LUNDIN GOLD INC.

Management's Discussion and Analysis
Three Months Ended March 31, 2022
(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") provides a detailed analysis of the Company's business and compares its financial results for the three months ended March 31, 2022 with those of the same period from the previous year.

This MD&A is dated as of May 3, 2022 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, 2022, which are prepared in accordance with IAS 34: Interim Financial Statements, and the Company's audited annual consolidated financial statements and related notes thereto, which are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), and the MD&A for the fiscal year ended December 31, 2021.

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

Lundin Gold, headquartered in Vancouver, Canada, owns 27 metallic mineral concessions and three construction material concessions covering an area of approximately 64,270 hectares in southeast Ecuador, including the Fruta del Norte gold mine ("Fruta del Norte" or "FDN"). Fruta del Norte is comprised of seven concessions covering an area of approximately 5,566 hectares and is located approximately 140 km east-northeast of the City of Loja. Fruta del Norte is one of the highest-grade gold mines in production in the world today.

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

FIRST QUARTER 2022 HIGHLIGHTS AND ACTIVITIES

Operating results were very strong in the first quarter and are highlighted by the production of 121,665 ounces ("oz") of gold and sales of 119,282 oz at a cash operating cost[1] of $619 per oz sold and all-in sustaining cost ("AISC")[1] of $696 per oz sold. From this, net revenues, adjusted earnings[1], and free cash flow[1] of $216 million, $57.6 million, and $91.8 million, respectively, were realized during the quarter resulting in a cash balance of $337 million at quarter end.

With the completion of the mill expansion in the fourth quarter of 2021, the Company's mining and processing throughput was near the design capacity of 4,200 tonnes per day for the quarter notwithstanding a scheduled plant shutdown of several days for both ball and SAG mill re-lining. Lundin Gold's exceptional performance in Q1 2022 provides a robust foundation for the rest of the year, and the Company's production guidance of 405,000 to 445,000 oz and AISC[1] of $860 to $930 for 2022 remain unchanged. Also, sustaining capital expenditures, a figure included in the AISC[1] calculation, are expected to increase for the remainder of the year as activities will ramp up including construction of the third tailings dam raise, the most significant cost in 2022, which is planned to commence in Q2 2022.

As a result of the Company's significant cash flow generation throughout 2021 and continuing in Q1 2022, the Company's Board of Directors has approved a dividend policy. Under this newly established policy, the Company anticipates paying two cash dividends per calendar year, following the release of second quarter and year end results, respectively. The Company expects to declare and pay an inaugural dividend of $0.20 per share (equivalent to approximately $100 million annually based on currently issued and outstanding shares) pursuant to the policy after the announcement of the Company's Q2 2022 financial results. Always subject to the Board's discretion, the Company anticipates continuing to pay dividends at these levels, subject to dividends not exceeding 50% of operating cash flow, net of capital expenditures.

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

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The following two tables provide an overview of key operating and financial results achieved during 2022 compared to the same period in 2021.

	Three months ended March 31, 2022	Three months ended March 31, 2021
Tonnes ore mined	379,629	365,471
Tonnes ore milled	373,407	324,591
Average mill head grade (g/t)	11.2	11.4
Average recovery (%)	90.2%	87.8%
Average mill throughput (tpd)	4,149	3,607
Gold ounces produced	121,665	104,137
Gold ounces sold	119,282	81,805

	Three months ended March 31, 2022	Three months ended March 31, 2021
Revenues ($'000)	216,474	139,991
Income from mining operations ($'000)	111,207	64,031
Earnings before interest, taxes, depreciation, and amortization ($'000)[1]	98,813	129,966
Adjusted earnings before interest, taxes, depreciation, and amortization ($'000)[1]	133,537	78,443
Net income ($'000)	23,182	85,980
Free cash flow ($'000)[1]	91,806	43,580
Average realized gold price ($/oz sold)[1]	1,862	1,765
Cash operating cost ($/oz sold)[1]	619	672
All-in sustaining costs ($/oz sold)[1]	696	830
Free cash flow per share ($)[1]	0.39	0.19
Adjusted net earnings ($'000)[1]	57,550	37,409
Adjusted net earnings per share ($)[1]	0.25	0.16

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

The difference between net income and adjusted earnings during the first quarter of 2022 is due to non-cash derivative losses of $34.7 million associated with fair value accounting for the gold prepay and stream facilities. These non-cash items are driven by numerous factors including expected production profile, anticipated forward gold prices, and yields. Non-cash derivative losses (or gains) associated with increased (or decreased) short-term production and anticipated increasing (or decreasing) forward gold prices are recorded in the statement of operations, while non-cash derivative losses (or gains) associated with decreasing (or increasing) yields are recorded in the statement of other comprehensive income. These non-cash gains or losses are derived from complex valuation modelling and accounting treatment which are explained in more detail later in this MD&A. Revaluation of these obligations may result in considerable period-to-period volatility in the Company's net income, comprehensive income, current and long-term liabilities and do not necessarily reflect the amounts that will actually be repaid when the obligations become due.

Operating Results During the First Quarter of 2022

- The mine maintained its strong operating performance during the quarter with 379,629 tonnes mined at an average grade of 8.7 grams per tonne.
- Underground mine development also continued as planned with a total of 2,253 metres completed. Development rates averaged 25.0 metres per day in the first quarter.
- The mill processed 373,407 tonnes of ore at an average throughput rate of 4,149 tpd, near design capacity, notwithstanding downtime for both SAG and ball mill relining.
- The average grade of ore milled was 11.2 grams per tonne with average recovery at 90.2%.
- Gold production was 121,665 oz, comprised of 78,601 oz of concentrate and 43,064 oz of doré.
- The Company sold a total of 119,282 oz of gold, consisting of 75,928 oz of concentrate and 43,354 oz of doré at an average realized gold price[1] of $1,862 per oz for total gross revenues from gold sales of $222.1 million. Net of treatment and refining charges, revenues were $216.5 million.
- Cash operating costs[1] and AISC[1] were $619 and $696 per oz of gold sold, respectively, mainly due to continued improvements in recoveries and low sustaining capital during the quarter.
- Income from mining operations was $111 million. The Company generated cash flow of $127.3 million from operations and ended the quarter with a cash balance of $337 million. Free cash flow[1] for the quarter was $91.8 million or $0.39 per share.
- Earnings before interest, taxes, depreciation, and amortization[1] ("EBITDA") and adjusted EBITDA[1] were $98.8 million and $133.5 million, respectively.
- Net income was $23.2 million after deducting derivative losses, corporate, exploration, finance costs, and associated taxes on earnings. Adjusted earnings[1], which exclude derivative losses, were $57.6 million, or $0.25 per share.

Capital Expenditures

South Ventilation Raise ("SVR")

- The SVR progressed in accordance with the revised work plan defined in 2021, and completion is still expected to occur near the end of the second quarter of 2022. Following mobilization of equipment and personnel, the set up of the head frame was completed in March with the 5.1 metre slash and concrete lined shaft reaching 30 metres by the end of the quarter.

Sustaining Capital

- Planning for the third raise of the tailings dam was carried out during the first quarter and construction has now commenced.
- Resource expansion drilling at Fruta del Norte continued to progress with 3,006 metres completed during the quarter continuing to focus on expansion of the inferred resource at the south end of the deposit.
- Expenditures for other sustaining capital projects will ramp up throughout the remainder of the year.

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

Health and Safety and Community

Health and Safety

- The health and safety of personnel at site is of paramount importance, and stringent procedures remain in place to minimize the impact of COVID-19 on the workforce. Through vaccination campaigns by Ecuador's Ministry of Public Health, 100% of the Company's employees and on-site contractors were vaccinated and as at March 31, 2022, 71% have received a booster shot.
- During the quarter there were two Lost Time Incidents and two Medical Aid Incidents.
- The Total Recordable Incident Rate was 0.36 per 200,000 hours worked during the first quarter of 2022.

Community

- Various community projects supported by the Company are under way, including sponsoring the establishment of micro businesses providing ancillary services to Fruta del Norte and the community, such as a textile manufacturer and fire extinguisher maintenance provider. These are in addition to the ongoing projects such as road maintenance, education projects, and economic development.
- The public bridge over the Zamora River, for which Lundin Gold provided the funding, opened during Q1 2022.

Exploration

- The Company's 2022 regional exploration program continued on the Barbasco and Puenta Princesa targets. Drilling is ongoing with two rigs currently turning and 3,100 metres completed during the first quarter of 2022. Results will be announced when available.
- Early in the second quarter, Newcrest International Pty Ltd. ("Newcrest"), a wholly owned subsidiary of Newcrest Mining Limited, met the first expenditure requirement under the Earn-In Agreement covering eight of Lundin Gold's early-stage concessions to the north and south of Fruta del Norte. The initial program is focused on testing priority copper-gold porphyry targets. Two core holes were completed during the quarter which detected low-level porphyry style copper mineralisation. Drilling is ongoing. Newcrest must exercise its option to proceed to the second stage of the earn-in by May 28, 2022. Through completion of the second stage, Newcrest would earn an initial indirect 25% interest in the eight concessions through a joint venture entity with Lundin Gold.
- Mr. Andre Oliveira was announced as the Company's new Vice President, Exploration during the quarter with responsibility for regional exploration, near mine exploration and resource expansion programs.

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SUMMARY OF QUARTERLY FINANCIAL RESULTS

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

	2022 Q1	2021 Q4	2021 Q3	2021 Q2
Revenues	$ 216,472	$ 186,440	$ 190,753	$ 216,145
Income from mining operations	$ 111,207	$ 91,646	$ 89,431	$ 110,604
Derivative loss for the period	$ (34,724)	$ (36,001)	$ (636)	$ (25,599)
Net income for the period	$ 23,182	$ 28,789	$ 56,673	$ 49,984
Basic income per share	$ 0.10	$ 0.12	$ 0.24	$ 0.22
Diluted income per share	$ 0.10	$ 0.12	$ 0.24	$ 0.21
Weighted-average number of common shares outstanding				
Basic	233,809,773	233,211,843	232,723,880	231,998,447
Diluted	235,774,444	235,376,672	235,017,999	234,508,000
Additions to property, plant and equipment	$ 9,184	$ 5,266	$ 20,101	$ 16,157
Total assets	$ 1,735,223	$ 1,685,113	$ 1,630,830	$ 1,590,849
Long-term debt	$ 752,482	$ 739,977	$ 748,856	$ 772,361
Working capital	$ 273,680	$ 217,221	$ 136,139	$ 109,010

	2021 Q1	2020 Q4	2020 Q3	2020 Q2
Revenues	$ 139,991	$ 189,250	$ 118,904	$ 13,146
Income from mining operations	$ 64,031	$ 94,857	$ 62,751	$ 4,442
Derivative gain (loss) for the period	$ 51,523	$ (90,673)	$ (18,010)	$ (25,732)
Net income (loss) for the period	$ 85,980	$ (1,233)	$ 27,780	$ (64,374)
Basic income (loss) per share	$ 0.37	$ (0.01)	$ 0.12	$ (0.29)
Diluted income (loss) per share	$ 0.37	$ (0.01)	$ 0.12	$ (0.29)
Weighted-average number of common shares outstanding				
Basic	230,751,034	230,039,327	229,936,873	225,724,679
Diluted	233,634,540	230,039,327	233,264,544	225,724,679
Additions to property, plant and equipment	$ 12,240	$ 23,307	$ 3,790	$ 9,386
Total assets	$ 1,502,715	$ 1,505,360	$ 1,452,070	$ 1,407,231
Long-term debt	$ 776,881	$ 857,094	$ 808,770	$ 790,285
Working capital	$ 57,571	$ 56,603	$ 31,172	$ (7,205)

Three months ended March 31, 2022 compared to the three months ended March 31, 2021

The Company generated net income of $23.2 million during the first quarter of 2022 compared to $86.0 million during the first quarter of 2021. Net income was generated from the recognition of revenues of $216 million and income from mining operations of $111 million offset by a derivative loss of $34.7 million, finance expense of $27.3 million, income tax expense of $16.9 million, and other expenses totalling $9.1 million. During the first quarter of 2021, net income of $86.0 million was generated from the recognition of revenues of $140.0 million and income from mining operations of $64.0 million as well as a derivative gain of $51.5 million. This was offset by finance expense of $12.1 million, income tax expense of $10.9 million, and other expenses totalling $6.5 million.

Income from mining operations

Net income from mining operations almost doubled compared to the same quarter in 2021 ($111 million versus $64.0 million), driven by more ounces produced and sold and higher gold prices, generating revenues of $216 million (2021: $140 million) and lower costs. Revenues were offset by cost of goods sold of $105 million which is comprised of operating expenses of $61.3 million; royalties of $12.5 million; and depletion and depreciation of $31.4 million. During the same period in 2021, revenues were offset by cost of goods sold of $76 million.

Exploration

Exploration costs were $2.8 million in the quarter. Drilling activities at two regional targets, Barbasco and Puente Princesa, restarted during the first quarter of 2022, with two rigs mobilized and turning at new drill locations. In Q1 2021, drilling did not start until late in the quarter, resulting in lower expenses (2021: $1.2 million).

Corporate administration

Corporate administration costs were generally consistent between the first quarter of 2022 and 2021 when $5.9 million and $4.8 million were incurred, respectively. Stock based compensation and professional fees account for the majority of the increase.

Finance expense

Notwithstanding the progressive repayment of the Company's loans, finance expense was higher in Q1 2022 compared to Q1 2021 ($27.3 million versus $12.1 million). This higher expense is mainly due to the recording of Finance Charges under the gold prepay and stream credit facilities and is expected to continue in future periods. Higher LIBOR rates also impacted this cost.

Derivative gain or loss

Derivative gains and losses in the statement of operations and other comprehensive income are driven by the Company's gold prepay and stream facilities debt obligations that are classified as financial liabilities measured at fair value. During Q1 2022, the Company made scheduled principal, interest and finance charge repayments totaling $19.0 million (2021: $17.0 million) under its gold prepay facility and $11.3 million (2021: $7.0 million) under its stream facility, based on gold and silver prices at the time of repayment. In addition, a non-cash increase of these debt obligations of $33.6 million on the balance sheet was recognized due to a change in their estimated fair values between December 31, 2021 and March 31, 2022 (2021: a decrease of $38.1 million between December 31, 2020 and March 31, 2021). This variation is recorded as derivative losses, or gains in Q1 2021, in the statement of operations and other comprehensive income in the applicable period. The fair values calculated under the Company's accounting policies are based on numerous estimates noted below as of the balance sheet date and are, therefore, subject to further future variations until the debt obligations are repaid by the Company.

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

Key drivers of current fair values are forward gold and silver prices and the Company's risk adjusted discount rate as well as the expected gold production schedule in the case of the stream. The combined net impact of these three factors is an increase in the fair value of the gold prepay and stream credit facilities as described more fully below, partially offsetting the decrease from the scheduled repayments in the year:

- The value of future repayments under the gold prepay and stream credit facilities are based on forward gold and silver price estimates at time of repayment. Spot gold prices at March 31, 2022 are higher compared to December 31, 2021 and as a result, forward prices have followed suit. This has resulted in an increase in the estimated fair value of the debt obligations at the current balance sheet date and the recognition of derivative loss in the statement of operations for the Q1 2022. The opposite occurred in Q1 2021 with lower forward gold prices resulting in a derivative gain. Fair values at a point in time do not necessarily reflect the amounts that will actually be repaid when the obligations become due in the future. While significant derivative gains or losses will continue to be recognized at each reporting period, the potentially more significant impact of the same change in forward gold and silver prices on the value of future production and revenue forecasts to be generated during the same periods when the debt obligations will be repaid cannot be recognized because of the inherent uncertainty and risks associated with actually realizing such production and sales.

- Long-term forward gold prices have increased to a greater extent than gold prices over the next 2-3 years. Therefore, the stream credit facility, with its much longer repayment terms based on the expected production schedule at Fruta del Norte, showed a larger increase in fair value compared to the gold prepay facility and accounts for a larger portion of the derivative loss in the statement of operations.

- The discount rate used to determine the current fair value of future payments under the gold prepay and stream credit facilities is dependent not only on the Company's own weighted average cost of capital, but also on market conditions. These include inflation, economic conditions, both local and industry specific, and other factors outside of the Company's control. The change in fair value due to a variation in credit risk must be recorded as a loss or gain in other comprehensive income ("OCI") rather than in the statement of operations. During Q1 2022, yields and credit risk have not changed materially with limited impact on OCI. The tax impact of the derivative loss in other comprehensive income during Q1 2022 must also be recorded. This results in a deferred income tax recovery in the statement of operations as an offset to the deferred income tax expense in other comprehensive income.

Income taxes

Income taxes of $16.9 million were accrued during the period which is comprised of current income tax expense of $20.0 million and deferred income tax recovery of $3.1 million. Current income tax expense is generated from net income for tax purposes in Ecuador relating to operations at Fruta del Norte. In addition to corporate income taxes in Ecuador which are levied at a rate of 22%, current income tax expense includes an accrual for the portion of profit sharing payable to the Government of Ecuador which is calculated at the rate of 12% of the estimated net income for tax purposes for the quarter. The employee portion of profit sharing payable, calculated at the rate of 3% of net income for tax purposes is considered an employee benefit and is included in operating expenses.

The income taxes and profit sharing payable to the Government of Ecuador and the employees for the fiscal year ended December 31, 2021, accrued at the end of Q1 2022, were remitted in early Q2 2022. Corporate income taxes accrued to the end of March 31, 2022 are partially offset by tax credits available for use by the Company.

Deferred income tax recovery relates to the movement of deferred tax assets during the period which is mainly driven by the derivative loss associated with fair value accounting for the gold prepay and stream facilities.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2022, the Company had cash of $336.9 million and a working capital balance of $273.7 million compared to cash of $262.6 million and a working capital balance of $217.2 million at December 31, 2021. The change in cash during Q1 2022 was primarily due to cash generated from operating activities of $127.3 million, change in the repayment dates of the senior debt scheduled quarterly principal repayments from quarter end to 45 days after quarter end, and proceeds from the exercise of stock options, warrants, and anti-dilution rights of $5.9 million. This is offset by principal, interest and finance charge repayments under the gold prepay and stream credit facilities totalling $30.3 million, the first cash sweep payment under the senior debt of $12.9 million, and cash outflows of $12.2 million for capital expenditures, which include costs for the SVR and sustaining capital.

Trade receivables

The majority of trade receivables represent the value of concentrate and doré sold as at period end for which the funds are not yet received. The increase in trade receivables as at March 31, 2022 is mainly due to an increase in realized prices during the first quarter of 2022 compared to the year ended December 31, 2021. Consistent with industry standards, concentrate sales have relatively long payment terms and are not fully settled until concentrates are received by the customer and related final assays confirmed, generally two to four months after the export sale occurs. There is no recorded allowance for credit losses. In determining the recoverability of trade receivables, the Company assesses the credit quality of the counterparty, with the concentration of the credit risk limited due to the nature of the counterparties involved and a history of no credit losses.

VAT receivables

Subject to the submission of monthly claims and their acceptance by the applicable authorities, VAT paid in Ecuador by the Company after January 1, 2018 are expected to be refunded or applied, based on the level of export sales in any given month, as a credit against other taxes payable. Now that the Company is generating sales, a portion of the VAT recoverable has been reclassified as current assets based on the Company's assessment of the estimated time for processing current VAT claims and forecast future sales.

Advanced royalties

Advance royalties are deductible against future royalties on sales payable to the Government of Ecuador at a rate equal to the lesser of 50% of the actual future royalties payable in a six-month period or 10% of the total advance royalty payment. A portion of the advance royalty payment is classified as current assets based on expected utilization over the next twelve months.

Inventories

Gold inventory is recognized in the ore stockpiles and in production inventory, comprised principally of concentrate and doré at site or in transit to port or to the refinery, with a component of gold-in-circuit. The high value of material and supplies, comprised of consumables and spare parts, reflects the Company's assessment of the procurement cycles due to the remoteness of FDN and the increase in delivery times due to the impact of COVID-19 on the global supply chain. Inventories have increased slightly primarily due to an increase in the value of gold-in-circuit and doré and concentrate inventory due to processing of higher grade ore near the end of the first quarter of 2022 compared to December 31, 2021. This is partially offset by a decrease in the value of the ore stockpile due to a lower stockpile grade as at March 31, 2022 compared to December 31, 2021.

Investment activities

Investment activities during the 2022 Period are comprised principally of costs for the SVR and sustaining capital at FDN. Sustaining capital in Q1 was low due to a number of 2022 projects not starting until later in the year, including the TSF third raise.

Liquidity and capital resources

The Company generated strong operating cash flow during the first quarter of 2022 and expects to continue to do so for the remainder of the year based on its production and AISC guidance. At current gold prices, this strong operating cash flow will continue to support aggressive debt repayments, regional exploration and underground expansion drilling at FDN, planned capital expenditures, growth initiatives and now dividends under the recently approved dividend policy.

Monthly payments under the stream facility will be based on 7.75% and 100% of gold and silver ounces sold, respectively, calculated at the current gold and silver prices at the end of each month, less $400 and $4 per oz, respectively. Quarterly payments under the gold prepay facility are expected to be based on the current value of 9,775[1] oz of gold at the end of each quarter.

With the achievement of construction completion, as defined under the senior debt facilities, in December 2021, additional quarterly principal repayments based on 30% of Fruta del Norte's excess cash flow, also a defined term in the senior debt facilities, are due 45 days after each quarter end and, accordingly, commenced in Q1 2022. In conjunction with achieving this operating milestone, the Company and the senior lenders agreed to move forward the repayment date of the scheduled variable quarterly principal repayments to coincide with the quarterly repayment date of the cash sweep. Accordingly, starting with the scheduled variable quarterly repayment originally due on March 31, 2022 ($26.3 million) these quarterly principal repayments will occur 45 days later. The current portion of long-term debt includes an estimate of the total quarterly principal repayments due in the twelve months following the reporting period.

FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, cash equivalents and certain receivables, which are categorized as financial assets at amortized cost, and accounts payable and accrued liabilities, which are categorized as financial liabilities at amortized cost. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. In addition, the gold prepay credit facility; stream loan credit facility; and offtake commitment have been classified as financial liabilities measured at fair value and the senior debt facility as a financial liability at amortized cost. Further, provisionally priced trade receivables of $72.6 million (2021 - $75.7 million) are measured at fair value using quoted forward market prices.

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

Currency risk

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

Credit risk

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

Interest rate risk

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

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

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Liquidity risk

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

Commodity price risk

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

The fair value of a portion of the Company's trade receivables as well as its gold prepay and the stream credit facilities, which are accounted for at fair value through profit or loss, are impacted by fluctuations of commodity prices.

COMMITMENTS

Significant capital expenditures contracted as at March 31, 2022 but not recognized as liabilities are as follows:

		Capital expenditures
12 months ending March 31, 2023	$	14,551
April 1, 2023 onward		-
Total	$	14,551

OFF-BALANCE SHEET ARRANGEMENTS

During the three months ended March 31, 2022 and the year ended December 31, 2021, 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 234,735,282 common shares issued and outstanding. There were also stock options outstanding to purchase a total of 4,743,200 common shares, 531,800 restricted share units with a performance criteria, 149,400 restricted share units settled by issuance of shares, and 30,147 deferred share units.

OUTLOOK

Lundin Gold's exceptional performance in Q1 2022 provides a robust foundation for the rest of the year, and the Company's production guidance of 405,000 to 445,000 oz and AISC[1] of $860 to $930 for 2022 remain unchanged.

The SVR is the last remaining scope of work under the original FDN construction project. Completion of the SVR remains on track for the second quarter of 2022 with no anticipated impact on production in 2022.

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

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Sustaining capital will ramp up substantially starting in Q2 2022 with construction of the third raise of the TSF beginning, and completion expected in Q4 2022. Our FDN drilling program for the conversion of inferred resources and definition of additional resources is ongoing. Several other capital projects are planned for 2022 and are expected to ramp up starting in Q2, contributing to an expected increase in sustaining capital costs during the balance of the year.

The 16,500 metre regional exploration drill program continues at Puente-Princesa and Barbasco. At Barbasco, the drilling program will continue, exploring for a large geochemical anomalous area. In addition, prospecting continues throughout the Company's regional concessions to identify new areas for future drilling programs.

Exploration data review carried out during the first quarter has indicated several potential targets in areas immediately near the Fruta del Norte deposit. These targets, located in areas coincident with geochemical anomalies on surface, display similar geological characteristics to the Fruta del Norte deposit but have not been tested by drilling. Based on this review, an additional near mine exploration drill program has been developed with an expected cost of $4 million to be incurred during the remainder of the year.

Following the approval of the dividend policy, the Company anticipates declaring and paying an inaugural dividend of $0.20 per share after the announcement of the Company's Q2 2022 financial results.

NON-IFRS MEASURES

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

Average realized gold price per oz sold

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

	Three months ended March 31, 2022	Three months ended March 31, 2021
Revenues	$ 216,472	$ 139,991
Treatment and refining charges	8,246	6,834
Less: silver revenues	(2,577)	(2,408)
Gold sales	$ 222,141	$ 144,417
Gold oz sold	119,282	81,805
Average realized gold price	$ 1,862	$ 1,765

(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)

EBITDA and Adjusted EBITDA

Earnings before interest, taxes, depreciation, and amortization ("EBITDA") is a metric used to better understand the financial performance of the Company by computing earnings from business operations without including the effects of capital structure, tax rates and depreciation. Adjusted EBITDA is EBITDA excluding items which are considered not indicative of underlying business operations.

	Three months ended March 31, 2022	Three months ended March 31, 2021
Net income for the period	$ 23,182	$ 85,980
Adjusted for:		
Finance expense	27,276	12,078
Income tax expense	16,911	10,922
Depletion and depreciation	31,444	20,986
EBITDA	$ 98,813	$ 129,966
Derivative loss (gain)	34,724	(51,523)
Adjusted EBITDA	$ 133,537	$ 78,443

Adjusted Earnings and adjusted basic earning per share

Adjusted earnings and adjusted basic earnings per share can be used to measure and may assist in evaluating operating earning trends in comparison with results from prior periods by excluding specific items that are significant, but not reflective of the underlying operating activities of the Company. Presently, these include derivative gains or losses, and related income tax effects, from accounting for the gold prepay and stream facilities at fair value. Adjusted basic earnings per share is calculated using the weighted average number of shares outstanding under the basic method of earnings per share as determined under IFRS.

	Three months ended March 31, 2022	Three months ended March 31, 2021
Net income (loss) for the period	$ 23,182	$ 85,980
Adjusted for:		
Derivative loss (gain)	34,724	(51,523)
Deferred income tax expense	(356)	2,952
Adjusted earnings	$ 57,550	$ 37,409
Basic weighted average shares outstanding	233,809,773	230,751,034
Adjusted basic earnings per share	$ 0.25	$ 0.16

(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)

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.

	Three months ended March 31, 2022	Three months ended March 31, 2021
Operating expenses	$ 61,295	$ 46,818
Royalty expenses	12,526	8,156
Cash operating costs	$ 73,821	$ 54,974
Gold oz sold	119,282	81,805
Cash operating cost per oz sold	$ 619	$ 672

All-in sustaining cost

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

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

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

	Three months ended March 31, 2022	Three months ended March 31, 2021
Cash operating costs	$ 73,821	$ 54,974
Corporate social responsibility	427	292
Treatment and refining charges	8,246	6,834
Accretion of restoration provision	153	27
Sustaining capital	2,940	8,197
Less: silver revenues	(2,577)	(2,408)
All-in sustaining cost	$ 83,010	$ 67,916
Gold oz sold	119,282	81,805
All-in sustaining cost per oz sold	$ 696	$ 830

(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)

Free cash flow and free cash flow per share

Free cash flow is indicative of the Company's ability to generate cash from operations after consideration for required capital expenditures, including related VAT impact, necessary to maintain operations and interest and finance charge paid on its debt obligations. Free cash flow is defined as cash flow provided by operating activities, less cash used for investing activities and interest and finance charge paid.

	Three months ended March 31, 2022	2021
Net cash provided by operating activities	$ 127,330	$ 75,083
Net cash used for investing activities	(12,238)	(13,657)
Interest paid	(5,977)	(17,846)
Finance charge paid	(17,309)	-
Free cash flow	$ 91,806	$ 43,580
Basic weighted average shares outstanding	233,809,773	230,751,034
Free cash flow per share	$ 0.39	$ 0.19

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 2021 Management's Discussion and Analysis.

RISKS AND UNCERTAINTIES

Natural resources exploration, development and operation involves a number of risks and uncertainties, many of which are beyond the Company's control, such as some of the risks relating to the impacts of the COVID-19 pandemic. 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 21, 2022 (the "AIF"), which is available on SEDAR at www.sedar.com.

QUALIFIED PERSON

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

FINANCIAL INFORMATION

The report for the six months ended June 30, 2022 is expected to be published on or about August 9, 2022.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

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

Internal controls over financial reporting

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

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

As required under Multilateral Instrument 52-109, management advises that there have been no changes in the Company's internal control over financial reporting that occurred during the most recent interim period, beginning January 1, 2022 and ending March 31, 2022, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

FORWARD LOOKING STATEMENTS

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

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

This MD&A contains forward-looking information in a number of places, such as in statements pertaining to the Company's 2022 production outlook, including estimates of gold production, grades recoveries and AISC; expected sales receipts, cash flow forecasts and financing obligations; its estimated capital costs and the expected timing and impact of completion of capital projects including the south ventilation raise; the recovery of VAT; the Company's declaration and payment of dividends pursuant to its dividend policy; the timing and the success of its drill program at Fruta del Norte and its other exploration activities; and the Company's efforts to protect its workforce from COVID-19.

Lundin Gold's actual results could differ materially from those anticipated. Management has identified the following risk factors which could have a material impact on the Company or the trading price of its shares: risks associated with the Company's community relationships; risks related to political and economic instability in Ecuador; risks related to estimates of production, cash flows and costs; the impacts of a pandemic virus outbreak; risks inherent to mining operations; failure of the Company to maintain its obligations under its debt facilities; shortages of critical supplies;

control of the Company's largest shareholders; risks related to Lundin Gold's compliance with environmental laws and liability for environmental contamination; the lack of availability of infrastructure; the Company's reliance on one mine; exploration and development risks; risks related to the Company's ability to obtain, maintain or renew regulatory approvals, permits and licenses; uncertainty with the tax regime in Ecuador; risks related to the Company's workforce and its labour relations; volatility in the price of gold; the reliance of the Company on its information systems and the risk of cyber-attacks on those systems; deficient or vulnerable title to concessions, easements and surface rights; inherent safety hazards and risk to the health and safety of the Company's employees and contractors; 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; measures to protect endangered species and critical habitats; social media and reputation; the cost of non-compliance and compliance costs; risks related to illegal mining; the adequacy of the Company's insurance; risks relating to the declaration of dividends; uncertainty as to reclamation and decommissioning; the ability of Lundin Gold to ensure compliance with anti-bribery and anti-corruption laws; the uncertainty regarding risks posed by climate change; limits of disclosure and internal controls; security risks to the Company, its assets and its personnel; the potential for litigation; and risks due to conflicts of interest.

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