
LUNDIN GOLD INC.

Management's Discussion and Analysis

Six Months Ended June 30, 2023

(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 subsidiaries (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, 2023 with those of the same period from the previous year.

This MD&A is dated as of August 9, 2023 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, 2023, 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, 2022. References to the "2023 Period" and "2022 Period" relate to the six months ended June 30, 2023 and June 30, 2022, 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 28 metallic mineral concessions and three construction material concessions covering an area of approximately 64,454 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 and are dedicated to operating Fruta del Norte responsibly and pursuing growth. 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 2023 HIGHLIGHTS AND ACTIVITIES

Lundin Gold generated \$132 million in free cash flow¹ or \$0.56 per share over the three-month period, the highest quarterly free cash flow¹ achieved to date. This was achieved by excellent operating performance at FDN with gold production of 129,731 ounces ("oz") and sales of 128,958 oz at a cash operating cost¹ of \$644 per oz sold and all-in sustaining cost ("AISC")¹ of \$802 per oz sold. Revenues and adjusted earnings¹ of \$244 million and \$59.4 million, respectively, were realized.

Gold production during the second quarter was higher than plan due to higher mill throughput and higher head grade, at an average of 11.0 grams per tonne ("g/t"), offset by lower recoveries compared to recent periods due to a change in ore type, which contained finely disseminated sulphide minerals.

Construction of the fourth tailings dam raise advanced in the second quarter resulting in increased sustaining capital expenditures, a figure included in the AISC¹ calculation. Construction activities are expected to peak during the third quarter with completion on track during the fourth quarter of 2023.

Based on very strong performance during the first half of 2023, the Company has increased its 2023 production guidance to 450,000 to 485,000 oz, as compared to 425,000 to 475,000 oz. In addition, the Company has reduced its 2023 cost operating cost¹ guidance to \$650 to \$700 per oz sold from \$700 to \$760 per oz sold, and AISC¹ to \$820 to \$870 per oz sold from \$870 to \$940 per oz sold.

The following two tables provide an overview of key operating and financial results achieved during the second quarter of 2023 compared to the same period in 2022.

¹ Refer to "Non-IFRS Measures" section in this MD&A.

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	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Tonnes ore mined	404,408	369,430	832,143	749,059
Tonnes ore milled	418,373	385,675	810,705	759,082
Average mill head grade (g/t)	11.0	10.3	11.6	10.8
Average recovery	88.0%	87.6%	89.3%	88.9%
Average mill throughput (tpd)	4,598	4,238	4,479	4,194
Gold ounces produced	129,731	111,890	269,752	233,555
Gold ounces sold	128,958	96,291	263,649	215,573

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Revenues (\$'000)	243,930	177,808	500,658	394,280
Income from mining operations (\$'000)	124,801	82,522	257,509	193,729
Earnings before interest, taxes, depreciation, and amortization (\$'000) ¹	149,900	144,704	293,532	243,526
Adjusted earnings before interest, taxes, depreciation, and amortization (\$'000) ¹	149,579	104,718	308,645	238,264
Net income (\$'000)	63,148	55,962	114,613	79,144
Basic income per share (\$)	0.27	0.24	0.48	0.34
Cash provided by operating activities (\$'000)	162,352	60,686	306,791	188,016
Free cash flow (\$'000) ¹	131,859	21,248	120,206	113,054
Free cash flow per share (\$) ¹	0.56	0.09	0.51	0.48
Average realized gold price (\$/oz sold) ¹	1,942	1,907	1,947	1,882
Cash operating cost (\$/oz sold) ¹	644	702	644	656
All-in sustaining costs (\$/oz sold) ¹	802	864	765	771
Adjusted earnings (\$'000) ¹	59,387	13,490	126,401	71,040
Adjusted earnings per share (\$) ¹	0.25	0.06	0.53	0.30
Dividends paid per share (\$)	0.10	-	0.20	-

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The difference between net income and adjusted earnings¹ during the second quarter of 2023 is due to non-cash derivative gains of \$0.3 million (six months ended June 30, 2023: loss of \$15.1 million) associated with fair value accounting of the stream facility. This non-cash item is driven by numerous factors including expected production profile, anticipated forward gold and silver prices, and yields. Non-cash derivative gains (or losses) associated with decreased (or increased) short-term production and anticipated decreasing (or increasing) forward gold and silver 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 has and will continue to 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 and Financial Results During the Second Quarter of 2023

- Mine production of 404,408 tonnes of ore at an average grade of 9.0 grams per tonne.
- The mill processed 418,373 tonnes of ore at an average throughput rate of 4,598 tpd. Inclusive of the relining of the SAG and ball mills during the first quarter, the mill has averaged a throughput rate of 4,479 tpd during the first half of 2023.
- The average grade of ore milled was 11.0 grams per tonne with average recovery at 88.0%. Recoveries were affected by processing of ore from sectors that contain higher levels of finely disseminated sulphide minerals which are impacting both gravity and flotation recovery.
- Gold production was 129,731 oz which was comprised of 85,395 oz in concentrate and 44,336 oz as doré. Gold sales of 128,958 oz of gold, consisting of 84,679 oz in concentrate and 44,279 oz as doré, resulted in gross revenues of \$250 million at an average realized gold price¹ of \$1,942 per oz. Net of treatment and refining charges, revenues were \$244 million.
- Cash operating costs¹ and AISC¹ were \$644 and \$802 per oz of gold sold, respectively. While cash operating costs¹ per oz sold remained consistent with the previous quarter, the ramp up of sustaining capital activities resulted in a higher AISC¹ albeit still below expected levels for the quarter.
- The Company generated cash flow of \$162 million from operations and record free cash flow¹ of \$132 million or \$0.56 per share resulting in a cash balance of \$275 million at June 30, 2023.
- Earnings before interest, taxes, depreciation, and amortization¹ ("EBITDA") and adjusted EBITDA¹ were \$149.9 million and \$149.6 million, respectively with the difference resulting from derivative gains recognized in the quarter.
- Net income was \$63.1 million including a derivative gain of \$0.3 million, and net of corporate, exploration, finance costs, and associated taxes on earnings. Adjusted earnings¹, which exclude the derivative gain and related taxes, were \$59.4 million, or \$0.25 per share.

Capital Expenditures

Sustaining Capital

- Construction of the fourth raise of the tailings dam advanced during the second quarter with progress to date consistent with plan. Completion during the fourth quarter of 2023 remains as expected.
- The new warehouse was completed during the second quarter and is now operational.
- The underground mine maintenance facility is expected to be completed during the third quarter which will provide additional efficiencies.
- Other sustaining capital projects such as sewage treatment plant upgrades, purchase of mobile equipment, and other efficiency improvement projects continue to ramp up during the remainder of the year.

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- The 2023 conversion drilling program continues to advance in distinct sectors of the FDN resource. During the quarter, the program focused on the southern extension with approximately 3,211 metres across 20 drill holes completed. Most drill holes confirmed the continuity of mineralization in the drilled areas. Results have pointed to a vein type mineralization in this part of the deposit, with narrower higher-grade intervals. Some of the conversion drilling results for the southern extension remain pending. A complete table of results received to date can be found in Lundin Gold's press release dated August 3, 2023.

Health and Safety and Community

Health and Safety

- During the quarter there were no Lost Time Incidents ("LTI") and no Medical Aid Incidents ("MAI").
- The Total Recordable Incident Rate across exploration and operations was 0.00 per 200,000 hours worked for the quarter and 0.07 for the first six months of 2023.
- In early July, FDN operations surpassed 365 days without an LTI or MAI with over 5.1 million hours worked.

Community

Various community projects supported by the Company continued to progress in the second quarter including support for micro businesses established by local entrepreneurs in conjunction with the Lundin Foundation. The local textile manufacturer, fire extinguisher maintenance company, and pest control / fumigation company continue to work with the mine. Feasibility studies of potential new areas for local businesses continue. Efforts have continued to ensure that local farmers retain access to local, national, and international markets.

Longstanding projects such as road maintenance, educational support to promote access to higher education, efficiency improvements in the agricultural sector and addressing infrastructure challenges remain on track.

The Company continues to engage with local indigenous people, especially the Shuar Federation of Zamora Chinchipe, to jointly implement projects that promote economic opportunities and the Shuar culture. In the second quarter, the Shuar tourism company continued in its efforts to diversify its lines of business and to create additional employment opportunities.

Exploration

Near Mine Exploration Program

The near mine drilling program continues to explore extensions of major controlling structures surrounding the FDN deposit. In the second quarter, a total of 8,609 metres across sixteen drill holes, from surface and underground, were completed at several targets near FDN.

- The surface drilling program continues along the south extension of the East Fault, where the FDN South ("FDNS") and Bonza Sur targets were identified in the previous quarter. During the quarter, twelve surface drill holes were completed and indicated continuity of mineralization at Bonza Sur and FDNS. An exploratory hole was also completed along the north extension of the Fruta del Norte deposit. Four surface rigs are currently drilling with two rigs at Bonza Sur, one at FDNS, and the fourth testing new near mine sectors.
 - At FDNS, six surface drill holes were completed, confirming continuity of mineralization and defining a new geometry for the vein system in this sector. Drilling results indicate a series of subparallel epithermal veins in a northeastern-southwestern direction that remain open for expansion along strike and at depth.
 - At Bonza Sur, located one kilometre from FDN, five surface drill holes were completed and continue to confirm mineralization. Drilling results recorded multiple positive intersections and demonstrated the occurrence of three distinct mineralized zones represented by veins/veinlets of quartz and minor chalcedony and manganoan-carbonate associated to the occurrences of sulfides. Mineralization currently extends 500 metres along strike to the north-south and 300 metres along the downdip and remains open in all directions.
 - Drilling testing new near mine sectors was recently initiated. This drilling aims to explore the extensions of major structures at FDN with the first drill hole completed along the northern extension of FDN. Results are pending.

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- The underground drill program continues to explore the continuity of the FDN deposit at depth and beyond the major faults. Four drill holes were completed and intercepted structures and hydrothermal alteration beyond the FDN limits. In the central part of FDN, two drill holes confirmed the hydrothermal alteration zones at depth with low-grade gold values. Two other drill holes intercepted zones of hydrothermal alteration with vein/veinlets hosted on volcanic rocks or intrusive rocks to the east of the FDN East Fault. Results are pending.

A complete table of results received to date can be found in Lundin Gold's press release dated August 3, 2023.

Regional Exploration Program

The regional drilling program continues to advance in distinct sectors along the southwestern border of the Suarez basin and a total of 2,264 metres across three drill holes were completed in the second quarter. The program focused on the Quebrada La Negra and the newly defined Crisbel targets, where detailed geological interpretation of exploration data and additional surface works identified major structures and zones of hydrothermal alteration.

- At Quebrada La Negra, two drill holes were completed which intercepted wide zones of hydrothermal alteration with breccias and/or veins and disseminated sulfides. Drill results returned low values of gold associated with epithermal pathfinder elements, such as zinc and lead, and a recent interpretation point to new areas for further detailing farther north.
- At Crisbel, one drill hole was completed testing an unexplored geochemical soil anomaly (gold and epithermal pathfinder elements such as antimony and arsenic) disposed along the contact between the Suarez Border and the volcanic sequence. The drill hole intercepted hydrothermal alteration zones with important quantities of sulfides hosted in brecciated volcanic rocks. Results are pending.

Newcrest Earn-In Agreement

On the concessions held by the Company's subsidiary, SurNorte S.A., a second phase of scout drilling commenced at the Gamora Project, located in southeast Ecuador. This work is being conducted by Newcrest Mining Limited ("Newcrest") as the operator under an earn-in agreement with Lundin Gold pursuant to which Newcrest can earn up to a 50% interest in eight exploration concessions located to the north and south of Fruta del Norte. A second phase of scout drilling was completed in the quarter at the Gamora Project, which was focused on testing priority copper-gold targets in the Mirador copper porphyry district.

Corporate

- The Company paid a quarterly dividend of \$0.10 per share on June 27, 2023 (June 30 for shares trading on Nasdaq Stockholm) based on a record date of June 13, 2023, for a total of \$23.7 million.
- With the release of its second quarter 2023 results, the Company has declared a cash dividend of \$0.10 per share, which is payable on September 26, 2023 (September 29 for shares trading on Nasdaq Stockholm) to shareholders of record on September 11, 2023.
- The Company announced the appointment of Christopher Kololian as Chief Financial Officer during the quarter. Mr. Kololian assumed the role effective July 1, 2023, and the Company's Interim Chief Financial Officer, Mr. Chester See, has continued with Lundin Gold in the role of Senior Vice-President, Finance.
- At the Company's annual shareholders' meeting on May 15, 2023, Ms. Angelina Mehta was elected as a director, replacing Ms. Chantal Gosselin who did not stand for re-election.
- The Company's second TCFD-aligned climate change report and seventh annual sustainability report were published in May. Based on publicly available data from 152 gold mines that reported their Scopes 1 and 2 greenhouse gas emissions in 2021 and on Lundin Gold's 2022 emissions performance, the emissions intensity of Fruta del Norte is among the lowest in the industry. The Company has set a target to be carbon neutral by 2030 with respect to its Scopes 1 and 2 emissions based on its current life of mine plan.

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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).

	2023 Q2	2023 Q1	2022 Q4	2022 Q3
Revenues	\$ 243,930	\$ 256,728	\$ 210,961	\$ 210,425
Income from mining operations	\$ 124,801	\$ 132,708	\$ 92,095	\$ 83,930
Derivative gain (loss) for the period	\$ 321	\$ (15,434)	\$ 29,217	\$ 41,838
Net income (loss) for the period	\$ 63,148	\$ 51,465	\$ (68,259)	\$ 62,673
Basic income (loss) per share	\$ 0.27	\$ 0.22	\$ (0.29)	\$ 0.27
Diluted income (loss) per share	\$ 0.26	\$ 0.22	\$ (0.29)	\$ 0.26
Weighted-average number of common shares outstanding				
Basic	236,943,432	236,062,529	235,332,039	235,165,784
Diluted	239,190,085	238,123,015	235,332,039	236,882,976
Additions to property, plant and equipment	\$ 13,245	\$ 4,384	\$ 15,253	\$ 15,178
Total assets	\$ 1,508,831	\$ 1,467,040	\$ 1,668,865	\$ 1,634,590
Long-term debt	\$ 396,588	\$ 434,175	\$ 667,966	\$ 589,919
Working capital	\$ 268,095	\$ 256,853	\$ 194,804	\$ 253,673
	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 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

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Three months ended June 30, 2023 compared to the three months ended June 30, 2022

The Company generated net income of \$63.1 million during the second quarter of 2023 compared to \$56.0 million during the second quarter of 2022. Net income was generated from the recognition of revenues of \$244 million and income from mining operations of \$125 million as well as a derivative gain of \$0.3 million. This is offset by finance expense of \$16.4 million, income tax expense of \$34.3 million, and other expenses totalling \$11.3 million. During the second quarter of 2022, 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.

Income from mining operations

Net income from mining operations increased to \$125 million compared to \$82.5 million during the same quarter in 2022. Cost of goods sold of \$119 million was comprised of operating expenses of \$68.3 million; royalties of \$14.7 million; and depletion and depreciation of \$36.0 million. During the same period in 2022, cost of goods sold was \$95.3 million. The increase in both cost of goods sold and net income from mining operations was primarily driven by the increase in oz sold and higher gold prices.

Exploration

Exploration costs were \$5.2 million in the quarter compared to \$2.8 million during the same period in 2022. Activities during the quarter consisted of drilling on two programs, the regional program and the near-mine program, the latter of which only commenced during the second half of 2022.

Corporate administration

Corporate administration costs increased from \$3.7 million during the second quarter of 2022 to \$4.5 million during the second quarter of 2023. This difference is mainly attributable to an increase in professional fees on account of corporate matters.

Finance expense

Finance expense decreased to \$16.4 million during the quarter compared to \$28.5 million during the same period in 2022 as, in addition to lower interest expense resulting from a declining balance under the senior debt facility, savings of interest and finance charges were realized after the full repayment of the gold prepay facility in January 2023.

Other expense (income)

Other expense of \$1.6 million was recognized during the quarter compared to other income of \$1.1 million in the second quarter of 2022. This is mainly driven by foreign exchange gains which are derived from the quantum of U.S. dollar cash held by Canadian group entities and movements in the foreign exchange rate. As the functional currency of the Canadian entities is the Canadian dollar, a strengthening of the U.S. dollar against the Canadian dollar during the period generates an unrealized gain in terms of Canadian dollars.

Derivative gain or loss

A derivative gain of \$0.3 million was recorded on the statement of operations during the second quarter of 2023 compared to a derivative gain of \$40.0 million in the second quarter of 2022. This is largely the result of variations in 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.

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Income taxes

Income taxes of \$34.3 million were accrued during the second quarter of 2023 (three months ended June 30, 2022: \$32.6 million) which is comprised of current and deferred income tax expenses of \$28.1 million and \$6.2 million, respectively. In addition to corporate income taxes in Ecuador which are levied at a rate of 22%, income tax expense includes a 5% Ecuadorean withholding tax on the anticipated portion of net income generated from FDN to be paid in the form of dividends, and 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.

Six months ended June 30, 2023 compared to the six months ended June 30, 2022

The Company generated net income of \$115 million during the 2023 Period compared to \$79.1 million during the 2022 Period. During the 2023 Period, revenues of \$501 million were recognized which generated income from mining operations of \$258 million. This was offset by derivative losses of \$15.1 million, finance expense of \$37.5 million, income tax expense of \$68.1 million, and other expenses totalling \$22.2 million.

Revenues and income from mining operations were lower for the 2022 Period at \$394 million and \$194 million, respectively, due mainly to fewer ounces of gold sold and lower realized gold prices. During the 2022 Period, derivative gains of \$5.3 million were recorded, offset by finance expense of \$55.8 million, income tax expense of \$49.5 million and other expenses totalling \$14.6 million.

Income from mining operations

During the 2023 Period, the Company recognized revenues of \$501 million from the sale of 263,649 oz of gold. This is offset by cost of goods sold of \$243 million which is comprised of operating expenses of \$141 million; royalties of \$29.0 million; and depletion and depreciation of \$73.3 million resulting in income from mining operations of \$258 million. During the same period in 2022, revenues of \$394 million were recognized from the sale of 215,573 oz of gold resulting in income from mining operations of \$194 million.

Corporate administration

Corporate administration costs of \$12.1 million were incurred during the 2023 Period compared to \$9.6 million during the 2022 Period. This increase is mainly driven by payments made to certain long-serving employees upon the end of their employment with the Company.

Exploration

Exploration costs were \$9.0 million during the 2023 Period compared to \$5.6 million during the 2022 Period with the increase being driven by activities under the near-mine program which was only launched during the second half of 2022.

Finance expense

Finance expense of \$37.5 million was incurred during the 2023 Period compared to \$55.8 million during the 2022 Period. The full repayment of the gold prepay facility in January 2023 has resulted in a reduction in interest and finance charges combined with lower interest expense from the declining balance under the senior debt facility.

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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 debt obligations under the stream facility which are classified as financial liabilities at fair value. In 2022, derivative gains and losses were also impacted by the fair value accounting of the gold prepay facility. During the 2023 Period, the Company made scheduled principal, interest, and finance charge repayments totaling \$39.0 million (six months ended June 30, 2022: \$25.9 million) under the stream facility, based on gold and silver prices at the time of repayment. This was offset by a non-cash increase of this debt obligation of \$15.1 million due to a change in its estimated fair value between December 31, 2022 and June 30, 2023 (2022: a decrease of \$14.3 million between December 31, 2021 and June 30, 2022). This variation is recorded as derivative losses, in the statement of operations and other comprehensive income in the applicable period. The fair value calculated under the Company's accounting policies is based on numerous estimates noted below as of the balance sheet date and are, therefore, subject to further future variations until the debt obligation is repaid by the Company.

Fair value is determined using Monte Carlo simulation 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 to date.

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

- The value of future repayments under the stream credit facility is based on forward gold and silver price estimates at time of repayment. Spot gold prices at June 30, 2023 were higher compared to December 31, 2022 and as a result, forward prices have followed suit. This has resulted in an increase in the estimated fair value of the debt obligation at the current balance sheet date and the recognition of derivative losses in the statement of operations during the 2023 Period. The opposite occurred during the 2022 Period. Fair values at a point in time do not necessarily reflect the amounts that will actually be repaid when the obligation becomes 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 obligation 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 stream credit facility 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.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2023, the Company had cash of \$275 million and a working capital balance of \$268 million compared to cash of \$363 million and a working capital balance of \$195 million at December 31, 2022. The change in cash during the 2023 Period was primarily due to the full repayment of the gold prepay facility of \$208 million; principal repayments, interest and finance charges, including associated taxes, under the stream credit facility totalling \$39.0 million; interest and principal repayments under the senior debt of \$91.1 million; dividends of \$47.4 million; and cash outflows of \$20.4 million relating to sustaining capital expenditures. This is offset by cash generated from operating activities of \$307 million and proceeds from the exercise of stock options and anti-dilution rights totaling \$9.8 million.

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Trade receivables

The majority of trade receivables represent the value of concentrate and doré sold as at period end for which the funds are not yet received. Revenues and related trade receivables for concentrate sales are initially recorded at provisional gold prices. Subsequent determination of final gold prices can range from one to four months after shipment depending on the customer. For sales that are provisionally priced at period end, an estimate of the adjustment to the trade receivable is calculated based on the expected month when the final gold price is forecast to be determined and the related forward price of gold at the end of the reporting period. At June 30, 2023, this resulted in an estimated increase of \$4.1 million (\$6.1 million at December 31, 2022) to trade receivables.

Consistent with industry standards, concentrate sales have relatively long payment terms and are not fully settled until concentrate is received by the customer and related final assays confirmed, generally two to five months after the export sale occurs.

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 being 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. Ore stockpile inventory has decreased primarily due to lower grade stockpiled compared to December 31, 2022. The variations in doré and concentrate are mainly the result of timing of shipments around period end. 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 higher costs of materials and supplies on hand.

Investment activities

Investment activities during the 2023 Period are comprised principally of sustaining capital expenditures for the fourth raise of the tailings dam and other capital projects.

Liquidity and capital resources

The Company generated strong operating cash flow during the 2023 Period and expects to continue to do so for the remainder of the year based on its production and AISC guidance. At current gold prices, this strong operating cash flow will continue to support accelerated debt repayments, near mine and regional exploration, planned capital expenditures, growth initiatives and regular dividend payments under the approved dividend policy.

The senior debt 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"). Based on scheduled principal payments and an estimate of the Cash Sweep, the senior debt facility is expected to be fully repaid on or before June 30, 2024, approximately two years earlier than the maturity date.

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Monthly payments under the stream facility are 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 \$404 and \$4.04 per oz (the "Base Prices"), respectively. The Base Prices increase by 1% annually in February of each year. The Company has the option to repay (i) 50% of the stream facility outstanding on June 30, 2024 for \$150 million (the "First Reduction Option") and / or (ii) the other 50% outstanding on June 30, 2026 for \$225 million.

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 credit facility and offtake commitment have been classified as financial liabilities 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.

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.

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 seek to minimize its credit risk by entering into transactions with investment grade credit worthy 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.

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 SOFR rate.

Liquidity risk

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

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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 the stream credit facility are impacted by fluctuations of commodity prices.

COMMITMENTS

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

	Capital expenditures	
12 months ending June 30, 2024	\$	16,012
July 1, 2024 onward		-
Total	\$	16,012

OFF-BALANCE SHEET ARRANGEMENTS

During the 2023 Period and the year ended December 31, 2022, 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 237,303,775 common shares issued and outstanding. There were also stock options outstanding to purchase a total of 3,898,571 common shares, 553,620 restricted share units with a performance criteria, 193,844 restricted share units, and 11,866 deferred share units.

OUTLOOK

Achievements during the first half of 2023 provide the Company with a positive outlook for the remainder of the year and as a result, production guidance is increased to 450,000 to 485,000 oz while cost guidance is decreased for both cash operating cost and AISC to \$650 to \$700 per oz sold and \$820 to \$870 per oz sold, respectively. Production for the second half of 2023 is expected to decrease relative to the first half of the year driven by a combination of lower grades and lower recoveries due to processing of ore from certain sectors of the mine with less favourable geology.

In addition, AISC¹ is expected to increase with continued ramp up of sustaining capital activities and lower expected gold production levels. Sustaining capital is expected to increase substantially during the second half driven by construction of the fourth raise of the tailings dam as well as several other capital projects. In addition, the conversion drilling program, aiming to convert Inferred to Indicated Mineral Resources, is planned to continue with results expected to be incorporated into the geological model and in the new resource estimate in the first quarter of 2024.

The near mine drilling program plans to continue to delineate the FDNS and Bonza Sur targets, where systems of epithermal veins/veinlets have been identified and remain open. Three rigs are dedicated to the detailing and expansion of the mineralized zones at depth and along strike. Another surface rig and underground rig continue to explore for major discoveries in the near mine district targeting the extension of major controlling structures at FDN in new sectors. The near mine program is expected to comprise a total of 23,000 metres of drilling for 2023.

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The regional drilling program continues to focus on the southern Suarez Basin, advancing along the eastern and western borders of the Basin. A second rig is expected to be added to advance numerous target areas identified during the previous quarters. The regional drilling program continues to be expected to comprise a total of 12,500 metres for the year, with two rigs currently operating. The combined near mine and regional exploration budget for 2023 remains at \$24.6 million.

The Company anticipates declaring quarterly dividends of \$0.10 per share, equivalent to approximately \$100 million annually, based on currently issued and outstanding shares.

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		Six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Revenues	\$ 243,930	\$ 177,808	\$ 500,658	\$ 394,280
Treatment and refining charges	10,118	8,186	19,528	16,432
Less: silver revenues	(3,659)	(2,348)	(6,891)	(4,925)
Gold sales	\$ 250,389	\$ 183,646	\$ 513,295	\$ 405,787
Gold oz sold	128,958	96,291	263,649	215,573
Average realized gold price	\$ 1,942	\$ 1,907	\$ 1,947	\$ 1,882

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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,	
	2023	2022	2023	2022
Net income for the period	\$ 63,148	\$ 55,962	\$ 114,613	\$ 79,144
Adjusted for:				
Finance expense	16,435	28,483	37,492	55,759
Income tax expense	34,258	32,569	68,106	49,480
Depletion and depreciation	36,059	27,690	73,321	59,143
EBITDA	\$ 149,900	\$ 144,704	\$ 293,532	\$ 243,526
Derivative loss (gain)	(321)	(39,986)	15,113	(5,262)
Adjusted EBITDA	\$ 149,579	\$ 104,718	\$ 308,645	\$ 238,264

Adjusted earnings and adjusted basic earnings 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,	
	2023	2022	2023	2022
Net income for the period	\$ 63,148	\$ 55,962	\$ 114,613	\$ 79,144
Adjusted for:				
Derivative loss (gain)	(321)	(39,986)	15,113	(5,262)
Deferred income tax expense	(3,440)	(2,486)	(3,325)	(2,842)
Adjusted earnings	\$ 59,387	\$ 13,490	\$ 126,401	\$ 71,040
Basic weighted average shares outstanding	236,943,432	234,933,975	236,505,417	234,374,977
Adjusted basic earnings per share	0.25	0.06	\$ 0.53	\$ 0.30

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.

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	Three months ended		Six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Operating expenses	\$ 68,339	\$ 57,462	\$ 140,810	\$ 118,757
Royalty expenses	14,742	10,141	29,041	22,667
Cash operating costs	\$ 83,081	\$ 67,603	\$ 169,851	\$ 141,424
Gold oz sold	128,958	96,291	263,649	215,573
Cash operating cost per oz sold	\$ 644	\$ 702	\$ 644	\$ 656

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,	
	2023	2022	2023	2022
Cash operating costs	\$ 83,081	\$ 67,603	\$ 169,851	\$ 141,424
Corporate social responsibility	534	384	1,146	811
Treatment and refining charges	10,118	8,186	19,528	16,432
Accretion of restoration provision	168	153	335	306
Sustaining capital	13,245	9,233	17,629	12,173
Less: silver revenues	(3,659)	(2,348)	(6,891)	(4,925)
All-in sustaining cost	\$ 103,487	\$ 83,211	\$ 201,598	\$ 166,221
Gold oz sold	128,958	96,291	263,649	215,573
All-in sustaining cost per oz sold	\$ 802	\$ 864	\$ 765	\$ 771

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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,	
	2023	2022	2023	2022
Net cash provided by operating activities	\$ 162,352	\$ 60,686	\$ 306,791	\$ 188,016
Net cash used for investing activities	(13,266)	(13,043)	(20,438)	(25,281)
Interest paid	(5,357)	(7,324)	(11,725)	(13,301)
Finance charge paid	(11,870)	(19,071)	(154,422)	(36,380)
Free cash flow	\$ 131,859	\$ 21,248	\$ 120,206	\$ 113,054
Basic weighted average shares outstanding	236,943,432	234,933,975	236,505,417	234,374,977
Free cash flow per share	\$ 0.56	\$ 0.09	\$ 0.51	\$ 0.48

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 2022 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. 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 31, 2023 (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, 2023 is expected to be published on or about November 8, 2023.

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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, 2023 and ending June 30, 2023, 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 2023 production outlook, including estimates of gold production, grades recoveries and AISC; operating plans; expected sales receipts, cash flow forecasts and financing obligations; its estimated capital costs; expected management changes; the recovery of VAT; benefits of the Company's community programs; 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 estimates of Mineral Resources and Reserves at Fruta del Norte.

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 related to political and economic instability in Ecuador; risks associated with the Company's community relationships; risks related to estimates of production, cash flows and costs; risks inherent to mining operations; shortages of critical supplies; the cost of non-compliance and compliance costs; control of the Company's largest shareholders; volatility in the price of

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gold; failure of the Company to maintain its obligations under its debt facilities; 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; security risks to the Company, its assets and its personnel; risks related to illegal mining; exploration and development risks; the impacts of a pandemic virus outbreak; risks related to the Company's ability to obtain, maintain or renew regulatory approvals, permits and licenses; uncertainty with and changes to the tax regime in Ecuador; the reliance of the Company on its information systems and the risk of cyber-attacks on those systems; the imprecision of Mineral Reserve and Resource estimates; 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; risks related to the Company's workforce and its labour relations; 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 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; 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.