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# LUNDIN GOLD INC.

Management's Discussion and Analysis

Three Months Ended March 31, 2020

(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)

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## INTRODUCTION

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

This MD&A is dated as of May 7, 2020 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes thereto for the three months ended March 31, 2020, which are prepared in accordance with IAS 34: Interim Financial Statements, and the Company's audited annual consolidated financial statements and related notes thereto, which are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and the MD&A for the fiscal year ended December 31, 2019.

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](http://www.sedar.com).

Lundin Gold, headquartered in Vancouver, Canada, owns the Fruta del Norte gold mine ("Fruta del Norte" or the "Mine") in southeast Ecuador. Fruta del Norte is one of the highest-grade gold mines in the world today. The Company's board and management team have extensive expertise in mine operations and have advanced Fruta del Norte through its development, construction and to its first gold production in the fourth quarter of 2019 and commercial production this quarter.

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.

## FIRST QUARTER 2020 HIGHLIGHTS AND ACTIVITIES

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Two key matters defined the progress of Fruta del Norte during the first quarter of 2020: achieving commercial production and temporarily suspending operations shortly thereafter in response to the COVID-19 pandemic.

### *Commercial Production*

The construction and development of Fruta del Norte continued to progress on budget through hot commissioning and ramp up of all key components and material processes and achieved commercial production two months ahead of schedule on February 20, 2020. The Company determined that commercial production was achieved at Fruta del Norte based on a number of criteria including:

- Completion of all major construction development activities in accordance with design.
- Mill feed, in terms of tonnes of ore equal to an average of 70% of design capacity over a 90 day period.
- Production of doré and concentrate within specifications and on a sustained basis.

For financial reporting purposes, the Company's accounting policy is to commence recognition of revenues and cost of goods sold on the first day of the calendar month following achievement of commercial production. Therefore, effective March 1, 2020, net proceeds from saleable 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 the mine, as applicable. Recognition of depletion and amortization of capitalized costs also commenced on this date.

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## *Temporary Suspension of Operations*

Due to growing concerns regarding the spread of COVID-19 in Ecuador and the impacts of increasing efforts by the governments at all levels to slow the spread of COVID-19, the Company temporarily suspended operations at Fruta del Norte on March 22, 2020, including reducing its site workforce to essential personnel. The remaining staff at Fruta del Norte have been and continue to conduct short-term care and maintenance and other activities in order to minimize the impacts of this temporary shutdown. The Company is finalizing plans to re-establish operations and exploration, including the resumption of transportation of goods and products, mobility of personnel, establishment of COVID-19 protocols and procurement activities as soon as practical.

Management believes that the current treasury is sufficient to support the Company's reduced activities during a temporary suspension and gradual re-start of operations and to meet obligations under its existing loans. However, as the situation is dynamic and dependent on the progression of the pandemic and actions by local, provincial, and national governments, the international supply chain and international personnel travel, the Company cannot be certain of the period of time it will require to restore operations nor of the full impact of the suspension and gradual re-start on the Company's financial position. As a result, the Company will not provide production guidance for the balance of 2020 at this time.

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## FRUTA DEL NORTE

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Lundin Gold's properties in Southeast Ecuador consists of 30 metallic mineral concessions and three materials concessions covering an area of approximately 64,786 hectares. From this, 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.

Development of the Project remained on budget and achieved commercial production ahead of schedule in the first quarter of 2020.

### Operating Results

- Achieved commercial production on February 20, 2020.
- Mine production of 198,000 tonnes of ore.
- Ore stockpiles, as of the end of March 2020, was 97,000 tonnes at an average grade of 7.1 grams per tonne (g/t).
- Processed 244,000 tonnes of ore at an average daily rate of 3,018 tonnes per day at an average head grade of 7.9 g/t.
- Gold production totalled 51,320 ounces ("oz"), of which 37,568 oz were produced as concentrate and 13,752 oz were produced in the form of doré.
- Sold 59,317 oz of gold at an average price of \$1,564 per oz<sup>1</sup>.
- Temporarily suspended production activities at site on March 22, 2020.

### Financial Results

- Generated sales of \$89.3 million of which \$52.4 million were deducted from capitalized construction costs up to February 29, 2020.
- Recognized revenues of \$36.9 million based on sales of 8,297 oz of gold in doré and 15,812 oz of gold in concentrate in March 2020.
- Incurred operating expenses and royalty expenses of \$18.1 million and \$2.1 million in March 2020, respectively, resulting in a cash operating cost of \$839 per oz<sup>1</sup>.
- All-in sustaining cost ("AISC") was \$908 per oz of gold sold<sup>1</sup> for March 2020.
- With the achievement of commercial production, commenced principal and interest payments under the stream facility.

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<sup>1</sup> Refer to "Non-IFRS Measures" section for a reconciliation of these amounts.

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Management's Discussion and Analysis

Three Months Ended March 31, 2020

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## Project Development and Construction

During the first quarter of 2020, Fruta del Norte construction advanced to effective completion and end of commissioning and ramp-up of the process plant and ancillary facilities. The paste plant commissioning was nearing completion at the time of the COVID-19 suspension.

### *Mine Development*

- As at March 31, 2020, a total of 14.7 kilometres ("km") of underground mine development had been completed and development was well advanced in a high grade area which will now be mined using long-hole stoping methods versus drift and fill.
- Due to an unexpected ground fall, the south ventilation raise is now anticipated to be completed in the fourth quarter of 2020.
- The installation of the permanent ventilation fans underground was near completion by the end of the quarter.

### *Construction*

- The paste plant commissioning and the construction of the Zamora River bridge are the only remaining project work areas to be completed. The paste plant is expected to be in operation within a few weeks after the restart of operations. The Zamora River bridge is anticipated to be completed by the end of 2020.

## Health and Safety and Community

### *Health and Safety*

- The Total Recordable Incident Rate at the end of the quarter was 0.49 per 200,000 hours worked.
- There were two medical incidents and one lost time incident recorded during the quarter.
- As of the date of this MD&A, there have been no confirmed cases of COVID-19 at Fruta del Norte.

### *Community*

- In response to the COVID-19 pandemic, the Company's community activities have shifted to supporting the local government and Ministry of Health initiatives. Several programs have been undertaken, such as the Neighbourhood Doctor program whereby the Company provides transportation for medical professionals, allowing them to access families in rural areas. Lundin Gold is also providing essential equipment to front-line workers in the communities surrounding the Mine. To date, the Company has donated 10 thermo-nebulizers, 1,200 N95 masks, 850 pairs of gloves, 85 gallons of antiseptic alcohol, 15 cans of disinfectant and 800 protective gowns and disposable caps. Lundin Gold will continue to work with the Zamora Chinchipe provincial health authorities on a comprehensive support plan to contribute to the well being of those in its neighbouring communities during the COVID-19 pandemic.

### Exploration

- As a result of the COVID-19 pandemic, all exploration activities have also been suspended.

# LUNDIN GOLD INC.

Management's Discussion and Analysis

Three Months Ended March 31, 2020

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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).

|                                                      | 2020<br>Q1   | 2019<br>Q4   | 2019<br>Q3   | 2019<br>Q2   |
|------------------------------------------------------|--------------|--------------|--------------|--------------|
| Revenues                                             | \$ 36,856    | \$ -         | \$ -         | \$ -         |
| Income from mining operations                        | \$ 10,336    | \$ -         | \$ -         | \$ -         |
| Derivative loss for the period                       | \$ (2,569)   | \$ (35,120)  | \$ (33,723)  | \$ (24,745)  |
| Net loss for the period                              | \$ (9,331)   | \$ (40,765)  | \$ (39,672)  | \$ (30,797)  |
| Basic and diluted loss per share                     | \$ (0.04)    | \$ (0.18)    | \$ (0.18)    | \$ (0.14)    |
| Weighted-average number of common shares outstanding | 224,244,554  | 223,339,447  | 222,953,642  | 222,535,083  |
| Additions to property, plant and equipment           | \$ 5,347     | \$ 98,642    | \$ 109,996   | \$ 118,520   |
| Total assets                                         | \$ 1,403,192 | \$ 1,408,961 | \$ 1,344,528 | \$ 1,343,799 |
| Long-term debt                                       | \$ 808,251   | \$ 878,586   | \$ 772,526   | \$ 722,689   |
| Working capital                                      | \$ 39,581    | \$ 32,800    | \$ 124,586   | \$ 222,056   |
|                                                      | 2019<br>Q1   | 2018<br>Q4   | 2018<br>Q3   | 2018<br>Q2   |
| Derivative gain (loss) for the period                | \$ 468       | \$ (28,508)  | \$ 17,924    | \$ 18,846    |
| Net income (loss) for the period                     | \$ (7,711)   | \$ (23,491)  | \$ 7,270     | \$ 19,741    |
| Basic income (loss) per share                        | \$ (0.04)    | \$ (0.11)    | \$ 0.03      | \$ 0.09      |
| Diluted income (loss) per share                      | \$ (0.04)    | \$ (0.11)    | \$ 0.03      | \$ 0.09      |
| Weighted-average number of common shares outstanding |              |              |              |              |
| Basic                                                | 216,061,503  | 213,163,980  | 213,163,980  | 213,163,980  |
| Diluted                                              | 216,061,503  | 213,163,980  | 213,707,572  | 213,754,928  |
| Additions to property, plant and equipment           | \$ 124,069   | \$ 113,841   | \$ 84,765    | \$ 77,278    |
| Total assets                                         | \$ 1,062,931 | \$ 1,012,461 | \$ 1,007,287 | \$ 994,583   |
| Long-term debt                                       | \$ 388,106   | \$ 364,252   | \$ 351,591   | \$ 349,032   |
| Working capital                                      | \$ 59,889    | \$ 153,186   | \$ 290,398   | \$ 377,265   |

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## Management's Discussion and Analysis

Three Months Ended March 31, 2020

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With the achievement of commercial production in February 2020, the Company recognized revenues of \$36.9 million during the first quarter of 2020 which then generated \$10.3 million of income from mining operations. This is offset by other expenses including costs relating to the temporary suspension of Fruta del Norte of \$3.4 million which includes salaries and benefits of personnel during the suspension as well as care and maintenance costs; finance expense of \$4.7 million; corporate administration costs of \$9.0 million; and a derivative loss of \$2.6 million.

Finance expense was \$4.7 million during the first quarter of 2020 compared to finance income of \$0.8 million during the same period in 2019. With the achievement of commercial production, interest expense associated with the Company's debt facilities are no longer being capitalized.

Corporate administration costs increased from \$7.6 million during the first quarter of 2019 to \$9.0 million during the first quarter of 2020. This increase is mainly due to the payment of milestone bonuses of \$2.8 million for the achievement of commercial production to the Company's employees and stock-based compensation of \$1.2 million due to the grant of cash-settled stock-based compensation (restricted share units). This is a non-cash cost due to the recognition of a liability at fair value on grant date and subsequent revaluation at March 31, 2020. These increases are offset by a decrease in training costs of \$1.3 million as the extensive training programs for operations implemented by the Company were completed in the third quarter of 2019. Professional fees also decreased by \$1.1 million as additional costs were incurred during the first quarter of 2019 to complete the first draw under the senior debt facility.

A derivative loss of \$2.6 million was recognized in the first quarter of 2020 compared to a derivative gain of \$0.5 million in the first quarter of 2019. 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 on a fair value basis under the Company's accounting policies and IFRS as further explained below.

Overall, the Company reported a net loss of \$9.0 million in the first quarter of 2020 compared to a net loss of \$7.7 million in the first quarter of 2019.

### *Derivative gains or losses*

The Company did not repay or increase its gold prepay facility but made principal and interest repayments of \$1.5 million under the stream facility during the first quarter of 2020. The variation in the amount of these debt obligations is mainly due to a change in their estimated fair values during the first quarter of 2020 as they are accounted for as financial liabilities measured at fair value. This variation is recorded as a derivative gain or loss 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 will actually be 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 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 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, although it does not necessarily reflect the amounts that will actually be repaid when the obligations become due in the future. It should also be noted that the potentially more significant impact of the same change in forward gold and silver prices on the value of future production and revenues forecast 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.

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# LUNDIN GOLD INC.

## Management's Discussion and Analysis

Three Months Ended March 31, 2020

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- 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 includes inflation, economic conditions, both local and industry specific, and other factors outside of the Company's control like the COVID-19 pandemic. This pandemic has negatively impacted global financial markets, and may continue to do so, causing an increase in yields and credit risk. Such an increase would generally cause a decrease in the fair value of financial instruments like the gold prepay and stream credit facilities.

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## LIQUIDITY AND CAPITAL RESOURCES

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As at March 31, 2020, the Company had cash of \$57.5 million and a working capital balance of \$39.6 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 was primarily due to costs incurred, net of sales generated, for the development of Fruta del Norte of \$23.0 million. This is offset by cash provided by operating activities of \$11.6 million which commenced following the achievement of commercial production in February 2020. As a result, effective March 1, 2020, revenues, cost of goods sold, and debt service costs are recognized as operating activities through their recognition in the condensed consolidated statements of income (loss) and comprehensive income (loss). In addition, the Company received proceeds of \$2.5 million from stock option exercises and made \$1.5 million of repayments against its long-term debt.

Management believes that the current treasury is sufficient to support the Company's reduced activities during a temporary suspension and gradual re-start of operations and to meet obligations under its existing loans. However, as the situation is dynamic and dependent on the progression of the pandemic and actions by local, provincial, and national governments, the international supply chain and international personnel travel, the Company cannot be certain of the period of time it will require to restore operations nor of the full impact of the suspension and gradual re-start on the Company's financial position. 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 re-start operations at Fruta del Norte and on future profitable production.

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## TRANSACTIONS WITH RELATED PARTIES

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During the three months ended March 31, 2020, the Company paid \$0.1 million (2019 – \$0.1 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 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.

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## FINANCIAL INSTRUMENTS

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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 facility has 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 and its capital is typically raised in Canadian dollars, with foreign operations in Ecuador. The majority of its expenditures are incurred in Ecuador which are primarily denominated in U.S. dollars. These expenditures are funded by utilizations under the Company's long-term debt and sales proceeds which are in U.S. dollars. As such, the Company is not subject to significant risk due to fluctuations in exchange rates.

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# LUNDIN GOLD INC.

Management's Discussion and Analysis

Three Months Ended March 31, 2020

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## *Credit risk*

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

## *Interest rate risk*

The Company is subject to interest rate risk with respect to the fair value of long-term debt which are accounted for at fair value through profit or loss and on the Facility 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 financial needs at all times, particularly during this time of temporary suspension of operations. 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 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

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

|                                 |    | Capital<br>Expenditures |
|---------------------------------|----|-------------------------|
| 12 months ending March 31, 2021 | \$ | 11,351                  |
| April 1, 2021 onward            |    | -                       |
| Total                           | \$ | 11,351                  |

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## OFF-BALANCE SHEET ARRANGEMENTS

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During the three months ended March 31, 2020 and the year ended 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.

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## OUTSTANDING SHARE DATA

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As at the date of this MD&A, there were 224,449,162 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 6,512,050 common shares, 148,000 restricted share units with a performance criteria, and 518 deferred share units.

# LUNDIN GOLD INC.

Management's Discussion and Analysis

Three Months Ended March 31, 2020

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## OUTLOOK

The Company will be focused on implementing a plan to re-start operations at Fruta del Norte, initially re-establishing transportation of supplies and product, mobility of personnel and procurement activities, as soon as restrictions are lifted. This will be done with a focus on the health and safety of its personnel to minimize the risks of a breakout of COVID-19 at site and in the local communities. Following this, the Company will focus on ramping up operations in conjunction with improving recoveries to target levels. The following capital project activities are also planned:

- Complete paste plant commissioning.
- Complete the Zamora River Bridge construction.
- Complete the South Ventilation Raise and installation of the permanent mine ventilation fans.

The reactivation of the exploration program will also occur after restrictions are lifted and regulatory approvals are received.

## 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 sales plus treatment and refining charges less silver sales divided by gold oz sold.

|                                         | Three months ended<br>March 31, |      |
|-----------------------------------------|---------------------------------|------|
|                                         | 2020                            | 2019 |
| Sales recognized in:                    |                                 |      |
| Property, plant and equipment           | \$ 52,409                       | \$ - |
| Revenues                                | 36,856                          | -    |
| Treatment and refining charges          | 4,410                           | -    |
| Less: silver sales                      | (910)                           | -    |
| Gold sales                              | \$ 92,765                       | \$ - |
| Gold oz sold                            | 59,317                          | -    |
| Average realized gold price per oz sold | \$ 1,564                        | \$ - |

# LUNDIN GOLD INC.

## Management's Discussion and Analysis

Three Months Ended March 31, 2020

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### Cash operating cost per oz

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

|                                                       | Three months ended<br>March 31, |      |
|-------------------------------------------------------|---------------------------------|------|
|                                                       | 2020                            | 2019 |
| Operating expenses                                    | \$ 18,121                       | \$ - |
| Royalty expenses                                      | 2,107                           | -    |
| Cash operating costs                                  | \$ 20,228                       | \$ - |
| Gold oz sold recognized in statement of income (loss) | 24,109                          | -    |
| Cash operating cost per oz sold                       | \$ 839                          | \$ - |

### All-in sustaining cost

AISC provides information on the total cost associated with producing gold since March 1, 2020 and has been calculated on a basis consistent with historic news releases by the Company.

The Company calculates AISC as the sum of total cash operating costs (as described above), corporate social responsibility costs, treatment and refining charges, accretion of restoration provision, and sustaining capital, less silver revenue, all divided by the gold ounces sold to arrive at a per oz amount.

Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied.

|                                    | Three months ended<br>March 31, |      |
|------------------------------------|---------------------------------|------|
|                                    | 2020                            | 2019 |
| Cash operating costs               | \$ 20,228                       | \$ - |
| Corporate social responsibility    | 324                             | -    |
| Treatment and refining charges     | 1,645                           | -    |
| Accretion of restoration provision | 10                              | -    |
| Sustaining capital                 | -                               | -    |
| Less: silver revenues              | (304)                           | -    |
| Total all-in sustaining cost       | \$ 21,903                       | \$ - |
| Gold oz sold                       | 24,109                          | -    |
| All-in sustaining cost per oz sold | \$ 908                          | \$ - |

## CRITICAL ACCOUNTING ESTIMATES

The adoption of certain accounting policies requires the Company to make estimates that affect both the amount and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require judgments about matters that are inherently uncertain. For a complete discussion of accounting estimates deemed most crucial by the Company, refer to the Company's annual 2019 Management's Discussion and Analysis.

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# LUNDIN GOLD INC.

Management's Discussion and Analysis

Three Months Ended March 31, 2020

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## RISKS AND UNCERTAINTIES

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Natural resources exploration, development and operation involves a number of risks and uncertainties, many of which are beyond the Company's control, such as some of the risks relating to the impacts of the COVID-19 pandemic virus outbreak. These risks and uncertainties include, without limitation, the risks discussed elsewhere in this MD&A and those set out in the Company's Annual Information Form dated March 24, 2020 (the "AIF") which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## QUALIFIED PERSON

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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

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The report for the three and six months ended June 30, 2020 is expected to be published on or about August 11, 2020.

## DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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### *Disclosure controls and procedures*

Management, including the Chief Executive Officer and the Chief Financial Officer, are responsible for the design of the Company's disclosure controls and procedures in order to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

### *Internal controls over financial reporting*

Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Because of their inherent limitations, internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required under Multilateral Instrument 52-109, management advises that there have been no changes in the Company's internal control over financial reporting that occurred during the most recent interim period, beginning January 1, 2020 and ending March 31, 2020, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## FORWARD LOOKING STATEMENTS

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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,

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Management's Discussion and Analysis

Three Months Ended March 31, 2020

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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 duration of the temporary suspension of activities at the Mine and efforts to mitigate the impacts of the suspension, the Company's ability to re-start operations, the sufficiency of treasury to support the Company and meet obligations under its existing loans, completion of capital projects activities, the Company's continued support to community initiatives, plans to ramp up operations and improving recoveries to target levels, the reactivation of exploration activities and the receipt of permits.

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; risks associated with the Company's community relationships; risks related to financing requirements; failure by the Company to maintain its obligations under its credit facilities; operating risks; risks associated with the ramp up of mining operations; risks related to political and economic instability in Ecuador; risks related to production estimates; risks related to Lundin Gold's compliance with environmental laws and liability for environmental contamination; volatility in the price of gold; shortages of critical supplies; lack of availability of infrastructure; deficient or vulnerable title to mining concessions; easements and surface rights; risks related to the Company's workforce and its labour relations; inherent safety hazards and risk to the health and safety of the Company's employees and contractors; risks related to 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 Company's shares; the potential influence of the Company's largest shareholders; uncertainty with the tax regime in Ecuador; measures to protect endangered species and critical habitats; the cost of non-compliance and compliance costs; exploration and development risks; the Company's reliance on one project; risks related to illegal mining; the reliance of the Company on its information systems and the risk of cyber-attacks on those systems; 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; the risk that the Company will not declare dividends; and social media and the Company's 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 the AIF available at [www.sedar.com](http://www.sedar.com).