
LUNDIN GOLD INC.

Management's Discussion and Analysis

Year Ended December 31, 2018

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

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Lundin Gold Inc. and its subsidiary companies (collectively, "Lundin Gold" or the "Company") for the year ended December 31, 2018 provides a detailed analysis of the Company's business and compares its financial results with those of the previous year.

This MD&A is dated as of February 19, 2018 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, 2018 and 2017. 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 "2018 Period" and "2017 Period" relate to the years ended December 31, 2018 and December 31, 2017, respectively.

Other continuous disclosure documents, including the Company's press releases, quarterly and annual reports, and annual information form are available through its filings with the securities regulatory authorities in Canada at www.sedar.com.

Lundin Gold, headquartered in Vancouver, Canada, is developing its wholly-owned Fruta del Norte gold project ("Fruta del Norte Project" or the "Project" or "FDN") in southeast Ecuador. The Fruta del Norte Project is one of the highest-grade gold projects currently under construction in the world today. The Company's board and management team have extensive expertise in mine construction and operations and are dedicated to advancing this project through to first gold production in 2019.

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 development of Fruta del Norte will benefit its shareholders, the Government and the people of Ecuador.

HIGHLIGHTS AND ACTIVITIES

The following provides an overview of the key milestones and accomplishments in the past year.

Fruta del Norte Project

- Overall engineering is 85% complete as of year-end and approximately 70% of Project capital expenditure has been committed.
- Underground development continued ahead of projections, both declines have reached the orebody and development of the primary levels have begun.
- Site earthworks is 75% complete, including completion of the River and North Access roads and construction of the tailings dam is underway.
- The process plant construction is well progressed with concrete 62% complete and mechanical equipment (grinding mills and carbon-in-leach tank) erection started in the fourth quarter
- Surface mobile equipment is on site and the mine operating fleet began arriving on site in the fourth quarter.
- The Bomboiza to site powerline construction started and by year-end was 27% complete. Work is also underway on the site-wide electrical distribution network including power lines, main and mine substations.
- Key permits received and agreements signed for the powerline and Mountain Pass Quarry.
- Updated mine plan and re-estimate of the Project's capital cost and operating cost completed.

Financing

- Drew the final \$110 million under the gold prepay and stream credit facilities with Orion Mine Finance Group ("Orion") and Blackstone Tactical Opportunities.
- Closed a \$400 million equity private placement financing with Newcrest Mining Limited ("Newcrest"), Zebra Holdings and Investments S.à.r.l. and Lorito Holdings S.à.r.l. (the "Lundin Family Trusts"), and Orion.
- Closed a \$350 million senior secured project finance debt facility with a syndicate of seven lenders (the "Facility"), with first draw expected in the first quarter of 2019.

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- Executed a gold concentrate offtake agreement with Boliden for approximately 50% of Fruta del Norte's gold concentrate production over its first eight years of operations.

Exploration

- Signed an earn-in agreement with Newcrest to form a joint venture company to explore eight early stage concessions to the north and south of Fruta del Norte, which exclude the large block of concessions surrounding the Fruta del Norte deposit.
- Completed 6,245 metres ("m") of drilling in six drill holes at the El Puma target, located in the southern Suarez Pull-Apart basin ("Suarez Basin" or the "Basin"). Results indicated epithermal indicator elements; however, no significant mineralization was found. The drilling indicated that further follow-up drilling is required.
- Mapping, geochemical sampling and permitting required for future drilling continues on a number of epithermal gold-silver targets.

Corporate

- Istvan Zollei of Orion and Michael Nossal and Craig Jones of Newcrest joined the board of the Company pursuant to board representation rights as part of the equity financing.

THE FRUTA DEL NORTE PROJECT

Development of the Project remains on track and on budget to deliver first gold production in the fourth quarter of 2019 and achieve commercial production in the second quarter of 2020.

Lundin Gold's properties in Southeast Ecuador consists of 30 mining concessions covering an area of approximately 64,406 hectares. From this, the Fruta del Norte Project is comprised of six concessions covering an area of approximately 5,039 hectares and is located approximately 140 km east-northeast of the City of Loja, which is the fourth largest city in Ecuador.

Activities in 2018

Fruta del Norte Project

In 2018, progress continued on the Project in all areas of engineering, procurement and construction.

Mine Development

- As at December 31, 2018 a total of 4.5 km of underground mine development had been completed.
- Average advance rate in 2018 on declines and primary development was 9.8 m per day versus a target of 6.6 m per day, while advance rates on total development including auxiliary work was 11.6 m per day versus a target of 7.9 m per day.
- Advance rates exceeded planned rates due to better than expected ground conditions, lower than anticipated water inflows and greater productivity from the mine contractor.
- The mine operating equipment fleet started to arrive in the fourth quarter of 2018.
- Over 200 mining operator trainees began the Company's training program. The first group of 100 mining operator trainees began the final part of their training program, which takes place on site and includes classroom sessions and experience with simulators and in the field.

Site Earthworks

- As of December 31, 2018, earthworks was 75% complete.
- Projects that were completed in 2018 include:
 - River Road which connects the camp to the plant site.
 - North Access Road, which improves logistics and shortens the distance to the national highway system.
 - Process plant and paste plant site preparations.
 - Ventilation shaft access road and platform.
 - Three major water storage and sedimentation ponds as part of the overall site water management.
- Tailings storage facility is well underway.

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Process Plant Construction

- Site-wide concrete 69% complete and process plant concrete 62% complete.
- Site-wide steel 38% complete and process plant steel 18% complete.
- Process plant mechanical equipment (grinding mills and carbon-in-leach tank) erection started in the fourth quarter of 2018.
- Majority of process plant equipment has been delivered with the remainder in transit from factories.

Site-Wide Infrastructure

- Infrastructure completed and in use includes: mobile equipment maintenance shop, mine compressor station, mine wash bay, mine fuel station, tailings maintenance shop and process plant maintenance shop.
- Infrastructure under construction includes: mine dry and administration building, laboratory, reagent storage building and gatehouse.
- On site electrical distribution is under construction. In addition, the mine substation is substantially complete, the main Fruta del Norte power substation concrete is done, and main transformers are placed on the foundations.

Powerline

- The Company made significant progress on the 42 km powerline connecting the Project to the national grid and obtained the following permits and agreements:
 - Construction permit from the Ministry of Energy and Non-Renewable Natural Resources
 - Requisite access rights obtained from all landowners
 - Execution of Cooperation Agreement for the Taday to Bomboiza powerline and substation with La Corporación Eléctrica del Ecuador (CELEC).
- Powerline construction started in September and is progressing on three fronts with 28 out of 107, or 22% of powerline infrastructure, being complete as of December 31, 2018.
- Bomboiza substation connection equipment has been ordered and detailed engineering is underway.

Construction Camp

- The new 1,000-person construction camp was completed.
- The new kitchen and dining room is done and is feeding on average 1,500 people per day.

Exploration

- Lundin Gold signed an earn-in agreement with Newcrest to form a joint venture company to explore eight early stage concessions. These concessions are to the north and south of Fruta del Norte and exclude the large block of concessions surrounding the Fruta del Norte deposit. Newcrest can earn up to a 50% interest in the joint venture company by spending \$20 million over a five-year period.
- Diamond drilling was completed at the El Puma target located in the southern Suarez Basin, with a total of 6,245 m in six drill holes. A buried vein, breccia and shear hosted epithermal quartz-carbonate-sulfide system was intersected along the interpreted western edge of the Basin. Assays received from the drilling are variably anomalous in the epithermal pathfinder elements silver, arsenic, antimony, lead and zinc but not significantly anomalous in gold.
- Exploration has focused on mapping and sampling geochemical anomalies to develop them into drill targets. This activity has primarily been conducted on targets in the central and southern Suarez Basin for Fruta del Norte style epithermal gold-silver systems. The Suarez Basin is a 16 km "pull-apart" structure that hosts the buried Fruta del Norte deposit at its northern end.
- Data for a helicopter ZTEM (Z-Tipper Axis Electromagnetic) resistivity geophysical survey of the Suarez Basin and surrounding terrain was received and interpreted. This system utilizes the earth's natural electromagnetic fields and can be used to map large, deeply buried targets and structures. The data has helped define the Basin's structure and the porphyry bodies that lie below, which are interpreted to be the heat engines for the overlying epithermal systems.

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Environment, Health and Safety and Community

Environment and Permitting

- Obtained Environmental Licence for the power transmission line.
- The permits granted and agreements signed for the Mountain Pass Quarry including:
 - Environmental licence, water permit and administrative act; and,
 - Exploitation agreement.
- Continued to advance several SENAGUA water permits.
- Submitted explosives storage magazine expansion and explosive importation permits.
- Received Ministry of Transport approval for Zamora River bridge design.
- Numerous inspections were completed by the Ministry of Environment during the year with zero major non-compliances recorded.

Health and Safety

- As of year-end, over 3.5 million hours have been incurred without a lost time accident.
- The total-incident rate was 0.40 at year end versus a target of 0.80.

Community

- During 2018, the Company continued to invest in numerous projects in the local communities, such as road maintenance, programs for the students and elderly and programs directing at helping small businesses. The activities focused on local hiring, local procurement and economic diversification. As of year-end, the Company estimates that 54% of its employees were from local communities. Lundin Gold's local procurement program resulted in the purchase of approximately \$2.3 million per month in goods and services during 2018. The economic diversification activities focused on agricultural programs in the province of Zamora-Chinchipe.

Other

- The Company completed an updated mine plan and re-estimate of the Project's capital cost and operating cost. This resulted in an increase in the Project's NPV 5% (\$786 million from \$717 million) and IRR (17.5% from 16.3%). The new capital cost estimate increased only marginally by \$8.0 million to \$692 million. At the same time, the estimated all-in, life of mine sustaining cost dropped to \$583 per ounce of gold from \$609 per ounce of gold.

SELECTED ANNUAL FINANCIAL INFORMATION

(Expressed in thousands of U.S. dollars, except share and per share amounts)	2018	2017	2016
Derivative loss for the year	\$ (15,731)	\$ (18,034)	\$ -
Net loss for the year	\$ (22,068)	\$ (41,140)	\$ (62,814)
Basic and diluted loss per share	\$ (0.12)	\$ (0.35)	\$ (0.59)
Weighted-average number of common shares outstanding	191,390,673	119,174,612	108,675,136
Total assets	\$ 1,012,461	\$ 481,729	\$ 278,906

The loss during the year ended December 31, 2018 is lower compared to the previous year due to a foreign exchange gain of \$17.0 million compared to a minimal amount in 2017 from the Company's substantial holdings of U.S. dollar cash at its Canadian entities. As the functional currency of these Canadian entities is the Canadian dollar, a strengthening of the U.S. dollar against the Canadian dollar during the period generates an unrealized gain in terms of Canadian dollars. In addition, the Company recorded a derivative loss from the fair value revaluations of its long-term debt of \$15.7 million in 2018 compared to a derivative loss of \$18.0 million in 2017 which is more fully explained below.

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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 of quarterly results for the past eight quarters (unaudited).

	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Derivative gain (loss) for the period	\$ (28,508)	\$ 17,924	\$ 18,846	\$ (23,993)
Net income (loss) for the period	\$ (23,491)	\$ 7,270	\$ 19,741	\$ (25,588)
Basic income (loss) per share	\$ (0.11)	\$ 0.03	\$ 0.09	\$ (0.20)
Diluted income (loss) per share	\$ (0.11)	\$ 0.03	\$ 0.09	\$ (0.20)
Weighted-average number of common shares outstanding				
Basic	213,163,980	213,163,980	213,163,980	124,861,126
Diluted	213,163,980	213,707,572	213,754,928	124,861,126
Additions to property, plant and equipment	\$ 113,841	\$ 84,765	\$ 77,278	\$ 66,250
Total assets	\$ 1,012,461	\$ 1,007,287	\$ 994,583	\$ 988,889
Long-term debt	\$ 364,252	\$ 351,591	\$ 349,032	\$ 376,218
Working capital	\$ 153,186	\$ 290,398	\$ 377,265	\$ 460,329
	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Derivative gain (loss) for the period	\$ (14,135)	\$ (8,281)	\$ 4,382	\$ -
Net income (loss) for the period	\$ (19,505)	\$ (16,032)	\$ 785	\$ (6,387)
Basic income (loss) per share	\$ (0.16)	\$ (0.13)	\$ 0.01	\$ (0.05)
Diluted income (loss) per share	\$ (0.16)	\$ (0.13)	\$ 0.01	\$ (0.05)
Weighted-average number of common shares outstanding				
Basic	119,666,840	119,417,366	118,857,521	118,743,908
Diluted	119,666,840	119,417,366	119,880,477	118,743,908
Additions to property, plant and equipment	\$ 55,543	\$ 38,635	\$ 26,731	\$ 15,003
Total assets	\$ 481,729	\$ 434,198	\$ 460,838	\$ 295,795
Long-term debt	\$ 217,940	\$ 163,591	\$ 150,997	\$ -
Working capital	\$ 26,794	\$ 66,196	\$ 107,024	\$ (18,776)

To date, the Company has not generated production revenue. The only income generated by the Company is interest income on its cash deposits.

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Since the second quarter of 2017 the Company's fluctuations in the quarterly results are mainly driven by derivative gains or losses from the valuation of the Company's long-term debt. More specifically, during the fourth quarter of 2018, the Company recorded a derivative loss of \$28.5 million compared to a derivative loss of \$14.1 million in the fourth quarter of 2017 as more fully explained below. This increase in the derivative loss is offset by a foreign exchange gain of \$8.6 million in the fourth quarter of 2018 from the Company's substantial holdings of U.S. dollar cash by its Canadian entities compared to a foreign exchange gain of \$0.1 million in the fourth quarter of 2017. As the functional currency of these Canadian entities is the Canadian dollar, a strengthening of the U.S. dollar against the Canadian dollar during the period generates an unrealized gain in terms of Canadian dollars.

Derivative gains or losses

The Company did not repay or increase its long-term debt during the fourth quarter of 2018; however, the Company's long-term debt balance is comprised of financial liabilities measured at fair value on a quarterly basis. This balance is valued using Monte Carlo simulation valuation models. The key inputs used by the Monte Carlo simulation include: the gold and silver forward curve based on Comex futures, 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 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.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2018, the Company had cash of \$167.5 million and working capital of \$153.2 million compared to cash of \$35.0 million and working capital of \$26.8 million at December 31, 2017. The change in cash was primarily due to net proceeds from the private placement in March 2018 of \$396.4 million and the final drawdown of \$110 million under the gold prepay and stream credit facilities. This is offset by costs incurred for the development of the Fruta del Norte Project of \$280.2 million, general and administration costs of \$16.7 million and exploration expenditures of \$6.2 million. The Company incurred higher general and administrative costs mainly due to the payment of performance incentives in the year, which also included payments deferred from 2017, to the Company's employees and the commencement of the mine operator training program.

The Company has successfully financed the Fruta del Norte Project with a project financing package of \$300 million in May 2017 comprising of the gold prepay and stream credit facilities, a \$400 million private placement in March 2018, and the Facility of \$350 million secured in July 2018. The initial draw down of the Facility is expected to occur in the first quarter of 2019 and is subject to customary conditions precedent and establishing a cost overrun facility (the "COF") for which terms have been substantially agreed, is subject to acceptance by the Company's lenders and is in the final documentation stage.

The Company currently has no sources of revenues. Its continuing operations and the underlying value and recoverability of the amount shown for the mineral interests are dependent upon the ability of the Company to complete the development of the Fruta del Norte Project and on future profitable production.

TRANSACTIONS WITH RELATED PARTIES

During the 2018 Period, the Company paid \$0.3 million (2017 – \$0.4 million) to Namdo Management Services Ltd. ("Namdo"), a private corporation associated with an officer of the Company. The Company occupies office space in the Namdo Vancouver offices 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.

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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 Company has long-term debt all of which have been classified as financial liabilities measured at fair value.

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 and its capital is typically raised in Canadian dollars, with foreign operations in Ecuador. Expenditures in Ecuador are primarily denominated in U.S. 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.

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 Facility.

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 for 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 metal substitutes, inflation and political and economic conditions. The Company has not hedged the price of any commodity at this time.

The fair value of long-term debt which is accounted for at fair value through profit or loss is impacted by fluctuations of commodity prices.

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COMMITMENTS

Significant capital expenditures contracted as at December 31, 2018 but not recognized as liabilities are as follows:

	Development costs	
2019	\$	160,893
2020		7,506
2021		-
Total	\$	168,399

OFF-BALANCE SHEET ARRANGEMENTS

During the 2018 Period and the year ended December 31, 2017 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 213,163,980 common shares issued and outstanding and stock options outstanding to purchase a total of 5,902,900 common shares for a total of 219,066,880 common shares outstanding on a fully-diluted basis.

OUTLOOK

The Company is focused on advancing the Project on schedule through to first gold production in the fourth quarter of 2019. The following activities are planned over the next twelve months:

- Completing detailed engineering.
- Completing contractor mine development, initiating work on the south ventilation raise and completing two of the mine dewatering wells.
- Completing training and hiring of mine and plant operations personnel.
- Commencing mine operations and mining ore per mine plan.
- Completing process plant and water treatment plant construction.
- Completing the construction of the power transmission line and connection to the national grid at the Bomboiza substation and completing the site electrical distribution facilities.
- Completing construction of the tailing storage facility including tailings and reclaim water systems.
- Commencing and substantially advancing the construction of the paste plant.
- Commissioning and beginning plant operations, including the planned pouring first gold.
- Obtaining final permits to start operations.
- Obtaining permits and starting construction for the Zamora River bridge near El Pindal.

The Company has substantially agreed to the terms of the COF with a provider. Completion of the COF is a condition precedent to the initial draw down of the Facility, expected to occur in the first quarter of 2019. The COF is subject to acceptance by the Company's lenders and is at the final documentation stage.

Exploration continues to focus on developing drilling targets through mapping and geochemical sampling of several targets. Drill permitting continues for a number of epithermal gold-silver target areas around the Suarez basin.

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ADOPTION OF NEW ACCOUNTING STANDARDS

During the year ended December 31, 2018, the Company adopted the following new accounting standards:

i. *IFRS 15, Revenue from Contracts with Customers*

The IASB issued a new standard for the recognition of revenue. This replaced IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

This new standard did not affect the Company's financial statements as the Company has yet to generate any revenues.

ii. *IFRS 9, Financial Instruments*

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 *Financial Instruments: Disclosures*.

The Company's long-term debt is and under IFRS 9, continues to be classified as financial liabilities at fair value. Upon adoption of IFRS 9, the component of fair value changes relating to the Company's own credit risk is recognised in Other Comprehensive Loss. Amounts recorded in Other Comprehensive Loss related to credit risk are not subject to recycling in profit or loss, but are transferred to retained earnings when realized. Fair value changes relating to market risk are recognised in profit or loss.

The adoption of IFRS 9 has resulted in adjustments to the amounts recognised in the audited consolidated financial statements. Refer to the Company's audited consolidated financial statements for the year ended December 31, 2018 for further details.

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, 2018.

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:

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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 assumptions that are mainly based on market conditions existing at initial recognition and at the end of each reporting period. Refer to Note 18 of the audited consolidated financial statements for the year ended December 31, 2018 for further details on the methods and assumptions utilized.

Valuation of mineral properties

The Company carries the acquisition costs of its mineral properties at cost less any provision for impairment. The Company undertakes a periodic review of the carrying values of mineral properties and whenever events or changes in circumstances indicate that their carrying values may exceed their fair value. In undertaking this review, management of the Company is required to make significant judgments. These judgments are subject to various risks and uncertainties, which may ultimately influence the expected recoverability of the carrying values of the mineral properties and related expenditures.

Utilization of tax losses

The Company is subject to income taxes in a number of jurisdictions. At present all of the entities are creating tax losses. These tax losses are only recognized to the extent that expected future taxable profits are available. As at December 31, 2018, the Company has not recognized any tax losses on its financial statements.

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 FDN. 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.

CHANGES IN ACCOUNTING POLICIES

New standards and interpretations not yet adopted

IFRS 16, Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

IFRS 16 will be effective for annual periods beginning on or after January 1, 2019. The Company does not expect any impact from this new standard as the Company does not currently have any leases.

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QUALIFIED PERSON

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

FINANCIAL INFORMATION

The report for the three months ended March 31, 2019 is expected to be published on or about May 10, 2019.

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, 2018, 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, 2018, 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.

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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.

Community Relations

The Company's relationship with communities in which it operates is critical to the construction and operation of the Project. FDN is 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 Lundin Gold's ability to develop FDN 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 road closures and work stoppages. Such actions by communities and NGOs may have a material adverse effect on Lundin Gold's operations at FDN and on its financial position, cash flow and results of operations.

Mining and Processing

As the Company approaches operations, the Company's business operations will be subject to risks and hazards 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, ground subsidence, the occurrence of rock wall or ramp collapses, landslides, accidents, labour force disruptions, supply chain/logistics disruptions, force majeure events, unanticipated transportation costs, and weather conditions, any of which can materially and adversely affect, among other things, the safety of personnel, the development of properties, production quantities and rates, costs and expenditures, production commencement dates, project completion, contractual obligations and financial covenants.

The Company's processing facilities will be dependent upon continuous mine feed to remain in operation. Significant disruption in either mine feed or processing throughput, whether due to equipment failures, adverse weather conditions, supply interruptions, labour force disruptions or other causes, may have an immediate adverse effect on results of operations of the Company and its ability to comply with the requirements of its project financing.

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 the development of FDN. If adequate infrastructure is not available in a timely manner, there is a risk that (i) the development of FDN will not be completed on a timely basis, or at all, (ii) the resulting operations will not achieve the anticipated production volume or (iii) the anticipated construction costs and ongoing operating costs associated with the development of FDN will be higher than anticipated. 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 development of FDN and Lundin Gold's future operations and profitability.

Environment

All phases of mining development and operations and exploration are subject to extensive environmental regulation. These regulations mandate, among other things, the preparation of environmental assessments before commencing certain operations, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

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 FDN until non-compliance is corrected, more stringent environmental assessments of proposed projects and mine closure

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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 FDN 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 FDN 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.

Instability in Ecuador

The Company is subject to certain risks and possible political and economic instability specific to Ecuador, arising from political unrest, labour disputes, invalidation of government orders, permits or property rights, risk of corruption, military repression, war, civil disturbances, criminal and terrorist acts, arbitrary changes in laws, expropriation, nationalization, renegotiation or nullification of existing agreements 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, among impacts, could result in the impairment or loss of mineral concessions or other mineral rights.

Exploration, development or production 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.

Any shifts in political attitudes or changes in laws that may result in, among other things, significant changes to mining laws or any other national legal body of 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.

Title Matters and Surface Rights and Access

There is a risk that title to the mining concessions, the surface rights and access rights comprising FDN and the necessary infrastructure, 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 land owners, it may be necessary, as a practical matter, to negotiate surface access. Despite having the legal right to access the surface and carry on construction and mining activities, Lundin Gold may not be able to negotiate satisfactory agreements with existing landowners/occupiers for such access, and therefore it may be unable to carry out activities as planned. 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 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. In addition, there is a risk that Lundin Gold will not be able to renew some or all its licenses in the future. Inability to renew a license could result in the loss of any project located within that license.

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 FDN is located. Future laws and actions could have a material adverse effect on Lundin Gold's operations at FDN or on its financial position, cash flow and results of operations.

Financing Requirements

Lundin Gold's project financing, including the gold prepay and stream credit facilities, the Facility and the funding from the private placement in March 2018, is dedicated principally to funding the construction and development of the Project. Until such time as Lundin Gold generates revenues and cash flow from the Project, it has no other source of funding and will require additional capital to fund costs and activities not related to the Project. 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

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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.

Ability to Maintain Obligations or Comply with Debt

Lundin Gold is subject to restrictive covenants under the gold prepay and stream credit facilities and the Facility. The Company's project financing is secured by a first ranking charge over the assets of project subsidiaries, by a pledge of the shares of project subsidiaries and by guarantees of Lundin Gold and project subsidiaries. In addition, Lundin Gold may from time to time enter into other arrangements to borrow money to fund its development plans for FDN, 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 credit facilities and the Facility or other debt instruments that may arise. In such circumstances, Lundin Gold may not be able to access funding under the Facility or 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 credit facilities or the 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.

Shortages of Critical Resources

Lundin Gold's ability to acquire critical resources such as supplies, consumables and equipment due to worldwide demand may cause unanticipated cost increases and delays in delivery times, thereby impacting operating costs, capital expenditures and development schedules.

In addition, as Lundin Gold continues with the development of FDN and its activities increase, Lundin Gold will require additional skilled labour, such as construction, operations, financial and geologic personnel. There is a risk that Lundin Gold will not be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increases and availability in country is limited. If Lundin Gold is not successful in attracting, training and retaining qualified personnel, the development of FDN and the efficiency of Lundin Gold's operations could be impaired, which could have an adverse impact on Lundin Gold's future cash flows, earnings, results of operations and financial condition.

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, fall from heights, contact with energized sources, and exposure to infectious disease. Employees involved in exploration 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.

Gold Price

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 decrease in the gold price could negatively impact Lundin Gold's business, financial condition and results of operations in a number of ways. The development of FDN requires substantial capital. Variations in the gold price may impact the availability and the terms of additional financing that may be required to develop the Project. 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. If FDN is developed to production, the majority of Lundin Gold's revenue will be derived from the sale of gold. Therefore,

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fluctuations in the prices of this commodity may affect Lundin Gold's future operations and potential profitability. Such decreased revenues may also increase the requirements for capital.

Government or Regulatory Approvals

Lundin Gold's exploration and development activities and its operations depend on its ability to obtain, sustain or renew various mineral rights, licenses, permits, authorizations and regulatory approvals (collectively, "**Rights**" and individually a "**Right**") from various governmental and quasi-governmental authorities. Lundin Gold's ability to obtain, sustain 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, sustain or renew its Rights or its Rights may not be obtainable on reasonable terms or on a timely basis.

Additional Rights that are necessary to permit Lundin Gold to commercially exploit FDN may be subject to unfavourable terms, may be delayed or may not be obtained at all. 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 FDN.

Contractor and Consultant Performance

As the Company proceeds with the development of FDN, the timely and cost-effective completion of the work will depend on a large degree to the satisfactory performance of Lundin Gold's contractors, as well as the design and engineering consultants who are responsible for the different elements of the site and mine plan. If any of these contractors or consultants do not perform to accepted or expected standards, Lundin Gold may be required to hire different contractors to complete tasks, which may impact schedules and add costs to the Project and, in some cases lead to significant risks and losses. A major contractor default or the failure to properly manage contractor performance could have a material impact on Lundin Gold's results.

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 FDN 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 in small scale laboratory tests will not be duplicated in a larger scale test under on-site conditions or during production.

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 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 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 Shares

Securities of mineral companies have experienced substantial volatility in the past, 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 Shares is also likely to be significantly affected by short-term changes in gold price, other mineral prices, currency exchange fluctuations, or its financial condition or results of exploration activities on its projects. Other

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factors unrelated to the performance of the Company that may have an effect on the price of the Company's 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 Shares may affect an investor's ability to trade significant numbers of 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 Shares; and, a substantial decline in the price of the Shares of the Company that persists for a significant period of time could cause the Company's Shares to be delisted from an exchange, further reducing market liquidity. 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 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 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 and Zebra, Nemesia S.à.r.l. and Lorito, who report their security holdings as joint actors, 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.

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. The Company will not likely be able to comply with this law as currently drafted as it does not have access to the information requested by the law. 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.

Measures to Protect Endangered Species

Ecuador is a country with a diverse and fragile ecosystem and the federal government, regional governments, indigenous groups and NGOs are vigilant in their protection of endangered species. The existence or discovery of an endangered species at FDN would likely 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 modify its design plans and construction, to take extraordinary measures to protect the species or to cease its activities at FDN temporarily or permanently, all of which would delay FDN's development and production and would have an adverse economic impact on the Company, which could be material. The existence or discovery of an endangered species at FDN could also ignite NGO and local community opposition to FDN, which would be a further barrier to development of FDN and could impact the Company's global reputation.

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 development of FDN.

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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 development or 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. Any of the foregoing may have a material adverse effect on the Company or the development of FDN.

Exploration and Development Risks

The Company has the rights to 26 mineral concessions in addition to the concession which hosts FDN. 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.

Dependence on Single Project

Currently, Lundin Gold currently has only one project, Fruta del Norte, and, in the absence of additional mineral projects, it is solely dependent upon its development for its future revenue and profits. Should the development of FDN not be possible or practicable for political, engineering, technical or economic reasons, then Lundin Gold's business and financial position will be significantly and adversely affected.

Artisanal and Illegal Mining

Mining by illegal and artisanal miners occurs on 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 FDN, including pollution, environmental damage or personal injury or death, for which Lundin Gold could potentially be held responsible. The presence of artisanal and illegal miners can lead to project delays and disputes regarding the development or operation of gold deposits. Artisanal and 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.

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.

Insurance and Uninsured Risks

The business of Lundin Gold is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unexpected geological conditions, ground or slope failures, cave-ins,

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rock bursts, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties, personal injury or damage to the properties of Lundin Gold or the properties of others, delays in mining, monetary losses and possible legal liability. Lundin Gold's current insurance does not cover all the potential risks associated with an exploration or development company's operations. Lundin Gold may also be unable to maintain insurance to cover certain 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 and production is not generally available to Lundin Gold or to other companies in the mining and exploration industry 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 Lundin Gold may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Lundin Gold to incur significant costs that could have a material adverse effect upon its consolidated 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 FDN 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 Laws

Lundin Gold is required to comply with anti-corruption and anti-bribery laws which apply to its business. If Lundin Gold finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines, sanctions or other consequences imposed on Lundin Gold or its subsidiaries, resulting in a material adverse effect on Lundin Gold.

Climate Change

Due to changes in local and global climate conditions, many analysts and scientists predict an increase in the frequency of extreme weather events such as floods, droughts, forest and brush fires and extreme storms. Such events could materially disrupt the Company's operations if they affect the Project site, impact local infrastructure or threaten the health and safety of the Company's employees and contractors. As a result, any such event could result in material economic harm to Lundin Gold. 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.

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's financial position, cash flow and results of operations.

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.

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FORWARD LOOKING STATEMENTS

Certain of the information and statements in this MD&A are considered "forward-looking information" or "forward-looking statements" as those terms are defined under Canadian securities laws (collectively referred to as "forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "believes", "anticipates", "expects", "is expected", "scheduled", "estimates", "pending", "intends", "plans", "forecasts", "targets", or "hopes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "will", "should" "might", "will be taken", or "occur" and similar expressions) are not statements of historical fact and may be forward-looking statements.

By their nature, forward-looking statements and information involve assumptions, inherent risks and uncertainties, many of which are difficult to predict, and are usually beyond the control of management, that could cause actual results to be materially different from those expressed by these forward-looking statements and information. Lundin Gold believes that the expectations reflected in this forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct. Forward-looking information should not be unduly relied upon. This information speaks only as of the date of this MD&A, and the Company will not necessarily update this information, unless required to do so by securities laws.

This MD&A contains forward-looking information in a number of places, such as in statements pertaining to: the timing of first gold production, the results of the project update and the timing and progress of the development, construction and operation of FDN, the timing and progress of the development and construction the power line, the timing and success of permitting and regulatory approvals and the award of certain purchase orders and contracts and the acquisition of easements, the success of the Company's exploration plans and activities, exploration and development expenditures and reclamation costs, project financing and future sources of liquidity, capital expenditures and requirements, future tax payments and rates, cash flows and their uses.

Lundin Gold's actual results could differ materially from those anticipated. Management has identified the following risk factors which could have a material impact on the Company or the trading price of its shares: risks associated with the Company's community relationships; risks and hazards inherent in mining and processing; lack of availability of or interference with infrastructure; risks related to Lundin Gold's compliance with increasingly strict environmental laws and liability for environmental contamination; risks related political and economic instability in Ecuador; deficient or vulnerable title to mining concessions and surface rights; risk to shareholders of dilution from future equity financings; failure to maintain its obligations under the gold prepay and stream credit facilities or the Facility and other debt; shortages of critical resources, such as skilled labour and supplies, consumables and equipment; inherent safety hazards and risk to the health and safety of the Company's employees and contractors; volatility in the price of gold; the cost of compliance or failure to comply with applicable laws; the timely receipt of regulatory approvals, permits and licenses; risks associated with the performance of the Company's contractors; the imprecision of Mineral Reserve and Resource estimates; dependence on key personnel; volatility in the market price of the Company's shares; the potential influence of the Company's largest shareholders; uncertainty with the tax regime in Ecuador; measures required to protect endangered species; exploration and development risks; the Company's reliance on one project; risks related to artisanal and illegal mining; the reliance of the Company on its information systems and the risk of cyber-attacks on those systems; the ability to obtain adequate insurance; uncertainty as to reclamation and decommissioning; the uncertainty regarding risks posed by climate change; the ability of Lundin Gold to ensure compliance with anti-bribery and anti-corruption laws; the potential for litigation; and limits of disclosure and internal controls.

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 MDA.