
Stock-based compensation	9	1,199	1,099	3,274	2,932
Derivative loss (gain)	16(b)	(11,678)	(41,838)	3,435	(47,100)
Other expense (income)		(291)	(5,036)	619	(5,597)
Finance expense		18,069	21,730	54,896	76,340
Deferred income tax expense		8,731	21,295	22,622	33,632
		102,015	98,034	358,765	299,278
Changes in non-cash working capital items:					
Trade receivables and other current assets		(453)	(13,966)	7,765	1,208
Inventories		(938)	2,016	1,390	(8,200)
Advance royalty		5,209	5,324	11,709	11,824
Accounts payable and accrued liabilities		(7,029)	(594)	(9,920)	(5,219)
Income taxes payable		17,576	12,449	49,555	(8,362)
Other non-current liabilities		-	-	(1,045)	-
Interest received		3,650	1,476	8,602	2,226
Net cash provided by operating activities		120,030	104,739	426,821	292,755
<b>FINANCING ACTIVITIES</b>					
Repayments of long-term debt	7	(32,063)	(14,429)	(203,621)	(98,133)
Interest paid	7	(4,424)	(7,386)	(16,149)	(20,687)
Finance charge paid	7	(15,373)	(12,845)	(169,795)	(49,225)
Proceeds from exercise of stock options		618	-	3,835	3,555
Proceeds from exercise of anti-dilution rights		2,141	-	8,748	3,918
Proceeds from exercise of warrants		-	-	-	1,934
Dividends paid		(23,759)	(47,033)	(71,132)	(47,033)
Net cash used for financing activities		(72,860)	(81,693)	(448,114)	(205,671)
<b>INVESTING ACTIVITIES</b>					
Acquisition and development of property, plant and equipment		(17,550)	(17,427)	(36,045)	(40,023)
VAT paid on investing activities		(1,746)	(1,879)	(3,689)	(4,564)
Net cash used for investing activities		(19,296)	(19,306)	(39,734)	(44,587)
Effect of foreign exchange rate differences on cash		(377)	(1,133)	92	(1,466)
Net increase (decrease) in cash and cash equivalents		27,497	2,607	(60,935)	41,031
Cash and cash equivalents, beginning of period		274,968	301,032	363,400	262,608
Cash and cash equivalents, end of period		\$ 302,465	\$ 303,639	\$ 302,465	\$ 303,639

Supplemental cash flow information (Note 14)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**LUNDIN GOLD**

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# LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at September 30, 2023

(Unaudited – Prepared by Management)

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

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## 1. Nature of operations

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Lundin Gold Inc. together with its subsidiaries (collectively referred to as “Lundin Gold” or the “Company”) is focused on its Fruta del Norte gold operation and developing its portfolio of mineral concessions in Ecuador.

The common shares of the Company are listed for trading on the Toronto Stock Exchange (the “TSX”) and Nasdaq Stockholm under the symbol “LUG” and the OTCQX Best Market under the symbol “LUGDF”. The Company was originally incorporated in British Columbia and continued under the Canada Business Corporations Act in 2002.

The Company’s head office is located at Suite 2000, 885 West Georgia Street, Vancouver, BC, and it has a corporate office in Quito, Ecuador.

## 2. Basis of preparation and consolidation

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These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board (“IFRS”), applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting. As a result, they do not conform in all respects with the disclosure requirements for annual financial statements under IFRS and should be read in conjunction with the Company’s audited consolidated financial statements for the fiscal year ended December 31, 2022.

These unaudited condensed consolidated interim financial statements are presented in U.S. dollars.

In preparing these unaudited condensed consolidated interim financial statements, the Company applied the same accounting policies and key sources of estimation uncertainty as those that were applied to the Company’s audited consolidated financial statements for the fiscal year ended December 31, 2022.

These financial statements were approved for issue by the Board of Directors on November 8, 2023.

## 3. Trade receivables and other current assets

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	September 30, 2023	December 31, 2022
Trade receivables (a)	\$ 98,620	\$ 86,431
VAT recoverable (b)	24,757	61,883
Prepaid expenses and other (c)	41,465	20,820
	<u>\$ 164,842</u>	<u>\$ 169,134</u>

- (a) Trade receivables represent the value of concentrate sold as at period end for which the funds are not yet received. Consistent with industry standards, these sales generally have relatively long payment terms and are not settled until two to five months after export. There is no recorded allowance for credit losses. In determining the recoverability of trade receivables, the Company considers any change in 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.

Concentrate sales are first recorded based on provisional prices. For sales that are provisionally priced as at September 30, 2023, an adjustment is estimated and recorded using the forward gold price at quarter end for the future month when the final gold price for each individual sale is expected to be determined. This adjustment resulted in an increase of \$0.2 million in trade receivables as of September 30, 2023 (December 31, 2022 - \$6.1 million increase).

# LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at September 30, 2023

(Unaudited – Prepared by Management)

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

## 3. Trade receivables and other current assets (continued)

- (b) Subject to submission of monthly claims and their acceptance by the applicable tax authorities, VAT paid in Ecuador by the Company after January 1, 2018 are being refunded or applied as a credit against other taxes payable, based on the level of export sales in any given month. Therefore, a portion of the VAT recoverable has been reclassified as current assets.
- (c) Prepaid expenses and other includes credit notes issued by the tax authorities in Ecuador relating to approved VAT claims. These credit notes can be used to offset taxes payable including statutory tax withholdings from payments to vendors.

## 4. Inventories

	September 30, 2023	December 31, 2022
Ore stockpile	\$ 8,940	\$ 11,545
Gold in circuit	7,093	5,833
Doré and concentrate	14,876	16,709
Materials and supplies	57,657	55,700
	<b>\$ 88,566</b>	<b>\$ 89,787</b>

## 5. Property, plant and equipment

Cost	Construction- in-progress	Mine and plant facilities	Machinery and equipment	Vehicles	Furniture and office equipment	Total
<b>Balance, January 1, 2022</b>	\$ 27,536	\$ 874,098	\$ 55,865	\$ 23,078	\$ 2,685	\$ 983,262
Additions	18,569	29,715	2,202	2,311	1,350	54,147
Disposals and other	-	(1,953)	(3,154)	(795)	(612)	(6,514)
Reclassifications	(46,105)	46,105	-	-	-	-
Cumulative translation adjustment	-	(841)	-	-	(5)	(846)
<b>Balance, December 31, 2022</b>	-	947,124	54,913	24,594	3,418	1,030,049
Additions	-	32,420	182	771	-	33,373
Disposals and other	-	-	(899)	-	-	(899)
Cumulative translation adjustment	-	20	-	-	-	20
<b>Balance, September 30, 2023</b>	\$ -	\$ 979,564	\$ 54,196	\$ 25,365	\$ 3,418	\$ 1,062,543

# LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at September 30, 2023

(Unaudited – Prepared by Management)

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

## 5. Property, plant and equipment (continued)

Accumulated depletion and depreciation	Construction-in-progress	Mine and plant facilities	Machinery and equipment	Vehicles	Furniture and office equipment	Total
<b>Balance, January 1, 2022</b>	\$ -	\$ 114,469	\$ 18,493	\$ 13,189	\$ 2,037	\$ 148,188
Depletion and depreciation	-	92,689	6,640	4,426	264	104,019
Disposals and other	-	(410)	(1,513)	(748)	(612)	(3,283)
Cumulative translation adjustment	-	(169)	-	-	(5)	(174)
<b>Balance, December 31, 2022</b>	-	206,579	23,620	16,867	1,684	248,750
Depletion and depreciation	-	77,618	4,869	3,097	436	86,020
Disposals and other	-	-	(359)	-	-	(359)
Cumulative translation adjustment	-	1	-	-	-	1
<b>Balance, September 30, 2023</b>	\$ -	\$ 284,198	\$ 28,130	\$ 19,964	\$ 2,120	\$ 334,412
<b>Net book value</b>						
<b>As at December 31, 2022</b>	\$ -	\$ 740,545	\$ 31,293	\$ 7,727	\$ 1,734	\$ 781,299
<b>As at September 30, 2023</b>	\$ -	\$ 695,366	\$ 26,066	\$ 5,401	\$ 1,298	\$ 728,131

## 6. Mineral properties

Cost	Fruta del Norte
<b>Balance, January 1, 2022</b>	\$ 207,146
Depletion	(23,639)
<b>Balance, December 31, 2022</b>	183,507
Depletion	(19,174)
<b>Balance, September 30, 2023</b>	\$ 164,333

# LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at September 30, 2023

(Unaudited – Prepared by Management)

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

## 7. Long-term debt

	September 30, 2023	December 31, 2022
Gold prepay credit facility (a)	\$ -	\$ 207,446
Stream loan credit facility (b)	269,279	259,226
Offtake derivative liability (c)	25,853	28,440
Senior debt facility (d)	65,977	172,854
	\$ 361,109	\$ 667,966
Less: current portion		
Gold prepay credit facility	-	207,446
Stream loan credit facility	54,517	49,223
Offtake derivative liability	3,944	4,112
Senior debt facility	65,977	84,593
Long-term portion	\$ 236,671	\$ 322,592

The stream loan credit facility (the “Stream Loan”) and the offtake derivative liability are accounted for as financial liabilities at fair value through profit or loss and are comprised of the following as at September 30, 2023.

	Stream loan credit facility	Offtake derivative liability	Total
Principal	\$ 105,021	\$ -	\$ 105,021
Transaction costs	(1,912)	-	(1,912)
Derivative fair value adjustments	166,170	25,853	192,023
Total	\$ 269,279	\$ 25,853	\$ 295,132

Derivative fair value adjustments reflect the revaluation of the financial instruments at fair value as at September 30, 2023. The derivative gain or loss related to the Company’s own credit risk recorded in other comprehensive income includes the impact of the difference between the Company’s own credit risk at the time of entering into the long-term debt and the statement of financial position date (see also Note 16).

### (a) Gold prepay credit facility (the “Prepay Loan”)

In late December, as provided under the Prepay Loan, the Company exercised its right to repay in full the Prepay Loan by delivering an irrevocable notice of early repayment of its remaining outstanding obligations effective January 5, 2023. On that day, a payment of \$207.5 million was made to extinguish the Prepay Loan, inclusive of interest of \$0.1 million accrued between January 1 to January 5, 2023. Repayment was based on a gold price fixed near the end of December and a negotiated amount of equivalent ounces per quarter for the last ten remaining quarters at that time.

### (b) Stream loan credit facility

The Stream Loan is a secured loan facility with a stated interest rate of 7.5% per annum with interest accruing based upon the outstanding balance.

# LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at September 30, 2023

(Unaudited – Prepared by Management)

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

## 7. Long-term debt (continued)

The Stream Loan is repayable in variable monthly instalments equivalent to the value of 7.75% of gold production less \$404 per oz. (the “Gold Base Price”) and 100% of the silver production less \$4.04 per oz. (the “Silver Base Price”) up to a maximum of 350,000 oz of gold and six million oz of silver. The Gold Base Price and Silver Base Price will increase by 1% in February of each year. The excess of the monthly repayments over the principal due monthly and the balance of interest accrued to that date, if any, is a variable additional charge (the “Finance Charge”).

During the nine months ended September 30, 2023, the Company made payments under the Stream Loan totaling \$61.2 million (nine months ended September 30, 2022 – \$39.1 million) of which \$13.6 million (nine months ended September 30, 2022 – \$9.5 million) was paid on account of principal; \$6.3 million (nine months ended September 30, 2022 – \$7.2 million) for accrued interest; and \$41.3 million (nine months ended September 30, 2022 – \$22.4 million) for the Finance Charge (see Note 16). As at September 30, 2023, based on the projected life of mine production and other significant assumptions (see Note 16), the estimated fair value equivalent of 245,048 oz of gold and 4,346,101 oz of silver remains outstanding under the Stream Loan.

The Company has the option to repay (i) 50% of the remaining Stream Loan on June 30, 2024 for \$150 million (“First Reduction Option”) and / or (ii) the other 50% of the remaining Stream Loan on June 30, 2026 for \$225 million.

The Company has elected to measure the Stream Loan as a financial liability at fair value through profit or loss.

### (c) Offtake commitment (the “Offtake”)

The lender of the Stream Loan has been granted the right to purchase 50% of Fruta del Norte gold production, up to a maximum of 2.5 million oz, at a price determined based on monthly delivery dates and a defined quotational period. This obligation is satisfied first through the sale of doré and then, if required, financial settlement.

The Company has determined that the Offtake represents a derivative financial liability. Accordingly, the Offtake, which is primarily a function of the gold price option feature, is measured at fair value at each statement of financial position date, with changes in the derivative fair value being recorded in profit or loss. As at September 30, 2023, based on the projected life of mine production and other significant assumptions (see Note 16), the estimated fair value equivalent of 1,972,981 oz of gold remains outstanding under the Offtake.

### (d) Senior debt facility (the “Facility”)

As at September 30, 2023	Tranche A	Tranche B	Total
Principal	\$ 50,352	\$ 20,141	\$ 70,493
Accrued interest	670	206	876
Transaction costs, net of amortization	(4,016)	(1,376)	(5,392)
Total	\$ 47,006	\$ 18,971	\$ 65,977

The Facility is a senior secured loan comprised of two tranches: a senior commercial facility (“Tranche A”) and a senior covered facility under a raw material guarantee (“Tranche B”). The annual interest rate is the three or six-month SOFR plus an average margin of approximately 5.05% for Tranche A and 2.50% for Tranche B. Tranche A and Tranche B are subject to risk mitigation and guarantee fees of 2.00% and 3.15%, respectively. The Facility is repayable in variable quarterly instalments as well as accelerated quarterly principal repayments based on 30% of Fruta del Norte’s excess cash flow (the “Cash Sweep”).

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# LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at September 30, 2023

(Unaudited – Prepared by Management)

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

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## 7. Long-term debt (continued)

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During the nine months ended September 30, 2023, the Company paid \$111.0 million of principal (nine months ended September 30, 2022 – \$64.9 million) and \$9.7 million (nine months ended September 30, 2022 – \$7.6 million) of interest relating to the Facility. The principal repaid during the nine months ended September 30, 2023 includes \$69.0 million (nine months ended September 30, 2022 – \$35.2 million) paid on account of the Cash Sweep.

Under the long-term debt, the Company, together with its subsidiaries related to Fruta del Norte (collectively, the “FDN Subsidiaries”), are subject to a number of covenants while amounts remain outstanding including maintaining a minimum cash balance of \$40 million in its operating subsidiary as its debt service reserve balance. The long-term debt is secured by a charge over the FDN Subsidiaries’ assets, pledges of the shares of the FDN Subsidiaries and guarantees of the Company and the FDN Subsidiaries. Certain covenants, including the minimum cash balance as a debt service reserve balance, will no longer apply after the Company fully repays the remaining principal balance plus accrued interest under its senior debt facility effective November 14, 2023 (Note 18).

## 8. Share capital

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Authorized:

- Unlimited number of common shares without par value
- Unlimited number of preference shares without par value

During the nine months ended September 30, 2023, the Company issued 725,653 common shares to Newcrest Mining Limited (“Newcrest”) at a weighted average price of CAD\$16.44 per share for total proceeds of \$8.7 million. During the year ended December 31, 2022, 477,260 common shares were issued to Newcrest at a weighted average price of CAD\$10.50 per share for total proceeds of \$3.9 million. These issuances were completed in accordance with Newcrest’s anti-dilution rights granted as part of its initial investment into the Company.

## 9. Stock-based compensation

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Under an omnibus incentive plan (the “Omnibus Plan”) that allows for the reservation of a maximum 6% of the common shares issued and outstanding for issuance at any given time, the Company may grant stock options, restricted share units and deferred share units (collectively, the “Awards”). Subject to specific provisions under the Omnibus Plan, the eligibility, vesting period, term, and number of Awards are granted at the discretion of the Company’s board of directors.

Recipients of share units granted and outstanding on a dividend record date are entitled to receive an award of additional share units equal to the cash dividends declared and paid on the Company’s common shares (“Dividend Equivalent”). Dividend Equivalents are calculated in accordance with the Omnibus Plan based on the number of share units held, the dividend per share and the weighted average trading price of the Company’s shares on the TSX for the five days preceding the date the dividend was paid. These additional share units are subject to the same terms and conditions as the underlying share units.

### i. Stock options

Stock options granted and outstanding under the Omnibus Plan and a pre-existing stock option plan (the “Option Plan”) have an expiry date of five years and vest over a period of three or four years from date of grant. No additional stock options can be granted under the Option Plan.

During the nine months ended September 30, 2023, 530,600 stock options were granted under the Omnibus Plan which have an expiry date of five years and vest over a period of three or four years from date of grant.

Stock options are exercisable into one common share of the Company at the price specified in the terms of the option agreement.

# LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at September 30, 2023

(Unaudited – Prepared by Management)

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## 9. Stock-based compensation (continued)

A continuity summary of the stock options granted and outstanding under the Omnibus Plan and Option Plan is presented below:

	Nine months ended September 30, 2023		Year ended December 31, 2022	
	Number of stock options	Weighted average exercise price (CAD)	Number of stock options	Weighted average exercise price (CAD)
Balance, beginning of period	4,237,923	\$ 8.35	4,863,400	\$ 7.26
Granted	530,600	14.13	772,800	9.86
Forfeited	-	-	(42,884)	10.23
Exercised <sup>(1)</sup>	(980,552)	5.27	(1,355,393)	5.23
Balance outstanding, end of period	3,787,971	\$ 9.96	4,237,923	\$ 8.35
Balance exercisable, end of period	2,475,121	\$ 9.02	2,693,070	\$ 7.10

<sup>(1)</sup> The weighted average share price on the exercise date for the stock options exercised during the nine months ended September 30, 2023 and year ended December 31, 2022 were CAD\$16.00 and CAD\$11.62, respectively.

The following table summarizes information concerning outstanding and exercisable options at September 30, 2023:

Range of exercise prices (CAD)	Outstanding options			Exercisable options		
	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (CAD)	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (CAD)
\$ 5.22 to 5.40	977,300	0.41	\$ 5.36	977,300	0.41	\$ 5.36
\$ 5.41 to 11.00	1,450,071	2.91	10.13	714,417	2.75	10.23
\$ 11.01 to 16.12	1,360,600	2.74	13.08	783,404	1.54	12.48
	3,787,971	2.20	\$ 9.96	2,475,121	1.44	\$ 9.02

The fair value based method of accounting was applied to stock options granted to employees, including directors, and non-employees on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	September 30, 2023	December 31, 2022
Risk-free interest rate	3.17%	1.62%
Expected stock price volatility	38.43%	36.51%
Expected life	5 years	5 years
Expected dividends (CAD)	\$0.26	-
Weighted-average fair value per option granted (CAD)	\$4.57	\$3.40

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## 9. Stock-based compensation (continued)

The equity-settled share-based payment reserve includes the fair value of employee options as measured at grant date and amortized over the period during which the employees become unconditionally entitled to the options.

During the nine months ended September 30, 2023, the Company recorded stock-based compensation expense of \$1.3 million (nine months ended September 30, 2022 – \$1.6 million).

### ii. Share units

Under the Omnibus Plan, the Company has granted restricted share units and deferred share units to eligible employees and non-employee directors as presented below.

	Restricted share units with performance criteria		Restricted share units		Deferred share units
	Settled in cash or shares	Settled in shares	Settled in cash	Settled in shares	
Balance at January 1, 2022	148,000	187,300	24,600	110,800	23,308
Granted	-	196,500	-	86,800	10,509
Granted – Dividend Equivalent	4,052	10,506	670	4,271	861
Cancelled	-	(17,054)	-	-	-
Settled	-	-	-	(41,000)	-
Balance at December 31, 2022	152,052	377,252	25,270	160,871	34,678
Granted	-	167,300	-	134,884	8,331
Granted - Dividend Equivalent	-	13,738	-	4,331	504
Cancelled	-	-	(5,752)	(21,164)	-
Settled	(152,052)	-	(19,518)	(86,720)	(30,825)
Balance at September 30, 2023	-	558,290	-	192,202	12,688

### *Restricted share units with performance criteria (“PSUs”)*

During the nine months ended September 30, 2023, the Company granted 167,300 PSUs that are settled in shares (“Share PSUs”). In addition, in connection with dividends paid during the nine months ended September 30, 2023, 13,738 Share PSUs were granted as Dividend Equivalents. During the year ended December 31, 2022, the Company granted 196,500 Share PSUs. In addition, in connection with the Company’s inaugural dividend paid in 2022, 10,506 Share PSUs and 4,052 PSUs that are settled in cash or common shares, at the recipient’s option, (“Cash PSUs”) were granted as Dividend Equivalents.

All Cash PSUs were settled through a combination of payment of cash or issuance of shares during the nine months ended September 30, 2023. Share PSUs are granted to eligible employees and vest three years from date of grant subject to continued employment and certain performance conditions being met. The number of Share PSUs that vest will be adjusted using a multiplier that is based on total shareholder return by the Company’s shares over the three-year period relative to a peer group as defined by the Company’s board of directors. Each vested Share PSU entitles the recipient to a payment of one common share.

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## 9. Stock-based compensation (continued)

Using Monte Carlo simulation, the fair value of Share PSUs was measured on the date of grant while the fair value of Cash PSUs was measured as at December 31, 2022 with the following weighted-average assumptions:

	September 30, 2023	December 31, 2022	
	Share PSUs	Share PSUs	Cash PSUs
Risk-free interest rate	4.22%	2.20%	N/A
Average expected volatility of the Company and its peer group	45.64%	50.54%	N/A
Expected life	3 years	3 years	0.15 years
Expected dividends (CAD)	\$0.26	-	\$0.26
Weighted-average fair value per unit (CAD)	\$12.38	\$9.33	\$13.23

The fair value of Share PSUs measured at grant date are being amortized over the period during which the employees become unconditionally entitled to the Share PSUs. During the nine months ended September 30, 2023, the Company recorded stock-based compensation expense of \$1.0 million (nine months ended September 30, 2022 – \$0.7 million) relating to Share PSUs.

### *Restricted share units without performance criteria (“RSUs”)*

During the nine months ended September 30, 2023, the Company granted 134,884 RSUs that are settled in shares (“Share RSUs”). In addition, in connection with dividends paid during the nine months ended September 30, 2023, 4,331 Share RSUs were granted as Dividend Equivalents. During the year ended December 31, 2022, the Company granted 86,800 Share RSUs. In addition, in connection with the Company’s inaugural dividend paid in 2022, 4,271 Share RSUs and 670 RSUs that are settled in cash (“Cash RSUs”) were granted as Dividend Equivalents.

All Cash RSUs were settled in cash during the nine months ended September 30, 2023. Share RSUs are granted to eligible employees and vest one to three years from date of grant subject to continued employment. Each vested Share RSU entitles the recipient to a payment of one common share.

Using the Black-Scholes option pricing model, the fair value of the Share RSUs was measured on the date of grant while the fair value of the Cash RSUs was measured as at December 31, 2022 with the following weighted-average assumptions:

	September 30, 2023	December 31, 2022	
	Share RSUs	Share RSUs	Cash RSUs
Risk-free interest rate	3.88%	1.22%	3.86%
Expected stock price volatility	39.36%	44.54%	39.27%
Expected life	1.96 years	1.99 years	0.15 years
Expected dividends (CAD)	\$0.26	-	\$0.26
Weighted-average fair value per unit (CAD)	\$17.33	\$12.42	\$13.86

The fair value of Share RSUs measured at grant date are being amortized over the period during which the employees become unconditionally entitled to the Share RSUs. During the nine months ended September 30, 2023, the Company recorded stock-based compensation expense of \$0.7 million (nine months ended September 30, 2022 – \$0.7 million) relating to Share RSUs.

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## 9. Stock-based compensation (continued)

### *Deferred share units (“DSUs”)*

During the nine months ended September 30, 2023 and year ended December 31, 2022, the Company granted 8,331 DSUs and 10,509 DSUs, respectively, to non-employee directors. In addition, in connection with dividends paid by the Company during the nine months ended September 30, 2023 and year ended December 31 2022, 504 DSUs and 861 DSUs, respectively, were granted as Dividend Equivalents. The DSUs do not vest until the end of service as a director of the Company. Each vested DSU entitles the recipient to a payment in shares.

During the nine months ended September 30, 2023, the Company recorded stock-based compensation expense of \$0.2 million (nine months ended September 30, 2022 – \$0.1 million) relating to DSUs.

## 10. Administration

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Corporate social responsibility	\$ 542	\$ 436	\$ 1,688	\$ 1,247
Investor relations	108	135	297	305
Office and general	755	841	2,270	2,315
Professional fees	375	568	1,593	1,547
Regulatory and transfer	50	36	390	370
Salaries and benefits	1,260	1,771	6,607	5,576
Stock-based compensation	1,199	1,099	3,274	2,932
Travel	162	72	419	261
	\$ 4,451	\$ 4,958	\$ 16,538	\$ 14,553

## 11. Finance expense

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Interest expense	\$ 4,107	\$ 7,279	\$ 14,928	\$ 22,158
Finance charge	15,373	12,845	41,296	49,225
Other finance costs	540	1,513	2,559	4,563
Accretion of transaction	1,872	2,023	5,553	4,223
Interest income	(3,650)	(1,476)	(8,602)	(2,226)
	\$ 18,242	\$ 22,184	\$ 55,734	\$ 77,943

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## 12. Related party transactions

Key management compensation

Key management includes executive officers and directors of the Company. The compensation paid or payable to key management for employee services during the nine months ended September 30 is shown below.

	September 30, 2023		September 30, 2022	
Salaries, bonuses and benefits	\$	5,921	\$	4,927
Stock-based compensation		2,592		2,168
	\$	8,513	\$	7,095

## 13. Income taxes

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% and dividend withholding taxes levied at a rate of 5% related to the anticipated portion of net income distributed from Ecuador, included in current income tax expense is the portion of profit sharing payable to the Government of Ecuador which is calculated at the rate of 12% of net income for tax purposes. The employee portion of profit sharing, calculated at the rate of 3% of net income for tax purposes, is considered an employment benefit and included in operating costs.

The rates used in Ecuador differ from the amount that would result from applying the Canadian federal and provincial income tax rates to net income before tax. These differences result from the following items:

	Three months ended September 30, 2023		September 30, 2022		Nine months ended September 30, 2023		September 30, 2022	
Net income before tax	\$	82,725	\$	98,582	\$	265,444	\$	227,206
Canadian federal and provincial income tax rates		27.00%		27.00%		27.00%		27.00%
Income tax expense based on the above rates		22,336		26,617		71,670		61,346
Increase due to:								
Differences in foreign tax rates		2,834		3,696		13,049		13,019
Non-deductible costs		1,304		476		4,020		2,382
Withholding taxes (current and deferred)		2,134		6,109		5,925		9,270
Losses and temporary differences for which an income tax asset has not been recognized		335		(989)		2,385		(628)
Income tax expense	\$	28,943	\$	35,909	\$	97,049	\$	85,389

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## 14. Supplemental cash flow information

Cash and cash equivalents are comprised of the following:

	September 30, 2023		December 31, 2022	
Cash	\$	114,371	\$	283,596
Short-term investments		188,094		79,804
	\$	302,465	\$	363,400

Other supplemental cash information:

	Three months ended September 30, 2023		Nine months ended September 30, 2023		September 30, 2022	
Income taxes paid	\$	-	\$	-	\$	21,017
Change in accounts payable and accrued liabilities related to:						
Acquisition of property, plant and equipment	\$	(1,806)	\$	(684)	\$	(2,672)
					\$	436

## 15. Segmented information

Operating segments are components of an entity that engage in business activities from which they incur expenses and whose operating results are regularly reviewed by a chief operating decision maker to make resource allocation decisions and to assess performance. The Chief Executive Officer is responsible for allocating resources and reviewing operating results of each operating segment on a periodic basis.

The Company's primary business activity is the Fruta del Norte operating mine in Ecuador. Materially all of the Company's non-current assets and non-current liabilities relate to Fruta del Norte. In addition, the Company conducts exploration activities and maintains a number of concessions in Ecuador outside of Fruta del Norte.

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## 15. Segmented information (continued)

The following are summaries of the Company's current and non-current assets, current and non-current liabilities, and net income (loss) by segment:

	Fruta del Norte	Exploration activities	Corporate and other	Total
<b>As at September 30, 2023</b>				
Current assets	\$ 483,077	\$ 13,641	\$ 71,365	\$ 568,083
Non-current assets	948,783	-	-	948,783
<b>Total assets</b>	<b>1,431,860</b>	<b>13,641</b>	<b>71,365</b>	<b>1,516,866</b>
Current liabilities	252,702	702	885	254,289
Non-current liabilities	301,122	-	8,500	309,622
<b>Total liabilities</b>	<b>553,824</b>	<b>702</b>	<b>9,385</b>	<b>563,911</b>
<b>For the three months ended September 30, 2023</b>				
Revenues	211,172	-	-	211,172
Income from mining operations	99,620	-	-	99,620
Corporate administration	(1,089)	(33)	(3,329)	(4,451)
Exploration expenditures	-	(6,234)	-	(6,234)
Finance income (expense)	(19,060)	-	818	(18,242)
Other income (expense)	(528)	-	882	354
Derivative gain	11,678	-	-	11,678
Income tax expense	(26,809)	-	(2,134)	(28,943)
<b>Net income (loss) for the period</b>	<b>63,812</b>	<b>(6,267)</b>	<b>(3,763)</b>	<b>53,782</b>
<b>For the nine months ended September 30, 2023</b>				
Revenues	711,830	-	-	711,830
Income from mining operations	357,129	-	-	357,129
Corporate administration	(3,750)	(120)	(12,668)	(16,538)
Exploration expenditures	-	(15,273)	-	(15,273)
Finance income (expense)	(58,594)	-	2,860	(55,734)
Other income (expense)	(504)	2	(203)	(705)
Derivative loss	(3,435)	-	-	(3,435)
Income tax expense	(91,124)	-	(5,925)	(97,049)
<b>Net income (loss) for the period</b>	<b>199,722</b>	<b>(15,391)</b>	<b>(15,936)</b>	<b>168,395</b>

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## 15. Segmented information (continued)

	Fruta del Norte	Exploration activities	Corporate and other	Total
<b>As at September 30, 2022</b>				
Current assets	\$ 484,163	\$ 8,345	\$ 87,958	\$ 580,466
Non-current assets	1,054,124	-	-	1,054,124
Total assets	1,538,287	8,345	87,958	1,634,590
Current liabilities	317,843	1,762	7,188	326,793
Non-current liabilities	382,626	-	4,000	386,626
Total liabilities	700,469	1,762	11,188	713,419
<b>For the three months ended September 30, 2022</b>				
Revenues	210,425	-	-	210,425
Income from mining operations	83,930	-	-	83,930
Corporate administration	(1,452)	(17)	(3,489)	(4,958)
Exploration expenditures	-	(4,969)	-	(4,969)
Finance income (expense)	(22,495)	-	311	(22,184)
Other income (expense)	(192)	-	5,117	4,925
Derivative gain	41,838	-	-	41,838
Income tax expense	(31,451)	-	(4,458)	(35,909)
Net income (loss) for the period	70,178	(4,986)	(2,519)	62,673
<b>For the nine months ended September 30, 2022</b>				
Revenues	604,705	-	-	604,705
Income from mining operations	277,659	-	-	277,659
Corporate administration	(3,679)	(66)	(10,808)	(14,553)
Exploration expenditures	-	(10,595)	-	(10,595)
Finance income (expense)	(78,453)	-	510	(77,943)
Other income (expense)	(190)	-	5,728	5,538
Derivative gain	47,100	-	-	47,100
Income tax expense	(76,119)	-	(9,270)	(85,389)
Net income (loss) for the period	166,318	(10,661)	(13,840)	141,817

## 16. 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 Stream Loan 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 \$96.4 million (December 31, 2022 - \$86.4 million) are measured at fair value using quoted forward market prices (level 2).

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## 16. Financial instruments (continued)

### (a) Fair value measurements and hierarchy

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lower priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Inputs that are both significant to the fair value measurement and unobservable.

### (b) Fair value measurements using significant unobservable inputs (Level 3)

The following table sets forth the Company's financial liabilities measured at fair value on a recurring basis by level within the fair value hierarchy for the nine months ended September 30, 2023 and year ended December 31, 2022. Each of these financial instruments are classified as Level 3 as their valuation includes significant unobservable inputs.

	<b>Stream loan credit facility</b>	<b>Offtake derivative liability</b>	<b>Total</b>
<b>Balance, December 31, 2021</b>	\$ 263,614	\$ 27,038	\$ 488,432
Principal paid	(13,933)	-	(13,933)
Interest paid	(9,545)	-	(9,545)
Interest accrued at stated rate of 7.5%	9,545	-	9,545
Accretion of transaction costs	212	-	212
Derivative fair value adjustments recognized in:			
Net income	20,608	1,402	22,010
Other comprehensive income	(11,275)	-	(11,275)
Change in derivative fair values	9,333	1,402	10,735
<b>Balance, December 31, 2022</b>	\$ 259,226	\$ 28,440	\$ 287,666
Principal paid	(13,626)	-	(13,626)
Interest paid	(6,319)	-	(6,319)
Interest accrued at stated rate of 7.5%	6,319	-	6,319
Accretion of transaction costs	160	-	160
Derivative fair value adjustments recognized in:			
Net income	6,022	(2,587)	3,435
Other comprehensive income	17,497	-	17,497
Change in derivative fair values	23,519	(2,587)	20,932
<b>Balance, September 30, 2023</b>	\$ 269,279	\$ 25,853	\$ 295,132

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## 16. Financial instruments (continued)

### (c) Significant assumptions in valuation and relationship to fair value

The financial liabilities above were valued using Monte Carlo simulation valuation models. The significant assumptions used in the Monte Carlo valuation models include: the gold and silver forward prices, gold and silver price volatility, the risk-free rate of return, risk-adjusted discount rates, and the projected life of mine production schedule.

As the gold price and silver price volatilities and risk-adjusted discount rates are unobservable inputs, the financial liabilities above are classified within Level 3 of the fair value hierarchy. The following table summarizes the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

	Fair value at September 30, 2023	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Stream Loan and Offtake	\$ 295,132	Expected volatility	10% to 30%	An increase or decrease in expected volatility of 5% would increase or decrease fair value by \$5.8 million or \$5.7 million, respectively
		Risk-adjusted discount rate	10% to 13%	An increase or decrease in risk-adjusted discount rate of 1% would decrease or increase fair value by \$7.0 million or \$6.9 million, respectively

### (d) Valuation processes

The valuation of financial instruments classified as Level 3 of the fair value hierarchy were prepared by an independent valuation specialist under the direct oversight of the Senior Vice President, Finance of the Company. Discussions of valuation processes and results are reported to the audit committee at least once every three months, in line with the Company's quarterly reporting periods.

### (e) Financial risk management

#### *Concentration of credit risk*

Cash and cash equivalents are held with high quality financial institutions. Substantially all of the Company's cash and cash equivalents held with financial institutions exceed government-insured limits. The Company has established a treasury policy that seeks to minimize its credit risk by entering into transactions with investment grade creditworthy and reputable financial institutions and by monitoring the credit standing of those financial institutions. The Company seeks to limit the amount of exposure with any one counterparty in accordance with its established treasury policy.

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## 17. Commitments

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Significant capital expenditures contracted as at September 30, 2023 but not recognized as liabilities are as follows:

	<b>Capital Expenditures</b>	
12 months ending September 30, 2024	\$	13,024
October 1, 2024 onward		-
Total	\$	13,024

## 18. Subsequent events

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In early November 2023, the Company gave notice of its intent to fully repay the remaining principal balance of \$70.5 million and accrued interest of \$1.7 million under the Facility on November 14, 2023. The full prepayment is being completed in accordance with the terms of the Facility without any fees or penalties due to the senior lenders.