INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Lundin Gold Inc. and its subsidiary companies (collectively, "Lundin Gold" or the "Company") provides a detailed analysis of the Company's business and compares its financial results for the year ended December 31, 2020 with those of the same period from the previous year.

This MD&A is dated as of February 24, 2021 and should be read in conjunction with the Company's audited consolidated financial statements and related notes thereto for the fiscal years ended December 31, 2020 and 2019. The audited consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). References to the "2020 Year" and "2019 Year" relate to the years ended December 31, 2020 and December 31, 2019, respectively.

Other continuous disclosure documents, including the Company's news 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 29 metallic mineral concessions and three construction materials concessions covering an area of approximately 64,609 hectares in southeast Ecuador, including the Fruta del Norte gold mine ("Fruta del Norte" or the "FDN"). Fruta del Norte is comprised of seven concessions covering an area of approximately 5,566 hectares and is located approximately 140 km east-northeast of the City of Loja. Fruta del Norte is among the highest-grade operating gold mines in the world.

The Company's board and management team have extensive expertise in mine operations and are dedicated to operating Fruta del Norte responsibly. The Company operates with transparency and in accordance with international best practices. Lundin Gold is committed to delivering value to its shareholders, while simultaneously providing economic and social benefits to impacted communities, fostering a healthy and safe workplace and minimizing the environmental impact. The Company believes that the value created through the operation of Fruta del Norte will benefit its shareholders, the Government and the citizens of Ecuador.

HIGHLIGHTS

2020 was a year of two parts for Lundin Gold. In the first half of the year, the operation ramped up and achieved commercial production in February 2020, ahead of schedule. Less than one month later, operations were temporarily suspended in response to the COVID-19 pandemic. Operations were restarted on July 1, 2020 and since then, Fruta del Norte achieved excellent operating results. These are highlighted by the production and sale of 191,080 and 168,345 ounces ("oz") of gold, respectively, and average all-in sustaining costs ("AISC")[1] of $740 per ounce ("oz") of gold sold since the restart of operations on July 1, 2020. Both gold production and AISC exceeded guidance of 150,000-170,000 oz and $770-850 per oz for the same period, as provided by the Company in early July 2020. This resulted in revenues, net income after tax, and cash flow from operations of $308.2 million, $26.5 million, and $118.4 million, respectively, for the second half of the year.

Following changes in planned mining method, the Company updated its estimates of Probable Mineral Reserves for Fruta del Norte ("2020 Reserve") to 5.41 million oz, an increase of 427,000 oz compared to the 2019 year end reconciliation of Probable Mineral Reserves presented in the Company's Annual Information Form (the "AIF"), dated March 24, 2020.

The following two tables provide an overview of key operating and financial results during the fourth quarter of 2020, and the 2020 Year. In addition, operating results are provided for the ten-month operating period from March 1, 2020, following declaration of commercial production, to December 31, 2020 (the "2020 Operating Period").

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

	Three months ended December 31, 2020	**2020 Operating Period**
Tonnes mined (tonnes)	350,474	672,906
Tonnes milled (tonnes)	337,146	724,007
Average head grade (g/t)	10.1	10.0
Average recovery (%)	88.6	87.2
Average mill throughput (tpd)	3,665	3,448
Gold ounces produced	96,830	202,830
Gold ounces sold	106,190	199,256

During the 2020 Year, which includes the pre-commercial production period from January 1 to February 28, a total of 242,400 oz of gold was produced and 234,464 oz were sold, including 35,208 oz sold prior to declaration of commercial production.

	Three months ended December 31, 2020	**Year ended December 31, 2020**
Net revenues ($'000)	189,250	358,156[1]
Income from mining operations ($'000)	94,857	172,386[1]
Net loss ($'000)	(1,233)	(47,158)
Operating cash flow ($'000)	95,019	113,644
Average gold sale price ($/oz sold)[2]	1,850	1,866[1]
Average cash operating cost ($/oz sold)[2]	627	667[1]
Average all-in sustaining costs ($/oz sold)[2]	747	773
Operating cash flow per share ($)[2]	0.41	0.50
Adjusted net earnings ($'000)[2]	76,224	105,914
Adjusted net earnings per share ($)[2]	0.33	0.47

Results for the year are impacted by non-cash derivative gains and losses associated with fair value accounting for the gold prepay and stream facilities. These non-cash items are driven by numerous factors including anticipated forward gold prices and yields. Non-cash derivative losses associated with anticipated increasing forward gold prices are recorded in the statement of operations, while non-cash derivative gains associated with increasing yields are recorded in the statement of other comprehensive income. These non-cash gains and losses are derived from complex valuation modelling and accounting treatment which are more fully explained later in the MD&A. Revaluation of these obligations may result in considerable period-to-period volatility in the Company's net income, comprehensive income, current and long term liabilities.

[1] Amount relates to the 2020 Operating Period.
[2] Refer to "Non-IFRS Measures" section.

2020 Year (unless 2020 Operating Period, as indicated)

- The mine delivered a combined 672,906 tonnes of ore to the plant or stockpile during the 2020 Operating Period.
- Underground mine development remains in line with plan with a total of 4,808 metres of development completed during the 2020 Operating Period. Good ground conditions allowed for the conversion from drift and fill mining methods to long-hole stoping in key high-grade areas.
- The mill operated at an average throughput of 3,448 tonnes per day during the 2020 Operating Period, resulting in 724,007 tonnes milled.
- The average grade of ore milled during the 2020 Operating Period was 10.0 grams per tonne (g/t) with average recovery at 87.2%.
- Gold production for the 2020 Operating Period was 202,830 oz, comprised of 133,153 oz of concentrate and 69,677 oz of doré.
- During the 2020 Operating Period, the Company sold a total of 199,256 oz of gold, consisting of 136,756 oz of concentrate and 62,500 oz of doré at an average realized gold price[1] of $1,866 per oz for total revenues from gold sales of $371.8 million. Net of treatment and refining charges, revenues for the 2020 Operating Period and the 2020 Year were $358.2 million.
- Cash operating costs[1] and AISC[1] for the 2020 Operating Period were $667 and $773 per oz of gold sold, respectively.
- Income from mining operations was $172.4 million and the Company generated cash flow from operations of $113.6 million, or $0.50 per share[1]
- The Company recorded a net loss of $47.2 million, after deducting finance, corporate, exploration, and other costs of $66.5 million, as well as derivative losses of $137.0 million and suspension of operations of $29.3 million, from income from mining operations and offset by a deferred income tax recovery of $13.2 million.
- Adjusted earnings[1], which exclude suspension of operations costs and derivative losses, were $105.9 million, or $0.47 per share.

Fourth Quarter 2020

- During the fourth quarter, the mine continued to operate according to plan, resulting in 350,474 tonnes of ore mined.
- Underground mine development also continued as planned with a total of 2,201 metres of development completed during the quarter with development rates averaging 23.9 metres per day in December.
- The mill processed 337,146 tonnes of ore at an average throughput of 3,665 tonnes per day during the quarter.
- The average grade of ore milled was 10.1 grams per tonne with average recovery at 88.6% which is higher than previous periods.
- Gold production during the quarter was 96,830 oz, comprised of 56,900 oz of concentrate and 39,930 oz of doré.
- During the fourth quarter, the Company sold a total of 106,190 oz of gold, consisting of 70,540 oz of concentrate and 35,650 oz of doré at an average realized gold price[1] of $1,850 per oz for total gross revenues from gold sales of $196 million. Net of treatment and refining charges, revenues for the quarter were $189.3 million.
- Cash operating costs[1] and AISC[1] for the quarter were $627 and $747 per oz of gold sold, respectively. Higher than planned recovery rates combined with the processing of high grade ore during the quarter contributed to these good results.
- Income from mining operations was $94.9 million and the Company generated cash flow of $95.0 million from operations, or $0.41 per share[1].
- Net loss after tax was $1.2 million, after deducting corporate, exploration and finance costs, and derivative losses, partially offset by the income tax recovery recognized during the period. Adjusted earnings[1] for the quarter, which excludes derivative losses, were $76.2 million, or $0.33 per share.

[1] Refer to "Non-IFRS Measures" section.

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Increase in Mineral Reserves

The 2020 Reserve is primarily the result of converting a significant portion of sections of the ore body originally to be mined by drift and fill to long-hole stoping, due to the good ground conditions experienced in the mine to date. This resulted in a reserve increase as well as a slight increase in dilution and decrease in average grade. There was no increase in estimates of Mineral Resources for Fruta del Norte.

Probable Mineral Reserves(1)(2)(3)(4)(5)(6)(7)

	December 31, 2019	2020 Reserve
Mt	17.6	20.8
Au (g/t)	8.74	8.1
Au (Moz)	4.99	5.41
Ag (g/t)	12.1	11.8
Ag (Moz)	6.92	7.68

Notes to Table: Probable Mineral Reserves

(1) The 2020 Reserve has been estimated in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) and NI 43-101. The 2020 Reserve is as at July 31, 2020 and reflects mill feed from January 1, 2020 to July 31, 2020.

(2) Additional information on Mineral Resource and Mineral Reserve estimates for Fruta del Norte is contained in the in the Technical Report which is available under the Company's profile at www.sedar.com. Except as set out below, the assumptions, parameters and risks associated with the Company's Mineral Reserve estimates set out herein are as set out in the Technical Report.

(3) All Mineral Reserves in this table are Probable Mineral Reserves. No Proven Mineral Reserves were estimated.

(4) Mineral Reserves were estimated using key inputs listed in the table below:

Key Input	December 31, 2019	2020 Reserve	Unit
Gold Price	1,250	1,400	$/oz
TS	48	47	$/t
D&F	81	69	$/t
Process, Surface Ops, G&A	58	57	$/t
Dilution Factor	10	8	percent
Concentrate Transport & Treatment	68	92	$/oz
Royalty	71	77	$/oz
Gold Metallurgical Recovery	91.7	91.7	percent

(5) Gold cut-off grades for the different mining methods are listed in the table below:

Gold Cut-off Grade	December 31, 2019	2020 Reserve
Transverse Stope	3.8	3.8
Drift and Fill	5.0	4.4

(6) Silver was not considered in the calculation of the cut-off grade.

(7) Tonnages are rounded to the nearest 1,000 t, gold grades are rounded to two decimal places, and silver grades are rounded to one decimal place. Tonnage and grade measurements are in metric units; contained gold and silver are reported as thousands of troy ounces. Rounding as required by reporting guidelines may result in summation differences.

Health and Safety and Community

Health and Safety

- The health and safety of personnel at site is of paramount importance, and stringent procedures were put in place prior to the re-start of operations in July 2020 to minimize the impact of COVID-19 on the workforce. These procedures include off-site quarantine followed by a Polymerase Chain Reaction (PCR) test for all employees and contractors before accessing Fruta del Norte, mandatory use of masks, health monitoring, physical distancing, and enhanced disinfection and restricted access to common areas. To date, only 34 cases have been identified at site, with no cases identified at site since August 2020. These enhanced protocols continue to remain in place.
- There were two lost time incidents and five medical aid incidents during the year.
- The Total Recordable Incident Rate for the year was 0.41 per 200,000 hours worked.

Community

- In response to the COVID-19 pandemic, the Company's community activities in 2020 shifted to supporting the local government and Ministry of Health initiatives. An example of one of the many programs being undertaken in this respect was the Neighbourhood Doctor program whereby the Company provides transportation for medical professionals, allowing them to access families in rural areas. Moreover, Lundin Gold also provides essential equipment to frontline workers in the communities surrounding the Mine.
- During the fourth quarter of 2020, a public bridge over the Zamora River, which connected local communities and was used in part for access to Fruta del Norte, collapsed, with no reported injuries. Lundin Gold is supporting the affected communities by assisting with transportation of people and supplies and has reaffirmed its commitment to fund the replacement of the public bridge being constructed under the authority of the provincial government, estimated at $3.0 million.
- Following the collapse of the bridge, a group of local residents erected an illegal blockade on the public road used to access Fruta del Norte. A resolution was reached through the efforts of the Company and the national government and the blockade was removed after 15 days. The blockade had little impact on site operations.

Exploration

- In September, the Company received the permit for drilling two of its priority targets, Barbasco and Puente-Princesa, located 7 kilometres ("km") from Fruta del Norte along the 16 km long Suarez Pull-Apart Basin structure. Plans for a 9,000 metre drilling campaign, which involves establishing COVID-19 protocols for these activities, are underway. The Company is targeting a start date for this regional exploration in the first quarter of 2021.

SELECTED ANNUAL FINANCIAL INFORMATION

(Expressed in thousands of U.S. dollars, except share and per share amounts)		2020		2019		2018
Revenues	$	358,156	$	-	$	-
Income from mining operations		172,386		-		-
Derivative loss for the year		(136,984)		(93,120)		(15,731)
Net loss for the year		(47,158)		(118,945)		(22,068)
Basic and diluted loss per share	$	(0.21)	$	(0.54)	$	(0.12)
Weighted-average number of common shares outstanding		227,500,029		221,247,101		191,390,673
Total assets	$	1,505,360	$	1,408,961	$	1,012,461
Long-term debt		857,094		878,586		364,252
Working capital		56,603		32,800		153,186

Year ended December 31, 2020 compared to the year ended December 31, 2019

The 2020 Year marked the start of operations at Fruta del Norte which resulted in net revenues of $358.2 million and income from mining operations of $172.4 million. With this said however, in the 2020 Year the Company generated a loss of $47.2 million (2019: $118.9 million), principally as a result of a derivative loss of $137.0 million (2019: $93.1 million), due to a change in fair value of the Company's gold prepay and stream credit facilities (explained in more detail below) and costs of $29.3 million incurred during the suspension of operations in the second quarter of 2020. In addition, following the achievement of commercial production, the Company began expensing the cost of its loan facilities, which has resulted in a finance expense of $44.9 million compared to a finance income of $1.8 million in 2019. Finance costs were previously capitalized during the construction period. With the cumulative gains in other comprehensive income driven by derivative gains from changes to the Company's credit risk, a deferred income tax recovery of $13.2 million was also recognized in the 2020 Year as an offset to a deferred income tax expense in other comprehensive income, driven by the derivative gains recorded as part of the fair value calculation of the gold prepay and stream obligations.

Income from mining operations

Effective March 1, 2020, following declaration of commercial production in February 2020, net proceeds from sales of mineral material and expenditures of an operating nature were recognized as revenues and cost of sales, instead of being deducted from or added to the capitalized cost of FDN, as applicable, during the final few months of construction, commissioning and ramp up of Fruta del Norte. As a result, revenues of $358.2 million were recognized during the 2020 Year based on sales of 199,256 oz of gold. After deducting cost of goods sold of $185.8 million, the Company generated income from mining operations during the 2020 Year of $172.4 million. More generally, revenues and net income from mining operations for the 2020 Year were significantly impacted by the suspension of operations for the entire second quarter of 2020 due to the COVID-19 pandemic.

Corporate administration

Corporate administration costs of $17.8 million were incurred during the 2020 Year compared to $23.0 million during the 2019 Year. The decrease of $5.2 million is mainly attributable to training costs, which decreased by $3.1 million during the 2020 Year due to the training program for operations being completed in the third quarter of 2019, as well as lower professional fees and certain costs now being classified as operating expenses as a result of reaching commercial production. These are partly offset by the payment of $2.8 million in milestone bonuses to the Company's senior employees for achieving commercial production.

Suspension of operations

In response to the COVID-19 pandemic, operations at Fruta del Norte were suspended throughout the second quarter of 2020. The Company continued to pay all personnel during the period of temporary suspension and retained a minimal number of staff at Fruta del Norte to undertake necessary care and maintenance, as well as other activities to ensure the efficient restart of operations. Suspension costs of $29.3 million were principally comprised of wages, site maintenance activities, COVID-19 related costs and ongoing fixed costs such as insurance and property taxes.

Finance expense (income)

With the start of commercial production, finance expense is recognized in the Company's consolidated statement of loss. This resulted in a finance expense of $44.9 million during the 2020 Year which includes interest of $33.9 million on the Company's loan facilities as well as other finance costs of $7.7 million in support of the loan facilities.

Derivative gains or losses

Derivative losses and gains in the statements of operations or other comprehensive income, respectively, are driven by the Company's debt obligations classified as financial liabilities measured at fair value. During the 2020 Year, the Company made the first scheduled principal and interest repayments totaling $18.3 million under its gold prepay facility and $18.0 million under its stream facility, based on gold and silver prices at the time of repayment. However, the reduction in the amount of these debt obligations on the balance sheet is smaller due to a change in their estimated fair values during the 2020 Year. This variation is recorded as a derivative gain or loss in the statements of operations and other comprehensive income in the applicable period. The fair values calculated under the Company's accounting policies are based on numerous estimates noted below as of the balance sheet date and are, therefore, subject to further future variations until the debt obligations are repaid by the Company.

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

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

- Future repayments under the gold prepay and stream credit facilities are based on forward gold and silver price estimates at time of repayment. During periods of increasing gold and silver prices, their forecast forward prices will also generally increase. This, combined with a factor for volatility, results in a higher estimated fair value of the debt obligations at the current balance sheet date and the recognition of derivative losses in the statement of operations, although it does not necessarily reflect the amounts that will actually be repaid when the obligations become due in the future. The potentially more significant impact of the same change in forward gold and silver prices on the value of future production and revenue forecasts to be generated during the same periods when the debt obligations will be repaid cannot be recognized because of the inherent uncertainty and risks associated with actually realizing such production and sales.

- The discount rate used to determine the current fair value of future payments under the gold prepay and stream credit facilities is dependent not only on the Company's own weighted average cost of capital, but also on market conditions. These include inflation, economic conditions, both local and industry specific, and other factors outside of the Company's control like the COVID-19 pandemic. The pandemic has negatively impacted global financial markets in 2020, and may continue to do so, causing an increase and higher volatility in yields and credit risk. An increase in yields would generally cause a decrease in the fair value of financial instruments like the gold prepay and stream credit facilities. This decrease in fair value must be recorded as a gain in Other Comprehensive Income rather than offsetting the derivative loss in the statement of operations. The tax impact of this cumulative gain to December 2020 must also be recorded, resulting in an offsetting tax recovery in the statement of operations in the 2020 Year.

On a net basis, after accounting for the 2020 repayments under the two facilities, this results in a $10.5 million increase in their fair value during the 2020 Year.

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SUMMARY OF QUARTERLY FINANCIAL RESULTS

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

	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Revenues	$ 189,250	$ 118,904	$ 13,146	$ 36,856
Income from mining operations	$ 94,857	$ 62,751	$ 4,442	$ 10,336
Derivative loss for the period	$ (90,673)	$ (18,010)	$ (25,732)	$ (2,569)
Net income (loss) for the period	$ (1,233)	$ 27,780	$ (64,374)	$ (9,331)
Basic income (loss) per share	$ (0.01)	$ 0.12	$ (0.29)	$ (0.04)
Diluted income (loss) per share	$ (0.01)	$ 0.12	$ (0.29)	$ (0.04)
Weighted-average number of common shares outstanding				
Basic	230,039,327	229,936,873	225,724,679	224,244,554
Diluted	230,039,327	233,264,544	225,724,679	224,244,554
Additions to property, plant and equipment	$ 23,307	$ 3,790	$ 9,386	$ 5,347
Total assets	$ 1,505,360	$ 1,452,070	$ 1,407,231	$ 1,403,192
Long-term debt	$ 857,094	$ 808,770	$ 790,285	$ 808,251
Working capital	$ 56,603	$ 31,172	$ (7,205)	$ 39,581

	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Revenues	$ -	$ -	$ -	$ -
Derivative gain (loss) for the period	$ (35,120)	$ (33,723)	$ (24,745)	$ 468
Net income (loss) for the period	$ (40,765)	$ (39,672)	$ (30,797)	$ (7,711)
Basic income (loss) per share	$ (0.18)	$ (0.18)	$ (0.14)	$ (0.04)
Diluted income (loss) per share	$ (0.18)	$ (0.18)	$ (0.14)	$ (0.04)
Weighted-average number of common shares outstanding				
Basic	223,339,447	222,953,642	222,535,083	216,061,503
Diluted	223,339,447	222,953,642	222,535,083	216,061,503
Additions to property, plant and equipment	$ 98,642	$ 109,996	$ 118,520	$ 124,069
Total assets	$ 1,408,961	$ 1,344,528	$ 1,343,799	$ 1,062,931
Long-term debt	$ 878,586	$ 772,526	$ 722,689	$ 388,106
Working capital	$ 32,800	$ 124,586	$ 222,056	$ 59,889

Three months ended December 31, 2020 compared to the three months ended December 31, 2019

The Company generated a net loss of $1.2 million during the fourth quarter of 2020 compared to a net loss of $40.8 million during the fourth quarter of 2019. Net income was generated from the recognition of revenues of $189.3 million and income from mining operations of $94.9 million. This is offset by a derivative loss of $90.7 million and finance expense of $12.9 million. In addition, a deferred income tax recovery of $13.2 million was recognized to offset the deferred income tax expense relating to derivative gains in other comprehensive income. Ramp up of operations commenced in the third quarter of 2020 following the temporary suspension of operations in the second quarter of 2020 in response to the COVID-19 pandemic. Prior to that, Fruta del Norte was under construction and therefore, the Company did not generate income. The loss in the fourth quarter of 2019 was mainly driven by a derivative loss of $35.1 million and corporate administration costs of $4.1 million.

Income from mining operations

During the fourth quarter of 2020, the Company recognized revenues of $189.3 million from the sale of 106,190 oz of gold. This is offset by cost of goods sold of $94.4 million which is comprised of operating expenses of $55.5 million; royalties of $11.1 million; and depletion and amortization of $27.8 million. During the same period in 2019, revenues and cost of sales were deducted from or added to the capitalized cost of FDN, as applicable, considering that the Company was in the final few months of construction, commissioning and ramp up of Fruta del Norte.

Corporate administration

Corporate administration costs decreased from $4.1 million during the fourth quarter of 2019 to $2.8 million during the fourth quarter of 2020. This decrease is attributable to lower professional fees and the classification of certain costs to operating expenses after the start of commercial production.

Finance expense (income)

Finance expense of $12.9 million was incurred during the fourth quarter of 2020, which is comprised of costs under the Company's loan facilities including accrued interest expense totaling $9.6 million and related fees of $2.3 million. These amounts were previously capitalized during the construction period.

Derivative loss

Derivative loss of $90.7 million was recorded during the fourth quarter of 2020 compared to a derivative loss of $35.1 million in the fourth quarter of 2019. The derivative loss is due to the change in estimated fair values of the gold prepay, stream, and offtake facilities which are accounted for as financial liabilities measured at fair value and is more fully explained above.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2020, the Company had cash of $79.6 million and a working capital balance of $56.6 million compared to cash of $75.7 million and a working capital balance of $32.8 million at December 31, 2019. The change in cash in the 2020 Year was primarily due to cash proceeds from operating activities of $113.6 million and net proceeds from a bought deal equity financing which closed on June 11, 2020 of $41.4 million. This is offset by principal and interest repayments under the loan facilities totaling $77.7 million and costs incurred for the development of Fruta del Norte of $79.6 million which includes recoverable VAT paid on development costs.

Trade receivables

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

VAT receivables

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

Advanced royalties

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

Inventories

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

Investment activities

Investment activities for the 2020 Year are comprised principally of costs for the construction and development of Fruta del Norte, as well as some costs incurred to date on sustaining capital. In the 2020 Year, the remaining work on FDN focused on the following:

- The South Ventilation Raise ("SVR"), for which construction resumed in June following the temporary suspension of operations and is ongoing. Progress is slower than anticipated and the Company continues to expect its completion in the second quarter of 2021. The timing of this work does not currently impact planned production.
- Commissioning and ramp up of the paste plant which were completed during the fourth quarter of 2020, resulting in the plant being fully operational by year end and paste poured in the mine.
- Construction of the Company's Zamora River bridge which commenced with strict COVID-19 protocols in place to minimize health risks to the nearby communities. The bridge is expected to be completed in the second quarter of 2021.

Liquidity and capital resources

The Company's treasury was sufficient to support the Company during the first half of the year, which included the temporary suspension and re-start of operations in July 2020. The treasury was supplemented by an equity financing of $41.4 million in June 2020 when the Company closed a bought deal equity offering for gross proceeds of C$57.5 million, by issuing a total of 4,772,500 common shares at a price of C$12.05 per share.

Following the re-start of operations in early July, the Company generated $118.4 million of net cash from its operating activities, which also involved an increase in working capital while at the same time satisfying planned capital expenditures and loan facilities obligations. For the 2020 Year, the Company made scheduled principal and interest payments under its debt facilities totaling $77.7 million, which included monthly payments under the stream facility that commenced in February 2020 and totaled $18.0 million. In December, a payment under the gold prepay facility totaling $18.3 million and principal repayments totaling $22.8 million under the senior debt facilities were also made, as scheduled. Repayments of the gold prepay and senior debt facilities are due quarterly.

The Company expects to generate strong operating cash flow during 2021 based on its production and AISC guidance at current gold prices. This strong operating cash flow will support debt repayments, exploration program costs, and planned capital expenditures, including an expansion project to increase the mill throughput from 3,500 to 4,200 tonnes per day.

Monthly payments under the stream facility will be based on 7.75% and 100% of gold and silver ounces sold, respectively, calculated at the current gold and silver prices at the end of each month, less $400 and $4 per oz, respectively. Quarterly payments under the gold prepay facility are expected to be based on the current value of 9,775[1] oz of gold at the end of each quarter. Scheduled variable quarterly principal repayments of the senior debt facilities will total $59.5 million for 2021. The Company is working towards achieving construction completion, as defined under the senior debt facilities, in 2021. Depending on the timing of this milestone, additional quarterly principal repayments based on 30% of Fruta del Norte's free cash flow could also occur. An accelerated reduction in the senior facilities would reduce the Company's related finance cost going forward.

Notwithstanding forecasting strong cash flows from operations, the Company cannot be certain that an escalation of the COVID-19 pandemic will not have an impact on operations or on the Company's financial position in the future. The Company's continuing operations and the underlying value and recoverability of the amount shown for the mineral interests and property, plant and equipment are ultimately dependent upon the ability of the Company to operate FDN without extended interruptions and on future profitable production.

TRANSACTIONS WITH RELATED PARTIES

During the 2020 Year, the Company paid $0.4 million (2019 – $0.3 million) to Namdo Management Services Ltd. ("Namdo"), a private corporation associated with an officer of the Company in 2020. The Company occupies office space in the Namdo offices in Vancouver for the Company's management, investor relations personnel and support staff. Namdo charges a service fee and recovers out of pocket expenses related to the Company.

FINANCIAL INSTRUMENTS

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

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

Currency risk

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

Credit risk

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

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

(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)

Interest rate risk

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

Liquidity risk

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

Commodity price risk

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

The fair value of the gold prepay and the stream credit facilities, which is accounted for at fair value through profit or loss, is impacted by fluctuations of commodity prices.

COMMITMENTS

Significant capital expenditures contracted as at December 31, 2020 but not recognized as liabilities are as follows:

		Development costs
2021	$	11,009
2022		-
2023		-
Total	$	11,009

The Company's sales are subject to a 5% net smelter royalty payable to the Government of Ecuador and a 1% net revenue royalty payable to third parties.

OFF-BALANCE SHEET ARRANGEMENTS

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

OUTSTANDING SHARE DATA

As at the date of this MD&A, there were 230,604,087 common shares issued and outstanding and outstanding warrants to purchase a total of 411,441 common shares. There were also stock options outstanding to purchase a total of 5,720,500 common shares, 148,000 restricted share units with a performance criteria, 3,100 restricted share units settled by issuance of shares, and 1,639 deferred share units.

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OUTLOOK

Guidance for 2021 remains unchanged with expected production of 380,000 to 420,000 oz of gold at Fruta del Norte based on an average head grade of 10.4 g/t and average gold recovery of 90%. AISC is forecasted between $770 and $830 per oz of gold sold, calculated on a basis consistent with prior periods.

The following capital project activities, which are still part of the construction scope of Fruta del Norte, are planned for completion in 2021:

- the construction of the Company's bridge over the Zamora River early in the second quarter of 2021.
- the SVR in the second quarter of 2021.

Engineering and procurement of additional equipment are underway on the expansion project designed to increase the mill throughput from 3,500 to 4,200 tpd, which is expected to be completed before the end of 2021. The throughput expansion modifications are also expected to improve mill recoveries through the addition of retention time in the flotation process of the plant.

Under its sustaining capital activities for 2021, the Company has also planned a 10,000 metre drill program, targeting conversion and expansion of the Fruta del Norte mineral resource, and the completion of the first and second raises of the FDN tailings dam.

Furthermore, the reactivation of the exploration program, focused on drilling the Barbasco and Puente-Princesa targets, has commenced and drilling of these targets is expected to start in the first quarter of 2021.

NON-IFRS MEASURES

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

Average realized gold price per oz sold

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

	October 1 to December 31, 2020	October 1 to December 31, 2019	March 1 to December 31, 2020	March 1 to December 31, 2019
Revenues	$ 189,250	$ -	$ 358,156	$ -
Treatment and refining charges	9,290	-	17,608	-
Less: silver revenues	(2,133)	-	(3,985)	-
Gold sales	$ 196,407	$ -	$ 371,779	$ -
Gold oz sold	106,190	-	199,256	-
Average realized gold price	$ 1,850	$ -	$ 1,866	$ -

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

Adjusted Earnings and adjusted basic earning per share

Adjusted earnings and adjusted basic earnings per share can be used to measure and may assist in evaluating operating earning trends in comparison with results from prior periods by excluding specific items that are significant, but not reflective of the underlying operating activities of the Company. Presently, these include: the second quarter suspension of operations and derivative 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 December 31,				Year ended December 31,			
		2020		2019		2020		2019
Net income (loss) for the period	$	(1,233)	$	(40,765)	$	(47,158)	$	(118,945)
Adjusted for:								
Suspension of operations		-		-		29,304		-
Derivative loss		90,673		35,120		136,984		93,120
Deferred income tax recovery		(13,216)		-		(13,216)		-
Adjusted earnings (loss)	$	76,224	$	(5,645)	$	105,914	$	(25,825)
Basic weighted average shares outstanding		230,039,327		223,339,447		227,500,029		221,247,101
Adjusted basic earnings (loss) per share	$	0.33	$	(0.03)	$	0.47	$	(0.12)

Cash operating cost per oz

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

		For the three months ended December 31, 2020		For the six months ended December 31, 2020		2020 Operating Period
Operating expenses	$	55,527	$	87,908	$	112,132
Royalty expenses		11,030		17,914		20,750
Cash operating costs	$	66,557	$	105,822	$	132,882
Gold oz sold		106,190		168,345		199,256
Cash operating cost per oz sold	$	627	$	629	$	667

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All-in sustaining cost

AISC provides information on the total cost associated with producing gold since March 1, 2020. 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.

	For the three months ended December 31, 2020	For the six months ended December 31, 2020	2020 Operating Period
Cash operating costs	$ 66,557	$ 105,822	$ 132,882
Corporate social responsibility	197	392	814
Treatment and refining charges	9,290	15,258	17,608
Accretion of restoration provision	10	19	39
Sustaining capital	5,374	6,638	6,638
Less: silver revenues	(2,133)	(3,568)	(3,985)
All-in sustaining costs	$ 79,295	$ 124,561	$ 153,996
Gold oz sold	106,190	168,345	199,256
All-in sustaining cost per oz sold	$ 747	$ 740	$ 773

Operating cash flow per share

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

	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Net cash provided by (used for) operating activities	$ 95,019	$ (2,873)	$ 113,644	$ (18,433)
Basic weighted average shares outstanding	230,039,327	223,339,447	227,500,029	221,247,101
Operating cash flow per share	$ 0.41	$ (0.01)	$ 0.50	$ (0.08)

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are presented in Note 3 in the Notes to the audited consolidated financial statements for the year ended December 31, 2020.

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that the actual results differ from assumptions made, relate to, but are not limited to, the following:

Mineral reserves and resources

The Company estimates its mineral reserves and resources based on information compiled and reviewed by qualified persons as defined in accordance with NI 43-101 requirements. The estimation of mineral reserves and resources requires judgment to interpret geological data and metallurgical testing, design of appropriate mining methods, recovery methods and establishment of a life of mine production schedule. The estimation of recoverable reserves is also based on assumptions such as capital costs, operating costs and metal pricing. New geological data or changes in the above assumptions may change the economic viability of reserves and may, ultimately, result in the reserves being revised. Changes in the reserve or resource estimates may impact the fair value of financial instruments, the valuation of property, plant and equipment and mineral properties, the depletion and depreciation of property, plant and equipment and mineral properties, utilization of tax losses and decommissioning and site restoration provisions.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Company uses its judgment to select a variety of methods and makes significant assumptions that are mainly based on market conditions existing at initial recognition and at the end of each reporting period. Refer to Note 20 of the audited consolidated financial statements for the year ended December 31, 2020 for further details on the methods and assumptions utilized.

Commercial production

The determination of when a mine is operating in the manner intended by management (referred to as "commercial production") is a matter of significant judgement. In making this determination, management considered specific facts and circumstances. These factors included, but were not limited to, whether substantially all construction development activities had been completed in accordance with design and a period of commissioning which achieved consistent operating results for a period of time in relation to design capacity.

Valuation of mineral properties

The Company carries the acquisition costs of its mineral properties, property, plant, and equipment at cost less depletion and depreciation and any impairment losses. The Company undertakes a periodic review of the carrying values of these assets and whenever events or changes in circumstances indicate that their carrying values may exceed their recoverable amount. In undertaking this review, management of the Company is required to make significant judgments, including estimates of mineral reserves and resources. These judgments are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of these assets.

Utilization of tax losses

The Company is subject to income taxes in a number of jurisdictions and has had a history of tax losses. These tax losses are only recognized to the extent that expected future taxable profits are available. Judgment is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet and what tax rate is expected to be applied in the year when the related temporary differences reverse. Deferred tax liabilities arising from temporary differences are recognized unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled. As the Company has not yet had a history of taxable profits as at December 31, 2020, the Company has not recognized any tax losses on its financial statements except those expected to be utilized as a result of cumulative derivative gains within other comprehensive income.

Stock-based compensation

The fair value of stock options is determined using the Black-Scholes option pricing model and are expensed over their vesting periods. In estimating fair value, management of the Company is required to make certain assumptions and estimates regarding the life of the options, volatility and forfeiture rates. Changes in the assumptions used could result in materially different results.

Decommissioning and site restoration

The Company has obligations for site restoration and decommissioning related to Fruta del Norte. The future obligations for decommissioning and site restoration activities are estimated by the Company using mine closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. Because the obligations are dependent on the laws and regulations of the country in which the project is located, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies. As the estimate of obligations is based on future expectations, a number of assumptions and judgments are made by management in the determination of closure provisions. The decommissioning and site restoration provisions are more uncertain the further into the future the mine closure activities are to be carried out.

QUALIFIED PERSON

The technical information relating to Fruta del Norte contained in this MD&A, including the 2020 Reserve, has been reviewed and approved by Ron Hochstein P. Eng, Lundin Gold's President & CEO who is a Qualified Person under NI 43-101. The disclosure of exploration information contained in this MD&A was prepared by Stephen Leary, MAusIMM CP(Geo), a consultant to the Company, who is a Qualified Person in accordance with the requirements of NI 43-101.

FINANCIAL INFORMATION

The report for the three months ended March 31, 2021 is expected to be published on or about May 12, 2021.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

Disclosure controls and procedures are designed 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 and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. As of December 31, 2020, the Chief Executive Officer and Chief Financial Officer have each concluded that the Company's disclosure controls and procedures, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

Internal controls over financial reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. 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.

The Company's internal controls over financial reporting include policies and procedures that: pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting. As of December 31, 2020, the Chief Executive Officer and Chief Financial Officer have each concluded that the Company's internal controls over financial reporting, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

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.

RISKS FACTORS

There are a number of factors that could negatively affect Lundin Gold's business and the value of the common shares, including the factors listed below. The following information pertains to the outlook and conditions currently known to Lundin Gold that could have a material impact on the financial condition of the Company. Other factors may arise that are not currently foreseen by management of Lundin Gold that may present additional risks in the future. Current and prospective security holders of Lundin Gold should carefully consider these risk factors.

Pandemic Virus Outbreak

Global markets have been adversely impacted by COVID-19 and could be impacted by other emerging infectious diseases and/or the threat of outbreaks of viruses, other contagions or epidemic diseases in the future. The COVID-19 pandemic has resulted in a widespread crisis that has adversely affected the economies and the financial markets of many countries, resulting in an economic downturn which could adversely affect the Company's business and the market price of its Shares. Many industries, including the mining industry, have been impacted by these market conditions. Continuing or increased levels of volatility or a rapid destabilization of global economic conditions could result in a material adverse effect on commodity prices, demand for metals, availability of credit, investor confidence and general financial market liquidity, all of which may adversely affect the Company' business and the market price of its Shares.

In 2020, aspects of the Company's operations were impacted by COVID-19 for a variety of reasons, such as government and other restrictions on transportation and the mobility of personnel and mandatory quarantine periods and border closures. Until such time as countries around the world successfully contain the spread of COVID-19, significant restrictions imposed by governments will likely remain in place and could increase. Possible impacts of the continuing or worsening spread of COVID-19, including new variants of the virus, may include mandated or voluntary closures of operations, illness among the Company's workforce, restricted mobility of personnel, interruptions in the Company's logistics and supply chain, delay at or closure of the Company's refining and smelting service providers and global travel restrictions, all of which could disrupt the Company's operations and negatively impact its financial performance of the value of its Shares. The ultimate economic viability of the Company's business is impacted by its ability to operate Fruta del Norte and/or to maintain adequate liquidity through potential sources of financing.

Instability in Ecuador

The Company is subject to certain risks and possible political and economic instability specific to Ecuador, arising from change of government, political unrest, labour disputes, invalidation of government orders, permits or property rights, local legal proceedings and referendums seeking to suspend mining activities, unsupportive local and regional governments, risk of corruption, military repression, war, civil disturbances, criminal and terrorist acts, hostage taking, changes in laws, expropriation, nationalization, renegotiation or nullification of existing concessions, agreements, licenses or permits and changes to monetary or taxation policies. The occurrence of any of these risks may adversely affect the mining industry, mineral exploration and mining activities generally or the Company and could result in the impairment or loss of mineral concessions or other mineral rights.

Exploration, development or operations may also be affected to varying degrees by government regulations with respect to, but not limited to, restrictions on future exploitation and production, price controls, export controls, income taxes, labour and immigration, and by delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, high rates of inflation, increased financing costs and site safety. These factors may affect both Lundin Gold's ability to undertake exploration and development activities in respect of future properties in the manner contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date.

Ecuador is holding presidential elections this year, which will result in a change in government. Any shifts in political attitudes or changes in laws that may result in, among other things, significant changes to mining laws or any laws, regulations or policies are beyond the control of Lundin Gold and may adversely affect its business. The Company faces the risk that governments may adopt substantially different policies, which might extend to the expropriation of assets or increased government participation in the mining sector. In addition, changes in resource development or investment policies, increases in taxation rates, higher mining fees and royalty payments, revocation or cancellation of mining concession rights or shifts in political attitudes in Ecuador may adversely affect Lundin Gold's business.

Production Estimates

Forecasts of future production are estimates based on interpretation and assumptions, and actual production may be less than estimated. Unless otherwise noted, the Company's production forecasts are based on full production being achieved from Fruta del Norte. Lundin Gold's ability to achieve and maintain full production rates at Fruta del Norte is subject to a number of risks and uncertainties. The Company's production estimates are dependent on, among other things, the completion of the south ventilation raise, the completion of the Expansion Project, the accuracy of Mineral Reserve and Mineral Resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions, physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics, the accuracy of estimated rates and costs of mining and processing and mill availability, and the receipt and maintenance of permits. The Company's actual production may vary from its estimates for a variety of reasons, including those identified under the heading "Operating Risks". The failure of the Company to achieve its production estimates could have a material adverse effect on the Company's prospects, results of operations and financial condition.

Mining Operations

The first few years of operations from Fruta del Norte are subject to a number of inherent risks. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the early stages of the production phase, including failure of equipment, insufficient inventory of spare parts, machinery, the processing circuit or other processes to perform as designed or intended, insufficient ore stockpile or grade, and failure to deliver adequate tonnes of ore to the mill, any of which could result in delays, slowdowns or suspensions and require more capital than anticipated. In addition, estimated mineral reserves and mineral resources and anticipated costs, including, without limitation, operating expenses, cash costs and all-in sustaining costs, anticipated mine life, projected production, anticipated production rates and other projected economic and operating parameters may not be realized, and the level of future metal prices needed to ensure commercial viability may deteriorate.

Beyond the initial years of operations, the Company's operations will continue to be subject to risks and hazards that are inherent in the mining industry, including, but not limited to, unanticipated variations in grade and other geological problems, surface and ground water conditions, water balance and water chemistry, backfill quality or availability, underground conditions, metallurgy, ore hardness and other processing issues, critical equipment or process failure, the lack of availability of input materials and equipment, disruption to power supply, geotechnical incidents such as ground subsidence or landslides, accidents, labour force disruptions, supply chain/logistics disruptions, force majeure events, unanticipated transportation disruptions or costs, consumable prices or availability and weather conditions, any of which can materially and adversely affect, among other things, the safety of personnel, production quantities and rates, costs and expenditures, contractual obligations and financial covenants.

Consequently, there is a risk that Fruta del Norte may encounter problems or be subject to delays or suspensions resulting from these operating risks which could occur both during the initial few years of operations and beyond and which may have material adverse consequences for Lundin Gold, including its operating results, cash flow and financial condition.

Community Relations

The Company's relationships with communities near where it operates and other stakeholders are critical to ensure the future success of Fruta del Norte and the exploration and development of the Company's other concessions. The Company's mineral concessions, including Fruta del Norte, are located near rural communities, some of which contain groups that have been opposed to mining activities from time to time in the past, which may affect the operations at Fruta del Norte and its exploration and development activities on its other concessions in the short and long term. Furthermore, local communities may be influenced by external entities, groups or organizations opposed to mining activities. In recent years, anti-mining nongovernmental organization ("NGO") and indigenous group activities in Ecuador have increased. These communities, NGOs and indigenous groups have taken such actions as civil unrest, road closures and work stoppages. Such actions may have a material adverse effect on Lundin Gold's operations at Fruta del Norte and on its exploration activities and on its financial position, cash flow and results of operations. While the Company is committed to operating in a socially responsible manner, there can be no assurance that the Company's efforts in this respect will mitigate against this potential risk.

Ability to Maintain Obligations or Comply with Debt

Lundin Gold is subject to restrictive covenants under the gold prepay and stream facilities, the senior debt facility and the cost overrun facility. The Company's project financing is secured by a first ranking charge over the assets of the subsidiaries related to Fruta del Norte (collectively, the "Operating Subsidiaries"), by a pledge of the shares of the Operating Subsidiaries and by guarantees of Lundin Gold and the Operating Subsidiaries. In addition, Lundin Gold may from time to time enter into other arrangements to borrow money to fund its operations at Fruta del Norte or the exploration and development activities on its other concessions, and such arrangements may include covenants that have similar obligations or that restrict its business in some way.

Events may occur in the future, including events out of Lundin Gold's control, that could cause Lundin Gold to fail to satisfy its obligations under the gold prepay and stream facilities, the senior debt facility or other debt instruments that may arise. In such circumstances, amounts drawn under Lundin Gold's debt agreements may become due and payable before the agreed maturity date, and Lundin Gold may not have the financial resources to repay such amounts when due. If Lundin Gold were to default on its obligations under either the gold prepay and stream facilities, the senior debt facility, the cost overrun facility or other secured debt instruments in the future, the lender(s) under such debt instruments could enforce their security and seize Lundin Gold's assets.

Financing Requirements

A substantial portion of Lundin Gold's revenues and cash flows are committed to satisfying its obligations under the Prepay and Stream Loans and the Senior Facility. To the extent that Lundin Gold does not generate sufficient revenues and operating cash flow to satisfy its debt obligations, it will require additional capital to fund its debt obligations and costs and activities not related to Operations, respectively. If Lundin Gold raises additional capital by issuing equity, such financing may dilute the interests of shareholders and reduce the value of their investment. Moreover, Lundin Gold may not be successful in locating suitable additional or alternate financing when required or at all or, if available, Lundin Gold may incur substantial fees and costs and the terms of such financing might not be favourable to Lundin Gold. A failure to raise capital when needed could have a material adverse effect on Lundin Gold's business, financial condition and results of operations.

Gold Price

The Company's earnings, cash flow and financial condition are subject to risk due to fluctuations in the market price of gold. Gold prices have historically fluctuated widely. The price of gold is affected by numerous factors beyond Lundin Gold's control, including levels of supply and demand, global or regional consumptive patterns, purchases or sales by government central banks, increased production due to new mine developments and improved mining and production methods, speculative activities related to the sale of metals, availability and costs of metal substitutes, international economic and political conditions, interest rates, currency values and inflation.

A significant decline in the gold price could cause Fruta del Norte operations to be uneconomic. Depending on the price of gold, the Company's cash flow may be insufficient to meet its operating needs, debt obligations and capital expenditures, and as a result the Company could experience financial difficulties and may suspend some or all of mining activities or otherwise revise its mine plan and exploration and development plans. In addition, (i) there is a time lag between the shipment of gold and final pricing, and changes in pricing can impact the Company's revenue and working capital position, and (ii) cash costs and all-in sustaining costs of gold production are calculated net of silver by-product credits, and therefore may also be impacted by downward fluctuations in the price of silver. Any of these factors could result in a material adverse effect on the Company's results of operations and financial condition.

The estimation of economically viable identified Mineral Reserves requires certain assumptions, including gold price. A revised estimate of identified Mineral Reserves due to a substantial decline in the gold price could result in the decrease in the estimates of the Company's Mineral Reserves, subsequent write downs and negative impact on mine life.

Shortages of Critical Resources

Disruptions in the supply of products or services required for the Company's activities could adversely affect the Company's operations, financial condition and results of operations. This may be the result of industry-wide shortages of certain goods or services, interruption in supplier operations or in transportation methods of certain goods, the risk of failure of certain long-lead items or the failure to obtain necessary permits for the supply of regulated goods. The Company's costs may also be affected by the prices of commodities and other inputs it consumes or uses in its operations. The prices and availability of such commodities and inputs are influenced by supply and demand trends affecting the mining industry in general and other factors outside the Company's control. Increases in the price for materials consumed in the Company's mining and production activities could materially adversely affect the Company's results of operations and financial condition.

Environmental Compliance

All of Lundin Gold's exploration, development and production activities are subject to extensive environmental regulation. These regulations address, among other things, the emissions into the air, discharges into water, management of waste, management of tailings, management and shipment of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations.

Some laws and regulations may impose penalties for environmental contamination, which could subject the Company to liability for the conduct of others or for its own actions that followed all applicable laws at the time such actions were taken. Environmental legislation is evolving in a manner that will result in stricter standards and enforcement, increased fines and penalties for non-compliance, potential to temporary shutdown of a portion or all of the operations at Fruta del Norte until non-compliance is corrected, more stringent environmental assessments of proposed projects and mine closure plans and a heightened degree of responsibility for companies and their officers, directors and employees. Any future changes in environmental regulation could adversely affect the Company's ability to conduct its operations.

The Company may need to address contamination at Fruta del Norte in the future, either for existing environmental conditions or for leaks or discharges that may arise from ongoing operations or other contingencies. Contamination from hazardous substances at Fruta del Norte may subject it to material liability for the investigation or remediation of contamination, as well as for claims seeking to recover for related property damage, personal injury or damage to natural resources.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, and power sources are important elements of infrastructure, which affect capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay or otherwise adversely impact the Company's exploration, development or operating activities. If adequate infrastructure is not available in a timely manner, there is a risk that (i) the operations at Fruta del Norte will not achieve anticipated production, (ii) the operating costs associated with Fruta del Norte will be higher than anticipated, or (iii) the Company's exploration and development activities will be not carried out as anticipated, or at all. Furthermore, unusual or infrequent weather phenomena, sabotage, community uprisings, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect the operations at Fruta del Norte, cash flow and Lundin Gold's financial position.

Dependence on Single Mine

The only material property interest of the Company is Fruta del Norte. Unless the Company acquires additional property interests or advances its other exploration properties, any adverse developments affecting Fruta del Norte could have a material adverse effect upon the Company and would materially and adversely affect the profitability, financial performance and results of operations of the Company. While the Company may seek to develop and acquire additional mineral properties that are consistent with its business objectives, there can be no assurance that Lundin Gold will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties or that such properties will be available on terms acceptable to the Company or at all.

Title Matters and Surface Rights and Access

There is a risk that title to the mining concessions, the surface rights and access rights comprising Fruta del Norte and its related infrastructure or the concessions and access rights relating to Lundin Gold's exploration concessions may be deficient or subject to dispute. The procurement or enforcement of such rights can be costly and time consuming. In areas where there are local populations or landowners, it may be necessary, as a practical matter, to negotiate or enforce surface access. In addition, in circumstances where such access is denied, or no agreement can be reached, Lundin Gold may need to rely on the assistance of local officials or the courts in such jurisdictions, which may delay or impact exploration or mining activities as planned.

There is also a risk that the Company's exploration, development and mining authorizations and surface rights may be challenged or impugned by third parties. Finally, there is a risk that developing laws and movements respecting the acquisition of lands and other rights of indigenous communities may alter the arrangements made by prior owners of the lands where Fruta del Norte is located. Future laws and actions could have a material adverse effect on Lundin Gold's operations at Fruta del Norte or on its financial position, cash flow and results of operations.

Tax Regime in Ecuador

Tax regimes in Ecuador may be subject to differing interpretations and are subject to change without notice. The Company's interpretation of tax law as applied to its transactions and activities may not coincide with that of the tax authorities. As a result, the taxation applicable to transactions and operations may be challenged or revised by the tax authorities, which could result in significant additional taxes, penalties and/or interest.

There is a risk that restrictions on the repatriation of earnings from Ecuador to foreign entities will be imposed in the future and Lundin Gold has no control over withholding tax rates. In addition, there is a risk that laws and regulations in Ecuador may result in a capital gains tax on profits derived from the sale of shares, ownership interests and other rights, such as exploration rights, of companies with permanent establishments in the country. It is unknown at this time what, if any, liability the Company or its subsidiaries may be subject to as a result of the application of this law. There is a risk that the Company's access to financing may be limited as a result of the indirect taxation.

Availability of Workforce and Labour Relations

The Company's gold production and its exploration and development activities depend upon the efforts of Lundin Gold's employees and contractors. The Company competes with mining and other companies on a global basis to attract and retain employees at all levels with appropriate technical skills and operating experience necessary to operate its mines. The conduct of the Company's operations is dependent on access to skilled labour. Access to skilled labour may prove particularly challenging for Lundin Gold given the remote location of Fruta del Norte and local laws which impose thresholds for the representation of certain groups of people on Lundin Gold's workforce in Ecuador and the ability of foreign skilled labour to obtain visas to work in Ecuador. Shortages of suitably qualified personnel could have a material adverse effect on the Company's business and results of operations.

The Company's operations personnel are working, stationed and travel to and from Fruta del Norte, which is located in a remote region of Ecuador. While at site, these personnel are exposed to concentrated groups of people for lengthy periods of time. Any personnel or visitor becoming infected with a serious illness that has the potential to spread rapidly, like the current COVID-19 virus, could place other personnel and the Company's operations at risk. Although the Company takes every precaution to strictly follow health regulations and guidelines, there can be no assurance that COVID-19 or other infectious illnesses will not negatively impact Lundin Gold's personnel or its operations.

Lundin Gold's operations at Fruta del Norte depend upon the efforts of its employees, and the Company's operations would be adversely affected if it failed to maintain satisfactory labour relations. The Company's labour force is not unionized, and the introduction of a labour union could result in a disruption to production and/or higher costs and reduced flexibility. In addition, relations between the Company and its employees may be affected by changes in labour and employment laws. Changes in such legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's business, results of operations, financial condition or prospects.

Health and Safety

Exploration and mining development and operating activities represent inherent safety hazards and maintaining the health and safety of the Company's employees and contractors is of paramount importance to the Company. Health and safety hazard assessments are carried out regularly throughout the lifecycle of the Company's activities, and robust policies, procedures and controls are in place. Notwithstanding continued efforts to adhere to the Company's "zero harm" policy, safety incidents may still occur. Significant potential risks include, but are not limited to, surface or underground fires, rock falls underground, blasting accidents, vehicle accidents, unsafe road conditions or events, fall from heights, contact with energized sources, and exposure to infectious or occupational disease. Employees involved in activities in remote areas may also be exposed to attacks by individuals or violent opposition by local communities that may place the employees at risk of harm. Any incident resulting in serious injury or death could result in litigation and/or regulatory action (including, but not limited to suspension of development activities and/or fines and penalties), or otherwise adversely affect the Company's reputation and ability to meet its objectives.

Government or Regulatory Approvals

Lundin Gold's exploration and development activities and its operations depend on its ability to obtain, maintain or renew various mineral rights, licenses, permits, authorizations and regulatory approvals (collectively, "Rights" and individually a "Right") from various governmental and quasi-governmental authorities. Government work stoppages may also impact the Company's ability to obtain, maintain or renew certain Rights. Lundin Gold's ability to obtain, maintain or renew such Rights on acceptable terms and on a timely basis is subject to changes in regulations and policies and to the discretion of the applicable governmental and quasi-governmental bodies. Lundin Gold may not be able to obtain, maintain or renew its Rights or its Rights may not be obtainable on reasonable terms or on a timely basis. It is possible that previously issued Rights may become suspended or revoked for a variety of reasons, including through government or court action. A delay in obtaining any such Rights, the imposition of unfavourable terms or conditions on any Rights or the denial of any Right may have a material adverse effect on Lundin Gold's business, financial condition, results of operations and prospects and, in particular, the development and operations of Fruta del Norte.

Mineral Reserve and Resource Estimates

Mineral Reserve and Mineral Resource figures are estimates, and there is a risk that any of the Mineral Resources and Mineral Reserves identified at Fruta del Norte to date will not be realized. Until a deposit is actually mined and processed, the quantity of Mineral Resources and Mineral Reserves and grades must be considered as estimates only. In addition, the quantity of Mineral Resources and Mineral Reserves may vary depending on, among other things, precious metal prices. Any material change in quantity of Mineral Resources, Mineral Reserves or percent extraction of those Mineral Reserves recoverable by underground mining techniques may affect the economic viability of any project undertaken by Lundin Gold. In addition, there is a risk that metal recoveries during production do not reach anticipated rates.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability, and there is a risk that they will never be mined or processed profitably. Further, there is a risk that Inferred Mineral Resources will not be upgraded to proven and probable Mineral Reserves as a result of continued exploration.

Fluctuations in gold prices, results of drilling, metallurgical testing and preparation and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of Mineral Reserves could have a material adverse effect on Lundin Gold's results of operations and financial condition.

Key Talent Recruitment and Retention

Recruiting and retaining qualified personnel is critical to Lundin Gold's success. Lundin Gold is dependent on the services of key executives, including its President and Chief Executive Officer, and other highly skilled and experienced executives and personnel focused on managing Lundin Gold's interests. The number of persons skilled in the financing, development, operations and management of mining properties is limited and competition for such persons is intense. The inability of Lundin Gold to successfully attract and retain highly skilled and experienced executives and personnel could have a material adverse effect on Lundin Gold's business, financial condition and results of operations.

Market Price of the Company's Common Shares

Securities of mineral companies have always experienced substantial volatility, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries or sectors. The price of the Company's common shares is also likely to be significantly affected by short-term changes in gold price, currency exchange fluctuations, or its financial condition or results of operations and exploration activities on its projects. Other factors unrelated to the performance of the Company that may have an effect on the price of the Company's common shares include: the extent of analyst coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Company's common shares may affect an investor's ability to trade significant numbers of common shares of the Company; the size of the Company's public float and whether it is included in market indices may limit the ability of some institutions to invest in the Company's common shares; and the evaluation of the Company's performance and practices by third party rating agencies on ESG matters, which may limit the ability of some institutions or other investors to invest in the Company's common shares. If an active market for the Shares does not continue, the liquidity of an investor's investment may be limited, and the price of the Company's common shares may decline. If an active market does not exist, investors may lose their entire investment in the Company. As a result of any of these factors, the market price of the Company's common shares at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Control of Lundin Gold

As at the date hereof, Newcrest Mining Limited and the Lundin Family Trust are control persons of Lundin Gold. As long as these shareholders maintain their significant positions in Lundin Gold, they will have the ability to exercise influence with respect to the affairs of Lundin Gold and significantly affect the outcome of matters upon which shareholders are entitled to vote.

As a result of the holdings in the Company of control persons, there is a risk that the Company's securities are less liquid and trade at a relative discount compared to circumstances where these persons did not have the ability to influence or determine matters affecting Lundin Gold. Additionally, there is a risk that their significant interests in Lundin Gold discourages transactions involving a change of control of Lundin Gold, including transactions in which an investor, as a holder of the Company's securities, would otherwise receive a premium for its Company's securities over the then-current market price.

Measures to Protect Endangered Species and Critical Habitats

Ecuador is a country with a diverse and fragile ecosystem and the national government, regional governments, indigenous groups and NGOs are vigilant in their protection of endangered species and critical habitats. The existence or discovery of an endangered species or critical habitats at Fruta del Norte or any of its exploration concessions may have a number of adverse consequences to the Company's plans and operations. For instance, the presence of an endangered species could require the Company to take additional measures to protect the species or to cease its activities at Fruta del Norte temporarily or permanently, which would impact production from Fruta del Norte and would have an adverse economic impact on the Company, which could be material. The existence or discovery of an endangered species or critical habitat at Fruta del Norte or the Company's exploration concessions could also ignite NGO and local community opposition to the Company's activities, which could impact its plans and operations and the Company's financial condition and global reputation.

Information Systems and Cyber Security

The Company's operations depend on information technology ("IT") systems. These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as disruptions resulting from incidents such as cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in IT system failures, delays and/or increase in capital expenses. The failure of IT systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Non-Compliance and Compliance Costs

Lundin Gold, its subsidiaries, its business and its operations are subject to various laws and regulations. The costs associated with compliance with such laws and regulations may cause substantial delays and require significant cash and financial expenditure, which may have a material adverse effect on the Company or the operation of Fruta del Norte.

There is a risk that the Company may fail to comply with a legal or regulatory requirement, which may lead to the revocation of certain rights or to penalties or fees and in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. In addition, the Company may be required to compensate those suffering loss or damage arising from its non-compliant activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights could result in loss, reduction or expropriation of entitlements. Any of the foregoing may have a material adverse effect on the Company or the operation of Fruta del Norte.

Exploration and Development Risks

The Company has the rights to 25 mineral concessions targeted for exploration outside of Fruta del Norte. The exploration for, and development of, new mineral deposits involves significant risks which, even with a combination of careful evaluation, experience and knowledge, may not be eliminated. Few exploration properties are ultimately developed into producing mines. Whether a mineral deposit will be commercially viable depends on a number of factors, including but not limited to: the particular attributes of the deposit, such as quantity and quality of the minerals, metallurgy and proximity to infrastructure and labour; mineral prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. There is a risk that the exploration and development efforts and expenditures made by Lundin Gold will not result in any new discoveries of other mineral occurrences or new estimates of Mineral Resources or Mineral Reserves.

Illegal Mining

Mining by illegal miners occurs on and near some of Lundin Gold's mineral concessions in Ecuador. While this activity is monitored by both the Company and the government, the operations of artisanal and illegal miners could interfere with Lundin Gold's activities and could result in conflicts. These potential activities could cause damage to Fruta del Norte, including road blockages, pollution, environmental damage or personal injury or death, for which Lundin Gold could potentially be held responsible. The presence of illegal miners can lead to delays and disputes regarding the development or operation of gold deposits. Illegal mining can also result in mine stoppages, environmental issues and could have a material adverse effect on Lundin Gold's results of operations or financial condition.

Insurance and Uninsured Risks

Exploration, development and production operations on mineral properties involve numerous risks including, but not limited to, unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, landslides, earthquakes and other environmental occurrences, risks relating to the storage and shipment of precious metal concentrates or doré bars, and political and social instability. Such occurrences could result in damage to mineral properties, damage to underground development, damage to production or infrastructure facilities, personal injury or death, environmental damage to Lundin Gold's properties or the properties of others, delays in the ability to undertake exploration and development, monetary losses and possible legal liability. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs and a decline in the value of the Company's Common Shares.

Although Lundin Gold maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance policies do not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration, development and production may not be available to the Company on acceptable terms. Lundin Gold might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons.

Insurance limits currently in place may also not be sufficient to cover losses arising from insured events. Losses from any of the above events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Reclamation Obligations

Reclamation requirements are designed to minimize long-term effects of mining exploitation and exploration disturbance by requiring the operating company to control possible deleterious effluents and to re-establish to some degree pre-disturbance land forms and vegetation. Lundin Gold is subject to such requirements in connection with its activities at Fruta del Norte and may be liable for actions and activities and disturbances caused by artisanal and illegal miners on the Company's property. Any significant environmental issues that may arise, however, could lead to increased reclamation expenditures and could have a material adverse impact on Lundin Gold's financial resources. Furthermore, environmental hazards may exist on the properties in which Lundin Gold holds interests which are unknown to Lundin Gold at present and which have been caused by previous or existing owners or operators of the properties.

There can also be no assurance that closure estimates prove to be accurate. The amounts recorded for reclamation costs are estimates unique to a property based on estimates provided by independent consulting engineers and Lundin Gold's assessment of the anticipated timing of future reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred in future periods could differ from amounts estimated. Additionally, future changes to environmental laws and regulations could affect the extent of reclamation and remediation work required to be performed by Lundin Gold. Any such changes in future costs could materially impact the amounts charged to operations for reclamation and remediation.

Violation of Anti-Bribery and Corruption Laws

The Company's operations are governed by, and involve interactions with, many levels of government in numerous countries. The Company is required to comply with anti-corruption and anti-bribery laws, including the Criminal Code, the Canadian Corruption of Foreign Public Officials Act and the U.S. Foreign Corrupt Practices Act, as well as similar laws in the countries in which Lundin Gold conducts its business. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations not only by its employees, but also by its contractors and third-party agents. Although Lundin Gold has adopted steps to mitigate such risks, such measures may not always be effective in ensuring that the Company, its employees, contractors and third-party agents will comply strictly with such laws. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company resulting in a material adverse effect on the Company's reputation and results of its operations.

Climate Change

Changes in climate conditions could adversely affect Lundin Gold's business and operations through the impact of (i) more extreme temperatures, precipitation levels and other weather events; (ii) changes to laws and regulations related to climate change; and (iii) changes in the price or availability of goods and services required in its business.

Physical risks related to climate change may include more extreme temperatures, precipitation levels and other weather events. Extreme high or low temperatures could impact the operation of equipment and the safety of personnel at Fruta del Norte, which could result in damage to equipment, injury to personnel and production disruptions. Increased in precipitation levels or extreme weather events, such as severe storms or floods, which may be more probable and more extreme due to climate change, may negatively impact operations, disrupt production, lead to water management challenges, landslides or breach of containment facilities. Significant capital investment may be required to address these occurrences and to adapt to changes in average operating conditions caused by these changes to the climate.

Increased environmental regulation and/or the use of fiscal policy by regulators in response to concerns over climate change and other environmental impacts, such as additional taxes levied on activities deemed harmful to the environment, could have a material adverse effect on Lundin Gold's financial condition or results of operations.

Climate change may lead to changes in the price and availability of goods and services required for Fruta del Norte's operations, which requires the regular supply of consumables such as diesel, electricity, sodium cyanide and other supplies to operate efficiently. The Company's operations also depend on service providers to transport these consumables and other goods to Fruta del Norte and to transport doré and concentrate produced by the Company to refiners and smelters, respectively. The effects of extreme weather described above and changes in legislation and regulation on the Company's suppliers and their industries may cause limited availability or higher price for these goods and services, which could result in higher costs or production disruptions.

The Company is working towards implementing the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), the purpose of which is to provide a framework to assess and disclose climate resilience. Even after completing this undertaking, the Company cannot be certain that it will have adequately assessed the risks of climate change on its business or that its efforts to mitigate the risks of climate change will be adequate or effective.

Claims and Legal Proceedings

Lundin Gold may be subject to claims or legal proceedings in multiple jurisdictions covering a wide range of matters that arise in the ordinary course of its current business or the Company's previous business activities which could materially adversely impact Lundin Gold.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can only provide reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Security

The Company is exposed to various levels of safety and security risks which could result in injury or death, theft or damage to property, work stoppages, or blockades of its mining operations. Risks and uncertainties include, but are not limited to, terrorism, hostage taking, local drug gang activities, military repression, labour unrest and war or civil unrest. Opposition to mining could arise and such opposition may be violent. Resistance or unrest in Ecuador could have a material adverse effect on our operations and profitability.

Conflicts of Interest

Certain directors and officers of Lundin Gold are or may become associated with other mining and/or mineral exploration and development companies, which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve such a contract. In addition, directors and officers are required to act honestly and in good faith with a view to the best interests of the Company. Some of the directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and, accordingly, the Company will not be the only business enterprise of these directors and officers. Further, any failure of the directors or officers of the Company to address these conflicts in an appropriate manner or to allocate opportunities that they become aware of to the Company could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Dividends

Any payments of dividends on the common shares will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company, restrictions under gold prepay and stream facilities, and the senior debt facility, and other factors which the Board may consider appropriate in the circumstance.

Social Media and Reputation

As a result of the increased usage and the speed and global reach of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users, companies today are at much greater risk of losing control over how they are perceived in the marketplace. Damage to reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity (for example, with respect to handling of environmental matters or Lundin Gold's dealings with community groups), whether true or not. The Company places a great emphasis on protecting its image and reputation but does not ultimately have direct control over how it is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community relations, maintaining a positive relationship with government authorities, decreased investor confidence and an impediment to the overall success of Fruta del Norte in Ecuador, thereby having a material adverse impact on financial performance, cash flows and growth prospects.

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: estimates of gold production, grades and recoveries, expected sales receipts, cash flow forecasts and financing obligations, its capital costs and the expected timing of completion of capital projects including the SVR, the Company's bridge over the Zamora River and the throughput expansion project, the timing and the success of its drill program at Fruta del Norte and its other exploration activities, the completion of construction and the Company's efforts to protect its workforce from COVID-19.

Lundin Gold's actual results could differ materially from those anticipated. Management has identified the following risk factors which could have a material impact on the Company or the trading price of its shares: risks relating to the impacts of a pandemic virus outbreak, political and economic instability in Ecuador, production estimates, mining operations, the Company's community relationships, ability to maintain obligations or comply with debt, financing requirements, volatility in the price of gold, shortages of critical supplies, compliance with environmental laws and liability for environmental contamination, lack of availability of infrastructure, the Company's reliance on one mine, deficient or vulnerable title to concessions, easements and surface rights, uncertainty with the tax regime in Ecuador, the Company's workforce and its labour relations, inherent safety hazards and risks to the health and safety of the Company's employees and contractors, the Company's ability to obtain, maintain or renew regulatory approvals, permits and licenses, the imprecision of mineral reserve and resource estimates, key talent recruitment and retention of key personnel, volatility in the market price of the shares, the potential influence of the Company's largest shareholders, measures to protect endangered species and critical habitats, the reliance of the Company on its information systems and the risk of cyber-attacks on those systems, the cost of non-compliance and compliance costs, exploration and development risks, risks related to illegal mining, the adequacy of the Company's insurance, uncertainty as to reclamation and decommissioning, the ability of Lundin Gold to ensure compliance with anti-bribery and anti-corruption laws, the uncertainty regarding risks posed by climate change, the potential for litigation, limits of disclosure and internal controls, security risks to the Company, its assets and its personnel, conflicts of interest, risks that the Company will not declare dividends and social media and reputation.

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