

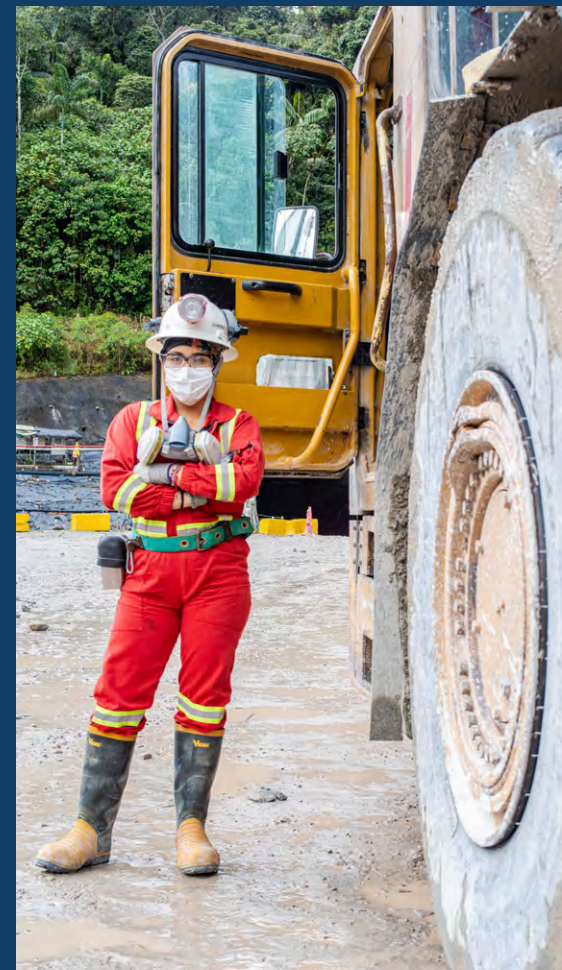


LUNDINGOLD

TSX, NASDAQ STOCKHOLM: LUG

SUSTAINABILITY REPORT

2020



BUILDING A LEADING GOLD COMPANY THROUGH RESPONSIBLE MINING





ABOUT US	4	Biodiversity	34
About this Report	4	Mine Closure Planning	37
About Lundin Gold	4	Cyanide Management	38
About the Lundin Foundation	5	Environmental Compliance	38
How Gold is Used	5	PILLAR: Health and Safety	39
Our Commitment to Responsible Mining	5	Operational Safety	39
Exploration	7	2020 Performance	40
Definition of Local	7	Occupational Health	40
LETTER FROM THE PRESIDENT AND CEO TO STAKEHOLDERS	8	Community Safety	42
KEY EVENTS OF 2020	10	PILLAR: Human Rights	43
2020 Year Highlights	10	Diversity and Inclusion	43
COVID-19 and Temporary Shutdown	11	Board Diversity	44
Collapse of the Los Encuentros Public Bridge	13	Security	44
2020 PERFORMANCE SUMMARY	15	Grievance Mechanism	45
2020 Performance	15	Indigenous Peoples	46
Community Investment in 2020	16	PILLAR: Lasting Economic Opportunities	47
CORPORATE GOVERNANCE	17	Direct Local Employment	47
Board of Directors	18	2020 Performance	48
Leadership and Culture	18	Local Procurement	49
OUR APPROACH TO SUSTAINABILITY	19	Promotion of Small Businesses	50
Strategy Overview	20	Artisanal Mining	51
Ecuador and the Sustainable Development Goals (SDGs)	21	PILLAR: Responsible Resource Governance	53
2020 MATERIALITY PROCESS AND RESULTS	22	Transparency and EITI	53
PILLAR: Climate Change	24	ESTMA	54
2020 Performance	25	ENABLER: Accountability and Management Systems	55
Taskforce on Climate-Related Financial Disclosure (TCFD)	25	Impact Measurement	55
PILLAR: Community Infrastructure	28	ENABLER: External Communication, Sustainability and Financial Reporting	57
PILLAR: Community Well-being	29	ENABLER: Participatory Dialogue	58
PILLAR: Environmental Stewardship	31	ENABLER: Strategic Partnerships	60
Water and Tailings Management	31	Universities	61
2020 Performance	32	Government	61
Water Management	32	NGOs and CSOs	62
Waste Rock Management	33	CAUTION REGARDING FORWARD LOOKING STATEMENTS	63
Non-Mineral Waste Management	33		

About Us

About This Report

We are proud to present our fifth annual Sustainability Report. It has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core Option, including selected GRI G4 Mining and Metals Sector Disclosures, and is in accordance with the Mining Local Procurement Reporting Mechanism (LPRM) Core Option.

This report also serves as our fourth Communication of Progress in implementing the Principles of the United Nations Global Compact (UNGC). The primary focus of this report is Fruta del Norte, our principal asset, and it covers the period from January 1 to December 31, 2020, unless noted otherwise. The GRI, UNGC and LPRM Indices for this report are available on our website: <https://lundingold.com/>

The report has been reviewed and approved by Lundin Gold's Executive Management. No external third-party assurance was sought for the content of this report.

A cautionary note about forward looking information and statements is presented at the end of this report. Unless otherwise indicated, all dollar amounts are expressed in U.S. dollars.

We look forward to your feedback and invite you to email us at: ec.comunicaciones@lundingold.com

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 **SUSTAINABLE DEVELOPMENT GOALS**

Red Ecuador
WE SUPPORT

About Lundin Gold

Lundin Gold Inc. (Lundin Gold or the Company) is a Canadian mining company that owns, through its subsidiary Aurelian Ecuador S.A., the Fruta del Norte (FDN) underground mine in the southeastern Zamora Chinchi province of Ecuador.

The Company holds 29 metallic mineral concessions and three construction materials concessions covering an area of approximately 64,609 hectares. Exploration concessions not associated with FDN are held by either Aurelianmenor S.A. or Surnorte S.A., both of which are wholly owned subsidiaries of Lundin Gold. FDN is comprised of seven concessions covering an area of approximately 5,566 hectares. FDN completed its inaugural year of operations in 2020 with production of 242,412 ounces of gold in the form of doré bars and gold concentrate. It is among the highest-grade operating gold mines in the world.

Lundin Gold is a participant of the UN Global Compact and supports the UN Sustainable Development Goals. The Company is listed on the Toronto Stock Exchange and Nasdaq Stockholm under the symbol "LUG". It is a member of the Lundin Group of Companies and headquartered in Vancouver, Canada with a corporate office in Quito, Ecuador.



About the Lundin Foundation

The Lundin Foundation is a registered Canadian non-profit supported by the Lundin Group Companies. The Foundation elevates developmental practices across the Lundin Group, ensuring resource operations mobilize local economic opportunities and benefit surrounding communities.

The Foundation supports Lundin Group companies to develop strategic community investments and improve their Environmental, Social and Governance (ESG) performance.








The Lundin Foundation is connected to a global community committed to knowledge sharing and collaboration. It promotes best practices, continuous learning and contributes to a diverse pool of international expertise to address pressing ESG topics, including climate change, sustainability reporting and disclosure, small business resilience and recovery, and several aspects of COVID-19 responses.



In Ecuador, the Foundation supports agriculture and dairy community programs

How Gold is Used

Mostly known for jewelry and bullion, gold is a highly efficient conductor with protective properties that make it an important element in many areas of everyday life, as well as innovative industries such as aerospace and sustainable design.

	Technology - Smartphones, GPS units, other small electronic devices, and in standard desktop or laptop computers
	Medicine - Surgical instruments, electronic equipment, and life-support devices. Particles of a radioactive gold isotope are implanted in tissues to be a radiation source in the treatment of certain cancers
	Aerospace - Parts of every space vehicle are fitted with a gold-coated polyester film, which reflects infrared radiation and helps stabilize the temperature of the spacecraft
	Glassmaking - A small amount of gold dispersed within glass or coated onto the surface of glass reflects solar radiation for climate control of buildings. The thin film of gold in an astronaut's helmet protects the astronaut's eyes and skin
	Currency - As a currency, gold dates back over 6,000 years. Today, most countries hold a significant amount of gold bullion in their central banks
	Jewelry - Ornamental objects (such as Olympic medals), jewelry, and symbolic objects
	Dentistry - The amount of gold used in dentistry is starting to rise again due to concerns about less inert metals potentially having an adverse effect on long-term health

Our Commitment to Responsible Mining

Our vision is to build a leading gold company through responsible mining, and our commitment to promoting sustainability underscores everything that we do. Lundin Gold's Responsible Mining Policy guides our strategic decision-making.

Responsible Mining Policy

Lundin Gold Inc., including its subsidiaries (Lundin Gold or the Company), is committed to responsible mining, which means we are committed to operating our facilities according to these Fundamental Principles:

	Working Safely		Environmental Stewardship		Respect in each of our activities
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Responsible Mining Policy

Lundin Gold believes that transparent and sustainable practices and being a good corporate citizen are central to the long-term success of our business. We seek to create enduring relationships with local communities and stakeholders and to address social challenges that are priorities both for communities and for the business through partnerships. By doing so, we help to create value for a range of stakeholders. Lundin Gold's commitment to responsible mining is manifested by:

- 1** Committing to achieving zero harm. We strive to ensure that the health and safety of our employees and contractors are first and foremost in everything we do. As a leader in health and safety, Lundin Gold promotes the well-being of people in our host communities.
- 2** Identifying and taking steps to reduce the potential for accidents and emergency situations, and implementing emergency response plans to protect the health and safety of our workers, contractors, the public and the environment.
- 3** Undertaking Company business activities ethically and transparently, in accordance with our Code of Business Conduct and Ethics.
- 4** Voluntarily adopting and integrating internationally accepted good practice for the mining industry and seeking alliances with external entities so as to improve our performance.
- 5** Providing training to assist with meeting these responsible mining objectives and ensuring that adequate resources to meet these objectives are available.
- 6** Striving to meet or exceed legal requirements in fulfilling the commitments of this Policy and expecting our employees and our contractors to do the same.
- 7** Setting annual objectives and targets to continually improve our health, safety and environmental management and performance, as well as for stakeholder engagement and positive community outcomes.
- 8** Designing, developing and operating Company facilities with the goal of minimizing their overall environmental impact and taking into account their eventual closure. We are committed to the efficient use of water, energy and other resources and to responsibly managing the Company's waste. Lundin Gold contributes to the conservation of biodiversity by meeting or exceeding the legal requirements for species preservation and by promoting research, partnerships and responsible land management practices.
- 9** Assessing the risks and impacts of Company operations and integrating these considerations into planning and operational decision-making processes. We strive for continuous improvement in our health, safety, environmental performance and community outcomes.

Fruta del Norte Mine (FDN), Zamora Chinchipe, Ecuador



10

Being accountable to stakeholders and developing relationships based on mutual trust and respect.

11

Working closely with host communities and partners to provide lasting benefits in the form of sustainable programs that enhance the quality of life where Lundin Gold operates.

12

Treating people with dignity and respecting all internationally-recognized human rights.

13

Respecting the rights, interests, concerns, traditional land uses and cultural activities of Indigenous Peoples.

14

Developing and implementing corporate governance processes to underwrite our responsible mining commitments.

15

Conducting regular audits to assess and ensure compliance with this policy and developing processes for preventing non-conformance and adopting corrective actions. We report our progress quarterly to the Board of Directors.

We have adopted, endorsed, or follow these international principles, initiatives and charters:

- United Nations Global Compact (UNGC)
- United Nations Guiding Principles on Business and Human Rights
- International Financial Corporation (IFC) Performance Standards on Social and Environmental Sustainability
- Global Reporting Initiative (GRI) Standards for Sustainability Reporting
- Local Procurement Reporting Mechanism (LPRM)
- UN Sustainable Development Goals (SDGs)
- Women’s Empowerment Principles (WEPs)

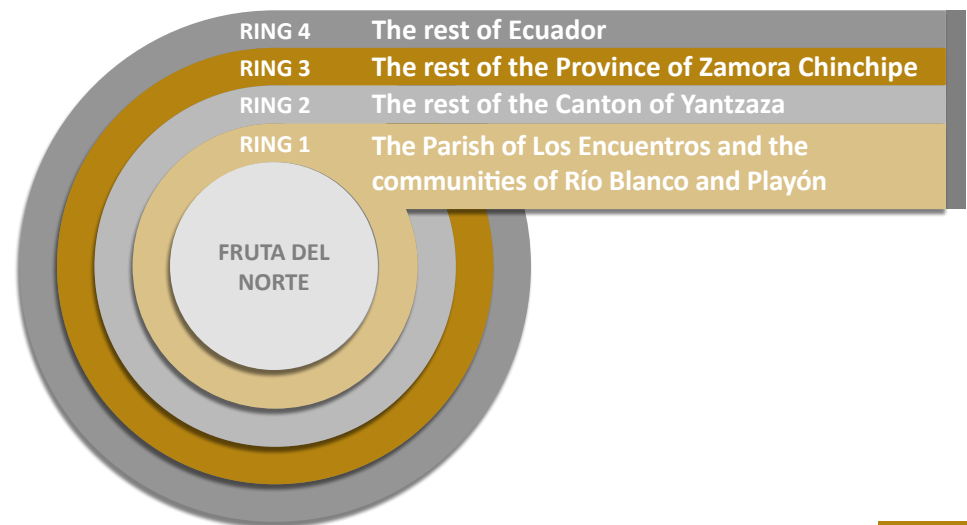
Exploration

Lundin Gold has 29 mining concessions in southeast Ecuador, and we continue exploring new targets to invest in long-term sustainable growth for our operations and for the region. In 2020, Lundin Gold received permits for drilling two priority targets. Nevertheless, due to the impacts of COVID-19, socialization of this exploration work was postponed to early 2021. A 9,000-metre drilling program has commenced in the first quarter of 2021 and focuses upon the Barbasco and Puente-Princesa targets. Core to this work is the establishment of COVID-19 protocols in addition to our continued health and safety, social and environmental management programs. The Company has also commenced a 10,000-metre underground drill program, targeting conversion and expansion of the FDN mineral resource.

We track key sustainability metrics for the exploration program. In this year’s Sustainability Report, we include greenhouse gas (GHG) emissions reporting for our exploration activities. As our exploration programs advance, we intend to report on additional metrics in future sustainability reports.

Definition of Local

Throughout this report, we make reference to local communities. Lundin Gold, in collaboration with the community roundtables (see page 59), has defined its geographical scope by concentric rings that are associated with the administrative boundaries surrounding FDN.



Letter from the President and CEO



Ron Hochstein, President and Chief Executive Officer (CEO)

Dear Reader,

Over the past year, the world has changed. 2020 will forever be engrained in our memory as a year of lockdowns, pandemic response and loss. My prayers are with those who have been directly impacted by COVID-19. Nevertheless, the past year has also brought us hope. Communities came together and vaccines are now rolling out. Throughout this time, Lundin Gold has remained firm in our commitment to responsible mining and to live by our three Fundamental Principles of Working Safely, Environmental Stewardship and Respect.

This was the vision of Adolf Lundin, the founder of the Lundin Group of Companies. Adolf knew that natural resources can bring development to host countries, and to leave them in the ground is to forgo their immense value. The key is to extract these resources responsibly and to ensure that mining is a catalyst for long-term sustainable economic growth.

As such, I am very pleased to present our 2020 Sustainability Report. We believe that our sustainability performance is inextricably intertwined with our overall success and this report highlights how we integrate sustainability into our daily work. I am proud both of our results to date and plans for the future.

2020 began with the fulfillment of our long-standing objective to achieve commercial production at Fruta del Norte (FDN). Our joy in reaching this milestone was short-lived, as the pandemic quickly forced us to temporarily suspend mining activities. Nevertheless, this pause provided the opportunity to design health and safety protocols that allow our staff to work safely at site. These protocols addressed all aspects of our activities, including travel, hotel-based quarantines, COVID-19 testing and required changes at FDN itself. We successfully restarted mining activities in July 2020 and shared our approach widely in the hope that our experience would be a positive example in the country.

Over the past year we have remained steadfast in our commitment to industrial safety. Our Total Recordable Incident Rate for 2020 of 0.41 represents ongoing improvement over 2019. We will continue to identify areas where we can strengthen our safety performance as we work towards our overarching objective of zero harm.

The transition to operations in 2020 shifted our approach to environmental stewardship to one of progressive restoration. Our partnership with Conservation International Ecuador emphasizes good governance, conservation of natural heritage and sustainable agriculture. Additionally, the Ministry of Environment confirmed FDN to be in compliance throughout the year. We have continued to engage with local and national authorities with respect to cyanide and industrial risk management.

Though Lundin Gold has long demonstrated its commitment to the sustainable development of local communities, COVID-19 forced us to re-evaluate our short-term priorities. As a result, much of our recent community investment has focused upon pandemic response and health infrastructure improvements. This included a partnership with local and national stakeholders to establish the first intensive care unit in the province of Zamora Chinchipe. We have also sought to alleviate the impacts of the pandemic by providing medical equipment, disinfection material and food, especially in the most impacted communities.

We know that local content remains a priority, and our local economic impact continues to be very significant. At the end of 2020, our total workforce (i.e., employees and contractors) was more than 2,350 people, 47% of whom come from Zamora Chinchipe. With the transition to operations, our total procurement of \$190 million in 2020 represented a 52% decrease versus 2019. Nevertheless, we continued to prioritize local suppliers in Zamora Chinchipe and our procurement in the province decreased by only 18%. The \$23.3 million spent in 2020 was an important contribution to the local economy. When I consider the changes in Zamora Chinchipe since 2015, it is gratifying to see the development driven by large-scale mining investment.

On October 17th, 2020, the bridge over the Zamora River in Los Encuentros collapsed. Thankfully, there were no injuries. In the days that followed, a small group blockaded our access to FDN; the details of this event are provided elsewhere in this report. A key lesson from this incident was that ongoing community dialogue is essential. Lundin Gold has long participated in a dialogue process known as the Community Roundtables, which occurred every six weeks between mid-2016 and

early 2020. Unfortunately, they were put on hold due to the pandemic and from March to October 2020 no such meetings were held. When the bridge collapsed, it became clear that this mechanism for dialogue was essential and needed to be re-established. In the resolution to the blockade, we agreed to work with the parish government to restart such engagement. This was achieved in December with the restart of the roundtables.

We remain committed to a number of international frameworks, including the United National Global Compact (UNGC). This report represents our fourth Communication of Progress. We were also honoured in 2020 by UNGC Ecuador for best practices in relation to the Company's Training Program for Mining Operations, implemented in partnership with the Lundin Foundation. This is just one example of how working together towards a common goal has brought tangible benefits to local communities.

Given the transition to operations, it is essential that our approach to sustainability evolve to reflect new challenges and opportunities. As such, we have established a new 5-Year Sustainability Strategy. Starting in 2021, this strategy will guide us in our efforts to drive sustainable development in Zamora Chinchipe and beyond. We have placed greater emphasis on several emerging themes such as climate change and resource governance, and have created a measurement framework to better understand the true impacts of FDN and the projects we implement. In order to introduce our strategy, this report provides an overview of its eight pillars and four enablers, and we have organized this report to follow the structure of our strategy.

2020 was a year unlike any before and the challenges of COVID-19 are still present. Lundin Gold successfully adapted to these difficult conditions, and in 2021 we will continue our work in partnership as the world seeks to emerge from the pandemic. I look forward to updating you on our progress in our next sustainability report. Until then, our commitment to our Fundamental Principles remains firm, as we continue to demonstrate the positive impacts that responsible mining has in Ecuador.

Sincerely,



Ron Hochstein



Subsequent to its official inauguration in November 2019, Fruta del Norte achieved commercial production ahead of schedule in February 2020. Shortly thereafter the coronavirus pandemic arrived. On 22 March 2020, Lundin Gold made the difficult decision to temporarily suspend operations. FDN resumed operations on 5 July 2020 with regular production of doré and gold concentrate (additional detail is provided below). Despite the temporary shutdown, we achieved significant production milestones for the year.

2020 was the year in which we transitioned our sustainability programs from a construction to an operations focus. This transition can be challenging for any mine, as it can create uncertainty in local communities around future opportunities for local employment and procurement. As part of this work, we updated key aspects of community engagement and local development plans, and we refocused our supply chain management to fulfill operational requirements.

2020 Year Highlights



Gold production: 242,412 oz



Average all-in sustaining costs ("AISC")¹: \$773 per oz of gold sold



Generated revenues of \$358.2 million



Adjusted earnings¹ of \$103.6 million



Cash flow from operations of \$113.6 million

¹ Please refer to the Company's MD&A for the year ended December 31, 2020 for an explanation of non-IFRS measures used

For information on Lundin Gold's 2020 financial performance, please refer to the Company's audited consolidated financial statements for the fiscal years ended December 31, 2020 and 2019 available at www.lundingold.com

COVID-19 and Temporary Shutdown

When the pandemic appeared in Ecuador in March 2020, the nation instituted lockdowns and other restrictions to protect public health and prevent the spread of COVID-19. A lack of information about the disease and the clear impacts that it was having in the port city of Guayaquil contributed to a general sense of anxiety in all communities around FDN. Given that gold concentrate and other materials are transported between Guayaquil and FDN, communities feared that our ongoing operations would result in the spread of COVID-19 to Zamora Chinchipe. Due to government restrictions and fears about the rapid spread of the virus, Lundin Gold temporarily suspended operations on 22 March 2020.

Demobilization

Recognizing that the health, safety and security of our workforce is of paramount importance, we developed and executed a detailed demobilization plan that assessed the needs of each Lundin Gold employee on an individual basis. Careful preparation was made to ensure that our local and international workforce could return home. We tracked each employee's safe passage from FDN to their doorstep. In addition, human resources policies were reviewed and updated to respond to regulatory requirements issued by Ecuador and governments around the world. While a core team remained at FDN to keep the site under care and maintenance for the duration of the suspension, Lundin Gold maintained its workforce throughout the suspension of operations. During the temporary shutdown, Lundin Gold developed the required protocols to operate safely in a bubble and thus mitigate the risks associated with the coronavirus. These protocols were shared and vetted with different levels of government and FDN's restart was coordinated with local and national authorities.



Lundin Gold developed the required protocols to operate safely

Working Together in Crisis

To return our expatriate personnel to their home countries, Lundin Gold coordinated with the Ministry of Foreign Affairs in Ecuador and the Embassies of Peru, Guatemala and Canada, as well as the airlines LATAM and Aeroregional. We chartered three flights for 45 FDN expatriate workers. At the same time, given that Ecuador's airports were closed to normal commercial flights, these charters presented an opportunity to assist governments in their efforts to repatriate in a timely manner citizens stranded in Ecuador or Ecuadorians stranded abroad. As a result, 36 expatriates (not employees of Lundin Gold) who were in Ecuador and identified by their embassies as individuals needing transport to their home countries were provided free passage. Additionally, instead of flying the charters back to Ecuador empty, we worked with these governments to repatriate 177 Ecuadorian nationals who were trapped abroad. In total, this coordinated effort facilitated the safe repatriation of 258 individuals.



Restart of Operations

Planning for restart began almost immediately after demobilization was successfully complete. Lundin Gold's Pandemic and Restart of Operations Plan (also known as the PRO2020) included the development of new safety protocols such as social distancing while working, procurement of required personal protective equipment (PPE), required hygiene practices, and the establishment of quarantine and testing protocols. The Company organized longer rotational shifts to reduce the number of trips between locations and thus minimize the likelihood of virus transmission. Additionally, we encouraged our workers to take these learnings home to educate and help protect their own families and communities.

Recognizing the high stress levels that an unprecedented global pandemic put upon our employees, Lundin Gold hired a well-known third-party consulting firm to design and execute a comprehensive mental wellness program for our workforce. Our goal was to give each employee the care and support they needed (*see page 40 to read more about our "Take Care to be Well" program*).



PCR test at the hotel during the quarantine

COVID-19 Testing at FDN

Key aspects of the PRO2020 are our quarantine and testing protocols. In order to safeguard the health of our employees and contractors, all staff and contractors must quarantine at hotels identified by the Company for a period of seven to nine days. While in isolation, we provide additional support such as mental health and wellness checks (*see page 40*) and webinars to educate and maintain awareness about safe hygiene, social distancing and general resilience during the pandemic. Additionally, we provide exercise equipment and entertainment options such as PlayStations. Upon completion of the quarantine period, all personnel receive a PCR test and await results. Those who test negative then travel to FDN on Company-provided charters and vehicles, which follow all established protocols. Those who test positive are taken under the care of the Ministry of Public Health and monitored by government and Company medical staff. This approach to quarantine and testing allowed FDN to return to a normal level of production and safeguard the health of all employees and contractors. Over the course of the pandemic in 2020, we administered over 6,300 PCR tests to employees and contractors, of which 5.6% gave a positive result. All employees who tested positive have recovered.

Lundin Gold was recognized by the Ecuador Ministry of Public Health (MSP by its Spanish acronym) for our contributions in establishing a national standard for industrial worker safety during the pandemic, and the MSP encouraged other companies to follow our protocols. At the time of writing, all of these practices remain in place or have been enhanced if deemed necessary.

Supporting Local Communities

Throughout the pandemic, the Company has sought to identify key needs of local communities and to join forces with the local and national government to provide support. Lundin Gold directed a significant portion of our 2020 social investment budget towards the coronavirus response. Amongst many examples, we collaborated with the MSP to deliver personal protective equipment to health workers, law enforcement agencies and the general population. Disinfection machinery was provided to each canton in the province of Zamora Chinchipe as well as to other government institutions. We engaged with the local and national government and the Shuar Federation of Zamora Chinchipe to supplement basic food supplies for vulnerable populations. This effort delivered more than 1,500 food baskets to families across the province of Zamora Chinchipe. Additionally, as part of a long-standing initiative, we increased our support for a transportation program that allows local doctors to reach remote and vulnerable communities. This program is implemented together with the local district of the MSP.

Lundin Gold also signed a cooperation agreement with the Municipality of Yantzaza and local representatives of the MSP to purchase an ambulance for the Yantzaza Hospital, with a shared investment of \$88,000. Additionally, in partnership with Newcrest Mining Limited, SolGold, the Prefecture of Zamora Chinchipe and the MSP, one of our critical contributions in 2020 was the construction of the province's first intensive care unit, with a total investment of more than \$1 million, at the hospital in Yantzaza.

PPE for Front Line Workers

Throughout the pandemic, there have been shortages of critical supplies in local hospitals, clinics and institutions. In response to this need, Lundin Gold provided a wide range of material including gowns, masks, disinfection supplies, gloves and other items.



Collapse of the Los Encuentros Public Bridge

The public bridge in Los Encuentros has been a source of contention with some members of the local community for several years, in part stemming from perceived excessive loads transported across it. Subsequent to a blockade of the bridge in 2018 (see our 2018 Sustainability Report), Lundin Gold agreed to work with the national government to co-finance the construction of a new bridge. Since that time, the bridge was used frequently by local community members, local businesses and the government for a wide range of activities. Some Lundin Gold and contractor vehicles also used this bridge to access FDN.

This bridge collapsed on 17 October 2020. Though a contractor truck fell to the riverbank, the driver, thankfully, was not injured. Recognizing the constraints of different levels of government and the undeniable impacts that the bridge collapse would have on local communities (a 70 km detour is required), Lundin Gold held a press conference with Ecuadorian media the day of the collapse. At that time, we augmented our 2018 commitment and pledged to fully finance the construction of a new public bridge. Additionally, the Company established a ferry service and free road transportation to mitigate the immediate challenges for the community.



Government contractors at the Los Encuentros bridge

At the time of the bridge collapse, Lundin Gold had already commenced construction of a private bridge located 3 km from the public bridge. As had been communicated well before the start of construction, this private bridge will be open to the public upon its completion. Rising COVID-19 infections in the local area had forced a temporary stop in the construction of this private bridge in March 2020, and work had not yet restarted when the public bridge collapsed.

It is important to note that the Company respected all aspects of the 2018 agreement and strictly followed the official weight limit when using the public bridge. All of our heavy loads followed an alternative route that avoided the bridge.

Nevertheless, a community group known as the *Junta Cívica* (Civic Committee) assumed that the failure of the bridge was caused by Lundin Gold and blockaded the road to FDN. Though the bridge collapse was the impetus of the blockade, the Company quickly addressed the principal issues directly related to the public bridge. This group therefore leveraged a stressful situation to make new demands on Lundin Gold, including for specific contracts and employment. In keeping with Lundin Gold's Fundamental Principle of Respect, we engaged with the *Junta Cívica* to understand their demands. Those which were feasible, we agreed to address. Those which would have required us to breach our protocols



Lundin Gold engaged with the Junta Cívica at Yantzaza during the blockade

and commitments were rejected. After 15 days of consultations with local and national government, community members, and the *Junta Cívica*, an agreement was reached to lift the blockade. This agreement addressed the need to restart structured community engagement which had ceased during the pandemic (see page 59) and the acceptance of a formal complaint from the *Junta Cívica* which was managed through the Lundin Gold Grievance Mechanism.

Construction of the new private bridge recommenced in December 2020, and completion is anticipated by mid-2021. This will greatly alleviate the current inconveniences for local communities. The provincial government is in charge of the construction of the new public bridge and work has commenced, fully funded by Lundin Gold. Until such time that a bridge is open in Los Encuentros, Lundin Gold will continue to provide ferry and transport services free of charge.



2020 Performance

Below, we provide a report on progress for the 2020 goals that were noted in our 2019 Sustainability Report.

At the time of writing this report, our 5-Year Sustainability Strategy, in which we establish new goals, is under review by Lundin Gold’s Health, Safety, Environment & Sustainability Committee of the Board of Directors. Accordingly, our sustainability targets for 2025 and supporting details will be communicated in next year’s report. Additionally, to transition to the format of our new sustainability strategy, we have organized our 2020 goals according to the pillars and enablers of the 5-Year Sustainability Strategy.

	2020 Goals	2020 Performance
OPERATIONS	<ul style="list-style-type: none"> Ramping up mine and mill to name plate capacity Complete paste plant, Zamora River Bridge, permanent mine ventilation 	<ul style="list-style-type: none"> Successfully achieved commercial production FDN produced 242,412 gold oz Paste plant was completed in November 2020 Completion of the Zamora River Bridge was delayed due to COVID-19 and is now planned for mid-2021. This had no impact upon 2020 production Completion of the South Vent Raise was delayed due to COVID-19 and other operational challenges. It is now planned for the second half of 2021. This had no impact upon 2020 production
CORPORATE GOVERNANCE	<ul style="list-style-type: none"> Continue to apply our international corporate governance standards, develop and maintain partnerships, and disclose our performance Participate in Ecuador’s emerging EITI multi-stakeholder forum 	<ul style="list-style-type: none"> Continued engagement with international organizations and Board oversight to maintain high standards of corporate governance and disclosure Planned the transition from Environmental, Health & Safety Committee to Health and Safety, Environment & Sustainability Committee Maintained active participation in Ecuador’s EITI multi-stakeholder and industry working groups



	2020 Goals	2020 Performance
ENVIRONMENTAL STEWARDSHIP	<ul style="list-style-type: none"> Implement community-based water monitoring program Continue implementation of biodiversity offset program 	<ul style="list-style-type: none"> Due to COVID-19 this initiative was delayed. Over the course of the year, we continued searching for an academic partner to implement the monitoring program. We expect to advance this process in 2021 depending upon the impacts of the ongoing pandemic Continued throughout 2020 (<i>see page 34</i>)
HEALTH & SAFETY	<ul style="list-style-type: none"> TRIR¹: < 0.7 Reinforce Company safety culture 	<ul style="list-style-type: none"> TRIR: for 2020 was 0.41 below the target of 0.7 Company safety culture is integrated throughout the organization
HUMAN RIGHTS	<ul style="list-style-type: none"> Continued active engagement in UN Global Compact Roll out a Company-wide campaign in support of our Fundamental Principle of Respect Review and address grievances in a timely manner 	<ul style="list-style-type: none"> Continued engagement with the SDG roundtables in Ecuador The roll-out of Lundin Gold's Respect Campaign was delayed in 2020 and commenced in January 2021 100% of our security personnel received Human Rights training according to the UN Guiding Principles on Business & Human Rights 73 grievances were reviewed and addressed in a timely manner in accordance with our Grievance Mechanism (<i>see page 45 for further details</i>)
LASTING ECONOMIC OPPORTUNITIES	<ul style="list-style-type: none"> Integrate majority of Training for Operations graduates into our workforce During operations, focus on local supply chain development opportunities, including logistics and transport Continue to assist entrepreneurial and economic growth, and diversification initiatives 	<ul style="list-style-type: none"> At the time of writing, 258 Training for Operations graduates have joined FDN workforce (<i>see page 56</i>) COVID-19 impacted much of our community planning. As a result, programs to promote local procurement and build up local companies experienced delays We continued to partner with the Lundin Foundation to progress multiple initiatives for new opportunities to local companies under pandemic restrictions (<i>see page 62</i>) Total local procurement spend (Rings 1-3) in 2020 was \$23.3 million, representing approximately 12% of FDN's total spend (<i>see page 49</i>)
ACCOUNTABILITY AND MANAGEMENT SYSTEMS	<ul style="list-style-type: none"> Develop social impact assessment or evaluation framework 	<ul style="list-style-type: none"> Impact management framework was initiated in coordination with Lundin Foundation (<i>see page 56</i>)

¹ TRIR = Total Recordable Incident Rate.

Lundin Gold and Lundin Foundation Community Investment in 2020

\$4,474,970 in community investments contributed by Lundin Gold and Lundin Foundation in 2020, includes financing of the construction of the new provincial bridge in Los Encuentros and COVID-19 relief.

Direct Economic Value Generated and Distributed¹ (in thousands)

	Fruta Del Norte
Net sales	\$410,566
Operating costs	\$71,282
Employee wages and benefits	\$64,432
Payments to providers of capital	\$41,347
Payments to government ²	\$39,021
Community investments	\$4,063
Total economic value distributed	\$220,145
Economic value retained: 'direct economic value generated' less 'economic value distributed'	\$190,421

Note: Data reflects Aurelian Ecuador S.A.

¹ Direct economic value generated and distributed for construction years of FDN (2017 to 2019) can be found on www.lundin的角度.com in the Lundin Gold 2019 Sustainability Report.





² GRI definition referring to disclosure GRI 201-1 payments to governments: all the organization's taxes plus related penalties paid at the international, national, and local levels. It includes corporate, income, and property.

Lundin Gold is committed to maintaining a high standard of corporate governance that fosters accountability, ethical behavior, and transparent disclosure. As the first large-scale underground mining operation in Ecuador, we understand that our standards of corporate governance and responsible mining can set a precedent for the mining industry in Ecuador.

We conduct regular audits to assess and ensure compliance with policies and procedures, and have developed rigorous processes around preventing non-conformances and implementing corrective actions. As a publicly traded company, we comply with or exceed the governance guidelines of the Canadian Securities Administrators. For more information, please refer to the Company's Information Circular, which can be found at www.lundin角度.com.

We communicate our processes for assessing the risks and impacts of our operations to our stakeholders, and we integrate these considerations into our planning and decision-making. As such, we report our environment and social performance quarterly to the Board of Directors. Please see below for the list of Board Committees.



-  Audit Committee
-  Corporate Governance and Nominating Committee
-  Compensation Committee
-  Health, Safety, Environment and Sustainability Committee
-  Technical Committee

Each Committee has a formal mandate that is reviewed and updated annually. These documents are publicly available at www.lundin角度.com.

Board of Directors

Lundin Gold is governed by a Board of Directors with extensive expertise in the mining industry. The Board oversees the management of the business, our sustainability practices and corporate conduct. This includes matters associated with the Company’s Responsible Mining Policy (*see page 6*).



On 31 December 2020, Lundin Gold’s Board was comprised of ten directors, the majority of whom are independent, as defined by the Canadian Securities Administrators. 20% of our Directors were women at year end, down from 30% in December 2019 (*see page 44 for more information*). The Board composition, independence, gender, tenure, memberships in other Boards, competencies, shareholder representation, and attendance performance are detailed in the Management Information Circular, available at www.lundin的角度.com.

Total Number of Directors	10
# Independent	7
# Male	8
# Female	2
# Under 30 years old	0
# 30-50 years old	2
# Over 50 years old	8
# BIPOC ¹	0

¹ Black, Indigenous, Person of Colour

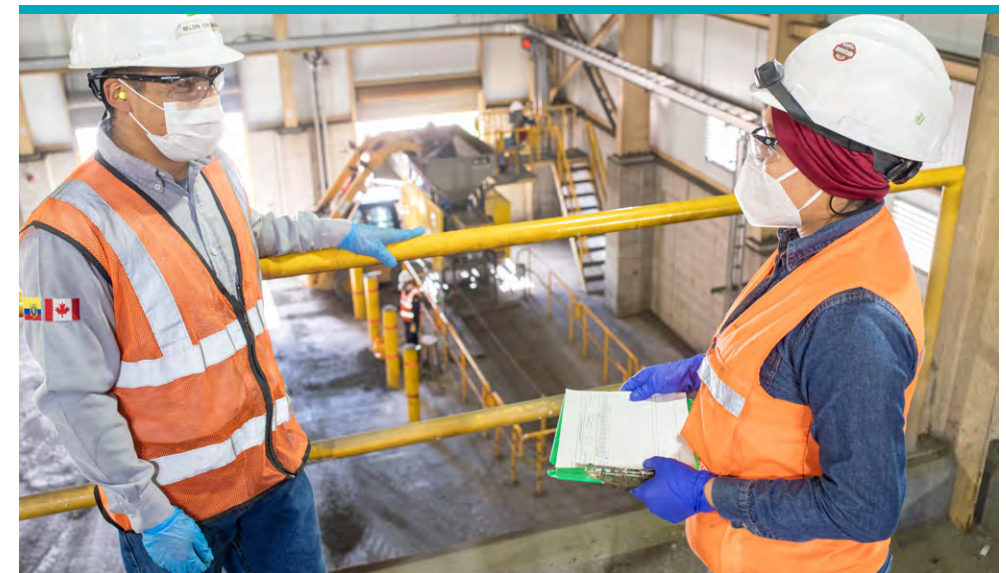


participation in the associated working groups in Ecuador to advance the 2030 Agenda for Sustainable Development through the SDGs. In 2020, we participated in the following two working groups:

	Achieve gender equality and empower all women and girls
	Build resilient infrastructure, promote sustainable industrialization, and foster innovation

We continue to conduct ourselves in a manner consistent with our Code of Business Conduct and Ethics, our Fundamental Principles and internal Code of Respect (launched in 2018). Respect for our employees and stakeholders, their safety, and environment stewardship has served to develop a foundation for responsible mining practices. In 2020, this commitment allowed us to lead our workforce as we faced the pandemic, as well as through the transition from construction to production.

Additional aspects of our commitment to governance are found in our description of the Responsible Resource Governance pillar (*see page 53*).



Leadership and Culture

We see it as our responsibility to be a good corporate citizen and share benefits with the local communities that we impact through social and environmental programs. We also seek to be a leader within the Ecuadorian mining industry and to raise the bar for sustainability performance amongst our industry peers.

2020 marks our first year of operations and our fifth year of sustainability reporting to standard disclosures. Our commitment to a formal sustainability program included joining the UN Global Compact in 2016 and our continued

In tandem with our first year of operations and over the course of 2020, Lundin Gold developed an overarching sustainability strategy for the coming five years. Supported by an impact management framework that includes management practices and key performance indicators, the strategy will guide decision-making by senior management, FDN leadership, and our field-based teams.

Strategy design began with an evaluation of the sustainability programs executed during the construction phase and new initiatives for their relevance to operations. As well, with two large-scale mines now operating in Zamora Chinchipe, the 5-Year Sustainability Strategy needs to account for the evolving social context in the region and local priorities. Finally, the development of the Strategy involved significant internal stakeholder engagement.

About the 5-Year Sustainability Strategy

At the time of writing this report, our 5-Year Sustainability Strategy is under review by the Health, Safety, Environment and Sustainability (HSES) Committee of the Board of Directors. Accordingly, our five-year targets and supporting details will be communicated next year, in the Lundin Gold 2021 Sustainability Report.

Execution of the strategy will begin in 2021, which we have set as the baseline year for most indicators. Annual monitoring and evaluation of performance will run from 2022 to 2025 in order to ensure that we are on track and to identify any modifications that may be needed in order to achieve our five-year goals.





Lundin Gold’s 5-Year Sustainability Strategy establishes eight strategic pillars, representing our material topics for the 2021-2025 period. The identification and design of these pillars was driven by stakeholder engagement and materiality processes. Each pillar will encompass:

- An overarching objective
- Five-year outcomes
- Key performance indicators (KPIs)
- SMART¹ targets and strategic plans for achieving them
- Relevance of the pillar to Lundin Gold’s business success
- Associated challenges and opportunities

¹ SMART goals are specific, measurable, attainable, relevant and time-based

Additionally, enablers of the strategy have been identified. These are business management systems and practices that facilitate the achievement of the goals of each pillar.

Lundin Gold 2021 - 2025 Sustainability Strategy

2020 Planning Year	Step 1: Comprehensive review of Lundin Gold's current sustainability practices that supported FDN through construction	✓
	Step 2: Assessment of political and social context of Zamora Chinchipe and the country as a whole (including COVID-19 context). Consideration of Ecuador's commitment to the Sustainable Development Goals	✓
	Step 3: Background research on leading mining companies to better understand innovative approaches to sustainability	✓
	Step 4: Internal strategy development workshops to ascertain our key priorities and clarify the desired outcomes; one face-to-face workshop was executed before the pandemic and several follow-up sessions with department heads were executed virtually	✓
	Step 5: Review of the 5-Year Sustainability vision and draft targets with Lundin Gold's President and CEO	✓
2021 Final Approval, Roll-out and Setting Baseline	Step 6: Complete cross-disciplinary consultations and senior management review to finalize each pillar of the strategy and respective targets	-
	Step 7: Presentation to the HSES Committee and the full Board of Directors	-
	Step 8: Roll out of Sustainability Strategy across the business and collection of baseline data	-
2022-2025 Monitoring, Evaluation and Reporting	Step 9: Annual review of Lundin Gold's 5-Year Sustainability Strategy to measure effectiveness, report progress against target milestones, and modify accordingly	-



Ecuador and the Sustainable Development Goals (SDGs)

Ecuador has committed to Agenda 2030 and the UN SDGs, and has directly aligned each SDG with objectives, policies and national goals for development. As the largest operating gold mine in Ecuador, FDN is a significant member of the country's economic and industrial communities. Aligning our strategy with the SDGs will contribute to the construction of the 2030 Agenda in Ecuador and to achieving its goals.

About the 2020 Sustainability Report Format

We have modified the format of our Sustainability Report this year so that our sustainability strategy and reporting mechanisms are mutually supportive. The structure of this year's report reflects the structure of Lundin Gold's 5-Year Sustainability Strategy, thus making it easier for our stakeholders to understand the Company's programs and monitor our progress.



2020 Materiality Process and Results



2020 has been a year of rapid change. The coronavirus pandemic has revealed both the strengths of our sustainability systems and areas for improvement. As such, for our 2020 reporting year, Lundin Gold executed a revised and comprehensive materiality process that we plan to build upon in coming years.

We determine a sustainability topic to be material if there exists a significant possibility that it will impact Lundin Gold in a financial, regulatory or reputational sense. A sustainability topic is also considered to be material if it has the potential to significantly impact our stakeholders or substantively influence decisions made by stakeholders that could impact the Company.

For this reporting year, Lundin Gold engaged a third-party firm to customize a materiality process and determine the most relevant sustainability topics for the Company and key stakeholders. The materiality assessment included three phases.



Identify sustainability topics through research



Assess priorities through stakeholder engagement



Determine and confirm the environment, social and governance (ESG) topics through a workshop with Lundin Gold's executive leadership

The research phase entailed a third-party review of internal documents that reflected our planning and activities for 2020. An external analysis was conducted to understand the political, environmental and social contexts within which Lundin Gold operates, as well as industry trends. All stakeholder engagement (internal and external) was performed by the third-party firm, an approach that helped to maintain objectivity and encouraged the sharing of stakeholder views.

Stakeholder Engagements

	Internal	External
Individual interviews	13	8
Facilitated focus groups	2	3

Stakeholder Groups Engaged and Topics Identified

Stakeholder Group	Key Topics
Internal Stakeholders Executive leadership, employees	<ul style="list-style-type: none"> ■ Community Relations ■ Health & Safety ■ Local Employment & Procurement ■ Leadership & Culture ■ Disclosure, Monitoring & Reporting
External Stakeholders Local communities, local & national governments, civil society, academia, conservation groups, others	<ul style="list-style-type: none"> ■ Community Relations ■ Community Development ■ Health & Safety ■ Local Employment & Procurement ■ Government Relations

The facilitated workshop with Lundin Gold's executive leadership involved eight participants across various Company functions. Participants were guided through materiality mapping and engaged in facilitated discussions. The two outcomes of the workshop were: the ascertainment of Lundin Gold's ESG priorities and consensus-building on the cross-functional impact and value of sustainability to the Company.

Out of 26 sustainability topics identified as relevant to the Company, we arrived at 17 prioritized material topics that are the focus of this report. These material topics are encapsulated by the relevant pillars and enablers of Lundin Gold's new 5-Year Sustainability Strategy.

Sustainability Topics

- | | |
|---|---------------------------------------|
| 1. Artisanal and Small-Scale Mining | 14. Labour Relations |
| 2. Biodiversity | 15. Leadership & Culture |
| 3. Board Governance | 16. Local Employment & Procurement |
| 4. Climate Change & GHG | 17. LUG Economic Sustainability |
| 5. Community Development | 18. Mine Closure and Legacy Planning |
| 6. Community Relations | 19. Other Environmental Impact |
| 7. Disclosure, Monitoring and Reporting | 20. Other Social Impact |
| 8. Diversity, Inclusion & Equity | 21. Permitting and Compliance |
| 9. Ethics | 22. Supply Chain |
| 10. Government Relations | 23. Sustainable Innovation |
| 11. Health and Safety | 24. Tailings & Waste Rock Management |
| 12. Human Rights | 25. Waste, Emissions, Dust & Reagents |
| 13. Indigenous Relations | 26. Water Management |

Material Sustainability Topics for 2020

1. Community Relations
2. Health and Safety
3. Community Development
4. Local Employment & Procurement
5. Climate Change & GHG
6. Leadership & Culture
7. Disclosure, Monitoring and Reporting
8. Board Governance
9. Water Management
10. Human Rights
11. Diversity, Inclusion & Equity
12. Ethics
13. Biodiversity
14. Tailings & Waste Rock Management
15. Waste, Emissions, Dust & Reagents (including cyanide)
16. Indigenous Relations
17. Artisanal and Small-Scale Mining

Material Topics can be Found in the Following Sections of this Report

PILLARS:

- Climate Change
- Community Infrastructure
- Community Well-being
- Environmental Stewardship
- Health and Safety
- Human Rights
- Lasting Economic Opportunities
- Responsible Resource Governance

ENABLERS:

- Accountability and Management Systems
- External Communication, Sustainability and Financial Reporting
- Strategic Partnerships
- Participatory Dialogue



Lundin Gold recognizes that climate change will result in impacts and opportunities for our operations and for Ecuador as a nation. We seek to demonstrate leadership in the Ecuadorian mining sector by reducing our global emissions footprint and reducing the emissions intensity of our gold mining operations. Climate change is a key pillar in Lundin Gold's 5-Year Sustainability Strategy, which commences in 2021.

We have been tracking and reporting Scope 1 and 2 greenhouse gas (GHG) emissions, as well as elements of our Scope 3 emissions, for Fruta del Norte since 2017. Now that the mine is fully operational, we intend to establish a new baseline for GHG emissions, which will be used to develop targets and strategies to achieve reductions in our overall carbon footprint over the coming years.

Ecuador is vulnerable to natural disasters due to its location along the "Pacific Ring of Fire", a region around the rim of the Pacific Ocean where many volcanic eruptions and earthquakes occur. This makes Ecuador a highly active seismic zone and compounds the risks presented by climate change. In order to mitigate this risk, all site infrastructure and buildings were designed in accordance with stringent national and international seismic design codes.

Forests offer many forms of natural protection against the effects of climate change, serving as barriers against floods and landslides, and sequestering GHGs. We will continue to focus on programs and activities that protect biodiversity and regenerate forests in order to strengthen these ecosystems so that they may mitigate some of the future impacts of climate change in the region.

2020 Performance

Lundin Gold's total GHG emissions in 2020 were approximately 49,691 tonnes of CO₂ equivalent (tCO₂e), and comprised 57% Scope 1, 41% Scope 2, and 2% Scope 3 emissions. These GHG emissions are primarily driven by nine months of operations, as we were forced to suspend operations for three months in 2020 due to COVID-19.

Our Scope 1 emissions are based on direct emissions from the use of diesel, gasoline, liquid propane gas, helicopter fuel and explosives for blasting at the site. Our Scope 2 emissions are from the use of electricity from the national grid, which is primarily based on hydropower. For Scope 3 emissions, we have reported all air travel undertaken for business purposes by Lundin Gold personnel in 2020. All values are reported in tCO₂e emissions and take into account carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) emissions, as appropriate.

The GHG emissions intensities for FDN have been calculated per tonne of ore milled and per ounce of gold produced. We will endeavour to reduce these intensities as we evaluate our GHG profile, the TCFD recommendations, and set our five-year goals.



Taskforce on Climate-Related Financial Disclosure (TCFD)

Given the emerging importance of the topic of climate change within the gold mining industry, we believe that it is important to highlight progress around TCFD.

Lundin Gold has committed to fulfilling the recommendations of the TCFD. In 2021, we will begin reviewing the four areas of recommendations in the TCFD framework, namely governance, strategy, risk management and metrics. We will identify and understand climate-related risks and opportunities and will conduct scenario analyses to assess their impacts upon our business. Based on the results of this analysis, we will establish climate-related targets and action plans for 2025.

As a first step in the Company's implementation of the TCFD recommendations, the Board amended its mandate in early 2021 to recognize the Board's responsibility for oversight of climate change risks and lay the foundation for Lundin Gold's climate governance. To support this new area of oversight, the Board established the Health, Safety, Environment and Sustainability (HSES) Committee with responsibility for overseeing the Company's effective management of climate-related risks and opportunities. The HSES Committee is also responsible for reviewing and monitoring environmental performance, including climate-related performance. Members of management attend meetings of the HSES Committee and the Committee reports quarterly to the Board.

The Board also focussed on improving its competency around climate change matters. The Board maintains a competency matrix to assess composition and to ensure it has an appropriate mix of skills and experience to govern effectively and be a strategic resource for Lundin Gold. The Corporate Governance and Nominating (CGN) Committee reviews the matrix annually to ensure that the Board has an appropriate mix and depth of competencies. Early in 2021, the CGN Committee identified the need to strengthen the Board's skills and experience around sustainability matters to support its enhancement of risk oversight in this area, particularly in relation to climate change. As a result, the CGN Committee engaged the assistance of a consulting firm to identify and recruit potential Board candidates with strength in sustainability. After an extensive search, Dr. Gillian Davidson was identified as the ideal candidate for this role on the Board. Dr. Davidson has been nominated for election to the Board in June 2021. The Board has also taken steps to improve the overall climate change literacy of directors. In the first quarter of 2021, the Board engaged in a workshop conducted by a third-party climate expert to improve directors' climate literacy and understanding of TCFD.

Along with adjusting Board governance to align with TCFD, additional changes were made to ensure that Lundin Gold's executive team is accountable for climate change risk management. The Board amended the CEO's job description earlier this year to explicitly charge the CEO with the management of Lundin Gold's climate change related risks and opportunities. In addition, the senior management team has established a cross functional climate change working group, comprised of the CEO, CFO and functional heads for sustainability, finance, environment, legal and investor relations. The Company's management team engaged in an intensive workshop conducted by a third-party climate consultant in Q1 to better understand climate change science and TCFD and learn about the potential transition and physical risks and opportunities relating to the Company's operations in Ecuador.

The Company's Vice President, Business Sustainability is responsible for facilitating the assessment and management of climate-related risks and opportunities by management and for integrating those risks and opportunities into Lundin Gold's existing risk management framework, which is reviewed, updated and then reported quarterly to the applicable committees of the Board. Material risks are reported to the Board.



Native seeds are used to rehabilitate intervened areas

Progress has also been made on integrating climate risks into the Lundin Gold enterprise risk management system. As part of the initial third-party workshop in the first quarter of 2021, senior management participated in a brainstorming session to identify potential climate change risks and opportunities for Lundin Gold.

Subsequent to consultation with climate and industry experts, the Company decided to create a separate risk and opportunity register for climate change. This was primarily driven by the fact that climate risks have a longer time horizon and differing risk impacts as compared to other operational or strategic risks that have traditionally been evaluated through the enterprise risk management system. Once senior management had reviewed and approved the structure of the climate risk and opportunity registers, they were then circulated to the relevant risk and opportunity

owners for review and modification. Finally, a two-part internal workshop was convened in which risk and opportunity owners presented their evaluations and their mitigation plans, where required, to the full group. The key output from this effort is Lundin Gold's first set of climate change risk and opportunity registers. This register will be reviewed and updated quarterly, along with the other operational or strategic risks as part of the Company enterprise risk management.

2020 GHG Emissions (tonnes CO₂-equivalent)*

GHG Scope	2020			
	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Scope 3 (tCO ₂ e)	Total (tCO ₂ e)
Fruta del Norte	28,295	20,233	-	48,528
Exploration ¹	5	-	-	5
Ecuador Offices ²	-	17	-	17
Air Travel	-	-	1,141	1,141
Total (tCO₂e)	28,300	20,250	1,141	49,691
% of Total Annual CO₂e	57%	41%	2%	100%
Tonnes of Ore Milled (t)	905,779			
GHG Emissions Intensity (tCO₂e/t ore milled)³	0.05			
Ounces of Gold Produced (oz)	242,412			
GHG Emissions Intensity (tCO₂e/oz. Au produced)³	0.20			

¹ Exploration emissions consist of emissions at the Las Peñas Camp

² Ecuador offices emissions consist of emissions from the Quito and Los Encuentros offices

³ GHG intensity is calculated based on FDN Scope 1 and Scope 2 emissions only

*EPA Emissions Factors for GHG Inventories, 26 March 2020 was used for GWP rates and fuel emission factors except for diesel and gasoline vehicles

*MAC Towards Sustainable Mining Energy and Greenhouse Gas Emissions Management Reference Guide, June 2014 was used for explosives and fuel emission factors for diesel and gasoline vehicles

*Comisión Técnica de determinación de Factores de Emisión de Gases de efecto invernadero – CTFE, Factor de Emisión de CO₂ del Sistema Nacional Interconectado de Ecuador, Informe 2019 was used for grid-electricity emission factors

2020 Total Energy Consumption by Type (GJ) at FDN*

Energy Source	GJ	% of Total
Diesel	396,385	54.62
Gasoline	1,763	0.24
Heavy Fuel Oil	0	0
Other Fuels (LPG, Jet A1) ¹	4,314	0.59
Electricity (Renewable)	256,038	35.28
Electricity (Non-Renewable)	67,242	9.27
TOTAL	725,742	100.00
Tonnes of Ore Milled (t)	905,779	
Energy Intensity (GJ/t ore milled)	0.80	
Ounces of Gold Produced (oz)	242,412	
Energy Intensity (GJ/oz. Au produced)	2.99	

¹ LPG (70% propane, 30% butane) fuel used for heaters, Jet A1 fuel used for helicopters

*Energy conversion factors from MAC Towards Sustainable Mining Energy and Greenhouse Gas Emissions Management Reference Guide, June 2014



Concentrate arriving to the Guayaquil port



Lundin Gold continues to invest in local community infrastructure. Ensuring that the rural road network is in good condition is of critical importance to FDN. Additionally, such investment improves access to market for rural agricultural producers. We also continue to work with local government to improve infrastructure for parish and municipal services. Please see table below for an overview of the primary projects completed in 2020.

Projects with Local Governments in 2020

Level of Government	Projects Jointly Implemented
Parish GADs of Los Encuentros, Bellavista & Chicaña	<ul style="list-style-type: none"> Annual rural road maintenance Asphalting of entrance roads to the parish seat of Bellavista Office and computer materials for Chicaña's Computer Learning Centre
Municipal GADs of Yantzaza, Paquisha, El Pangui & Zamora	<ul style="list-style-type: none"> Urban regeneration project in Los Encuentros (e.g., paving of roads, laying of pipes, rebuilding of the central square) 24 kms of rural road maintenance on the roads between Paquisha and Bellavista as well as between Concordia and Río Blanco Construction of a fire station in El Pangui Road maintenance between Namirez and Namirez Alto
Provincial GAD Zamora Chinchipe	<ul style="list-style-type: none"> Construction of a new bridge over the Zamora river in Los Encuentros



PILLAR: Community Well-being

Lundin Gold continues to work to strengthen the foundations of community well-being. Together with NGO and CSO partners, programs to address education, healthy lifestyles, health infrastructure and youth development in and around Los Encuentros were ongoing in 2020. Nevertheless, the COVID-19 pandemic forced significant changes to these initiatives as of March 2020.

Some examples of our ongoing partnerships are below:

Collaborations with NGOs and CSOs

<p>Teach for Ecuador Foundation <i>(Fundación Enseña Ecuador – or EEF)</i></p>	<p>Leadership program for students in Zamora Chinchipe led by professionals from EEF to improve academic performance, promote a mindset for success and increase participation in community projects. This program shifted to a remote methodology through June 2020, but could not restart in September 2020 due to the pandemic</p>
<p>Teacher Connection <i>(Conexión Docente)</i></p>	<p>Training for local teachers to develop leadership skills and improve their ability to achieve learning outcomes. This program shifted to a remote methodology through June 2020, but could not restart in September 2020 due to the pandemic</p>
<p>Junior Achievement Foundation, Ecuador</p>	<p>Supporting the education and motivation for young students of Los Encuentros through programs to reduce drop-out rates, promote entrepreneurship and assist students to pass the high-school exit exams and thus have access to the Ecuadorian university system. This program continued throughout 2020, though with a reduced program due to the pandemic</p>
<p>Kimirina Corporation <i>(Corporación Kimirina)</i></p>	<p>Implementing a community health project in Los Encuentros to prevent adolescent pregnancy, domestic violence, alcohol, and drug abuse. This initiative came to its planned conclusion in mid-2020. The learning from this program will be integrated into a new community health program. Though this program, potentially with new partners, was meant to be rolled out in the second half of 2020, it has been postponed to early 2021 due to the pandemic</p>



Courtesy of Los Encuentros GAD

CASE STUDY: Junior Achievement Foundation

Partnering for youth education

Lundin Gold provides ongoing support for young people from the local communities, particularly for education and capacity building, as we recognize that these are key to improving quality of life. Since 2015, we have partnered with the NGO Junior Achievement Ecuador (JAE) to prepare students in the final year of high school for the National Exam for Higher Education, an important requirement to graduate secondary school and apply for admission to higher education.

This project has primarily supported young people from Los Encuentros and Chicaña, which are Rings 1 and 2 of our area of influence. Since the program began, 175 young people, 104 of whom were women, have accessed higher education with exam scores that have exceeded the national average. Amongst the achievements of this initiative:



Courtesy of Junior Achievement Ecuador



Courtesy of Junior Achievement Ecuador

- Los Encuentros High School's average graduation rate for the period 2015-2019 was 97%. Subsequent to the 2019-2020 academic year, the graduation rate was 99%.
- At the conclusion of the 2014-2015 academic year (i.e., Lundin Gold's arrival), a single student out of a graduating class of approximately 100 received an exam grade that granted access to the university system. Between 2015 and 2019, approximately 42% of graduates have gone on to higher education. The 2020 graduating class saw 34% go on to university, a drop quite possibly due to the onset of the pandemic.
- From 2015 to 2020, 83% of high school graduates that accessed higher education from Rings 1 and 2 were accepted into public universities, which typically see higher competition for admittance.



PILLAR: Environmental Stewardship

The overarching objective of Lundin Gold's Environmental Stewardship program is to implement industry best practices for water management, waste and tailings management, and emissions reductions while protecting biodiversity.

We comply with local environmental legislation and with international standards in cases where international standards exceed local regulations. We understand the risks posed by mining activities in sensitive environmental areas. By going beyond legal and regulatory requirements and consistently working with environmental and community stakeholders to understand and address their expectations and concerns, we are able to reduce our potential impacts and act as responsible stewards of the environment.

Water and Tailings Management





The Tailings Storage Facility (TSF) at FDN has been carefully designed for safe and stable operation and to minimize the inherent risks associated with tailings storage. The TSF design is based on the Canadian Dam Association Standards (CDA, 2014), and also complies with Standards from the International Committee of Large Dams (ICOLD), the Mining Association of Canada (MAC), and the American Society for Testing and Materials (ASTM) for the laboratory testing program.

The TSF has been situated in the uppermost portion of a valley to provide separation from the Zarza River and will be continuously raised, utilizing the downstream construction method throughout its life to its maximum design elevation. It has been designed on a conservative 1:10,000-year event basis for additional safety and rigour. We anticipate that approximately half the tailings generated over the life of mine will be used as paste backfill to stabilize and improve the safety of the underground mine, while the other half will be stored in the TSF.

Data from our TSF instrumentation and monitoring program in 2020 confirms that the performance and stability of the TSF is within the expected range.



FDN is located near abundant water resources and receives high precipitation levels year-round. The operation's water management model is designed with four primary objectives:

-  Prevent and/or minimize potential impacts to water resources
-  Minimize freshwater intake by using contact water to the maximum extent possible
-  Maximize the recirculation of contact water within the operation
-  Treat all contact water prior to its discharge into the environment

2020 Performance

All water on site that has been in contact with areas of mineral-bearing and excavated rock is collected and sent to the Main Water Treatment Plant (MWTP). Mine effluent is first treated in a system that reduces the total suspended solids (TSS) and then pumped to the MWTP for secondary treatment.

In accordance with the Environmental Management Plan (EMP), the recycling of water is maximized at FDN. Water collected from the TSF is pumped to the MWTP and serves as a major source of recycled water for various locations throughout the operation including the mine, cement plant, process plant, and the paste plant, with any excess water being discharged at the permitted point of the river following treatment.

There are diversion channels located throughout the site which separate non-contact water (i.e., stormwater) from the contact water so that it can be safely discharged to the environment.

Water Management

Although we have permits in place to withdraw fresh water from surface sources for both domestic and industrial use at the site, we have been able to greatly reduce our freshwater withdrawal for the mine by effectively collecting and utilizing treated contact water. In 2020, we utilized only contact water for all industrial uses at site and withdrew fresh water only for domestic use.

2020 Water Management

	Annual Volume (megalitres)	Water Intensity (megalitres per tonne of ore milled)	Water Intensity (megalitres per ounce of gold produced)
Water Withdrawal	4,005	0.0044	0.0165
Surface Water (freshwater)	290	0.0003	0.0012
Precipitation	3,549	0.0039	0.0146
Water Discharge	3,424	0.0038	0.0141
Water Consumption	1,176	0.0006	0.0024
Total Water Repurposed	3,298	0.0036	0.0136
Water Reused (without treatment)	1,156	0.0013	0.0048
Water Recycled (with treatment)	2,142	0.0024	0.0088



Sedimentation ponds surrounding the FDN mine



Non-Mineral Waste Management

All non-mineral waste generated at FDN, including waste generated by contractors, is classified at the source in different containers located throughout the site. These containers are identified by colour depending on the type of waste generated. Subsequently, the waste is collected and transported to FDN's on-site waste management centre where a verification of the classification is carried out and the waste is further sorted into hazardous and non-hazardous waste.

All hazardous waste is transported to facilities operated by licensed hazardous waste managers. All non-hazardous waste is sorted into recyclable and non-recyclable items with the latter being sent to licensed municipal waste landfills for final disposal. Although there is no formal recycling program in the area, we separate and clean all recyclable items such as wood, plastics, glass, cardboard, paper, and metals where possible, to allow for reuse, recycling and recovery at the municipal waste landfills.

Our objective is to minimize all forms of waste generated at FDN, to incorporate a circular economy approach where possible, and to extend the life cycle of the products that we use. For example, we currently purchase several consumables such as cement, chemical additives and printing supplies in bulk containers to reduce packaging waste, and then return the empty containers back to the suppliers for reuse.

Waste Rock Management

All waste rock from mining operations is brought to surface and stored in a facility designated for waste rock storage.

2020 Tailings and Waste Rock Management

	Generated (tonnes)	Waste Intensity (tonnes of waste generated per tonne of ore milled)	Waste Intensity (tonnes of waste generated per ounce of gold produced)	Diverted from Disposal (tonnes)	Directed to Disposal (tonnes)
Tailings	864,065	0.954	3.564	100,104	763,961
Waste Rock	449,657	0.496	1.855	179,604	449,657
Total Mineral Waste	1,313,722	1.45	5.42	279,708	1,213,618

2020 Non-Mineral Waste Management

	Generated (tonnes)	Diverted from Disposal (tonnes)	Directed to Disposal (tonnes)
Non-Hazardous Waste (Non-Mineral)	1,248	526	722
Hazardous Waste (Non-Mineral)	993	0	993
Total Non-Mineral Waste	2,241	526	1,715

Biodiversity

We are committed to preserving local ecosystems and protecting biodiversity in the region through careful design, stakeholder engagement, monitoring, mitigation plans and strategic partnerships.

The FDN mine is located inside the La Zarza concession. The concession borders the El Zarza Wildlife Refuge and intersects with the Cordillera del Cóndor Protective Forest on its eastern limit. However, the FDN mining operation itself does not intersect with or encroach upon the Wildlife Refuge or the Protective Forest, as the operative area licensed for the operation has been planned outside these two areas. The nearest elements of mine infrastructure - the underground mine portals - are located approximately three kilometres away from the Refuge and one kilometre away from the Protective Forest.

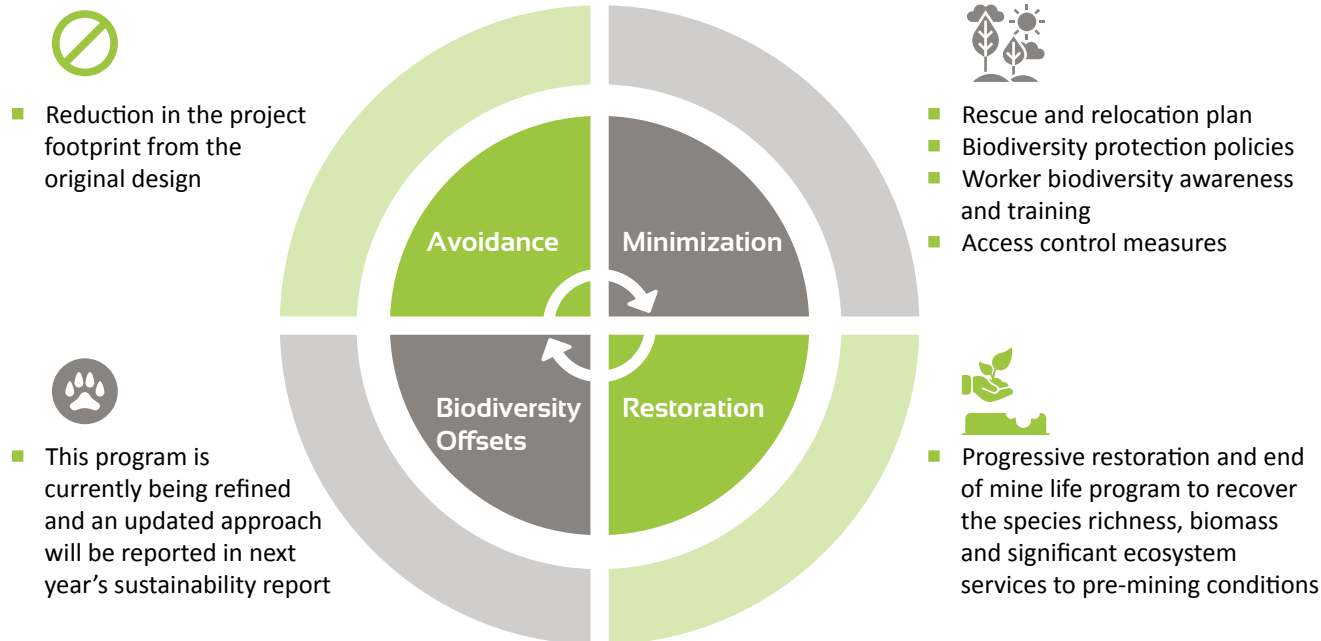
The Environmental Impact Assessment for FDN, executed in 2016, found that there would be no significant long-term biodiversity impacts due to the mine operation. However, we recognize that habitat fragmentation and a change in

the natural landscape of the area due to construction can result in important impacts during operations. We ensure that our plan for progressive restoration and mine closure employs processes of revegetation and ecological restoration to help recover any fragmented habitats and promote the return of native species to the area.

Given the importance of biodiversity protection in the area around FDN, Lundin Gold has multiple mechanisms in place to monitor, manage, protect, and conserve biodiversity in our direct area of influence and beyond.

Our Biodiversity Monitoring and Management Plan (BMMP) applies a mitigation hierarchy (see the figure below) throughout FDN's area of influence. With 2020 being our first year of operations, our focus has shifted from avoidance and minimization during construction to rehabilitation and restoration through progressive actions, as well as the definition of an offset plan.

FDN Biodiversity Impact Mitigation Hierarchy



Ocelot (*Leopardus pardalis*) are found nearby the FDN area

In our first full year of production, we continued to implement key biodiversity initiatives and made important progress in several target areas including conservation, sustainable agriculture, monitoring and evaluation, environmental education and communication, and strengthening governance and partnerships.

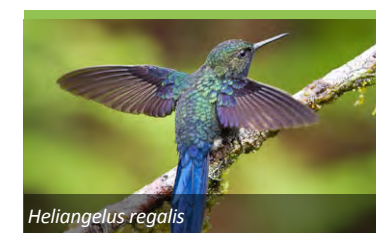
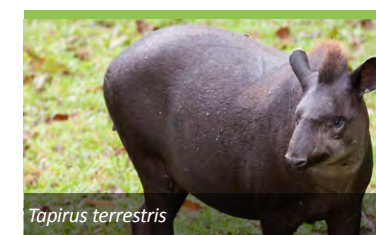
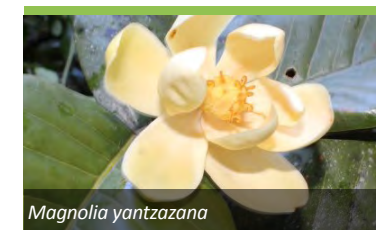
As part of the biological baseline studies and subsequent flora and fauna rescue and monitoring programs, we continued to document species categorized as critically endangered, endangered, vulnerable, near threatened or of least concern according to the International Union for Conservation of Nature (IUCN) and Ecuador’s National Red List (2020). To date, we have identified three critically

endangered, 11 endangered, 12 vulnerable, and 13 species of least concern (see *table below*). These species were identified through monitoring campaigns in forested area close to Fruta del Norte, the quarry and the transmission line.

While the majority of construction had ceased in 2020, three complementary rescue campaigns (i.e., in areas that were previously rescued) were carried out while constructing the raises for the TSF. Additionally, we continue to conduct permanent fauna and flora monitoring in the forested areas near FDN and along FDN's roads and within its operative areas.

Threatened Species within FDN Study Area

Critically Endangered Species within FDN Study Area	Scientific Name	Common Name (local name)	Category	Source
Flora	<i>Magnolia yantzazana</i>	Magnolia	EN	IUCN, 2020
Mastofauna	<i>Tremarctos ornatus</i>	Andean Bear	EN/VU	Red Book of Ecuadorian Mammals (Tirira, 2011) IUCN, 2020
	<i>Tapirus terrestris</i>	Lowland Tapira	EN/VU	
	<i>Panthera onca</i>	Jaguar	CR/NT	
	<i>Tayassu pecari</i>	White-lipped Peccary	CR/VU	
Herpetofauna	<i>Pristimantis prolatus</i>	Hidden Robber Frog	EN	Amphibian Red List of Ecuador, 2019 IUCN, 2020
	<i>Espadarana audax</i>	Napo Giant Glass Frog Daring Glassfrog	EN/LC	
	<i>Pristimantis yantzaza</i>	Yantzaza’s Rainfrog	EN/NE	
	<i>Noblella lochites</i>	Ecuador Leaf Frog	EN/NT	
	<i>Pristimantis cremnobates</i>	Rio Reventador Robber Frog	EN	
	<i>Pristimantis rubicundus</i>	Trench Robber Frog	EN	
	<i>Hyalinobatrachium pellucidum</i>	Ghost Glass Frog	CR/NT	
Avifauna	<i>Heliangelus regalis</i>	Royal Sunangel	EN	National Bird List, 2018 IUCN, 2020
	<i>Spizaetus isidori</i>	Black-and-chestnut Eagle	CR/EN	



Rescued Flora and Fauna

	Number of Individuals Rescued		
	2020		
	Rescue Campaigns	Permanent Biotic Monitoring	TOTAL
Flora	1282	1471	2753
Herpetofauna	420	77	497
Birds	0	14	14
Mammals	0	14	14

Partnership with Conservation International Ecuador

As part of our biodiversity strategy, since 2018 we have worked in partnership with Conservation International (CI) Ecuador, jointly developing and implementing a biodiversity conservation program in the area of FDN. This program strengthens our biodiversity strategy by allowing us to enhance conservation both within and beyond our area of influence. The program is based on three pillars:



Good governance, working with local governments



Conservation of natural heritage by supporting the effective management of protected areas and protective forests



Sustainable agriculture, through the conservation of forests, the improvement of agroforestry production and the strengthening of value chains



Refuge staff during a Conservation International visit
File photo, early 2020

Our progress to date on the CI Ecuador Program includes the following:

Conservation of natural heritage

- An evaluation of management effectiveness for the El Zarza Wildlife Refuge was carried out to identify the main technical and operational strengths and weaknesses in the management of the protected area.
- The management plan for the El Zarza Wildlife Refuge, which covers 3,696 hectares located next to FDN, was updated with Ministry of Environment staff at the Refuge.



Refuge staff during a Conservation International visit
File photo, early 2020

Sustainable agriculture

- Integrated management and action plans were implemented at five farms in the CI Program's intervention area, aiming to conserve 212 hectares of forest. These plans are linked to sustainable agricultural production and include the provision of technical assistance to improve the production of 23 hectares of cocoa, maintenance of 101 hectares of pasture and the protection of water sources, such as the Kuzaiza and Tundayme streams and the tributaries of the Zamora and El Zarza rivers.
- The agreement between Conservation International Ecuador and the Zamora Chinchipe District Directorate of the Ministry of Agriculture and Livestock was renewed through 2022 in order to link better agricultural practices to the conservation of the remaining forests inside specific farms.
- Technical capacities regarding sustainable agriculture, agroforestry and grazing systems were strengthened for 30 farmers.



FIOFARA farm, Nungüi, Los Encuentros Parish

Good governance

- We coordinated and worked with the Yantzaza local government to incorporate environmental guidelines, programs, and projects related to biodiversity conservation, water resource management, and environmental education in the update of the Development and Land Management Plan 2020-2023.

Monitoring and evaluation

- The characterization of vegetation cover and land use was utilized for the modeling of threats to habitat quality and the water balance, as well as for the identification of essential sites that supply ecosystem services. This process was undertaken over an area of 85,566 hectares in the watersheds adjacent to FDN.

Environmental education and communication

- The Environmental Education Program for the Yantzaza Canton was developed. It covers aspects related to biodiversity conservation, ecosystem services, adaptation to climate change, pollution of natural resources and sustainable living habits, and will be delivered through a Massive Open Online Course aimed at high school students from various educational institutions in the area.

Mine Closure Planning

We employ progressive closure and restoration practices to restore and revegetate disturbed land throughout the life of our operations. Restoration activities commenced with the start of construction and mining activities at FDN. By the end of 2020, we had revegetated approximately 130 hectares of land with hydroseeding for erosion control, and initiated restoration of 11 hectares of land.



Waste dump before



Waste dump after

Land Management Data

	Hectares			
	2017	2018	2019	2020
Total Amount of Land Licensed for FDN Exploitation Phase ¹	2,630	2,630	2,630	2,630
Total Amount of Land Newly Disturbed Within the Reporting Period	81	100	72	11
Total Amount of Land Newly Rehabilitated within the Reporting Period to the Agreed End Use	0	0	0	0
Cumulative Total Land Disturbed and Not yet Rehabilitated within the Reporting Period to the Agreed End Use	206	306	378	389
Cumulative area Revegetated for Improved Erosion Control	1	57	103	130

¹ Cumulative figure of the following licenses: FDN-La Zarza, Las Peñas Camp-FDN road, North Access Road, and the electric transmission line

Native Species

One of our commitments through the Environmental and Social Impact Assessment was to rehabilitate with only native seeds. As a result, we collect seeds from the local area, carefully develop the seedlings through a multi-stage process in our on-site nurseries, and, when they are ready, replant them in collaboration with FDN workers from local communities.



Cyanide Management

Cyanide is commonly employed in the extraction of gold. The Cyanide Management Plan for FDN is consistent with the International Cyanide Management Code (ICMI). We procure cyanide in safe and re-usable ISO tanks, which reduce handling, minimize packaging, and are internationally recognized as the safest means to transport cyanide. Both the Company's supplier and transporter are certified under the ICMI.

As noted in our 2019 Sustainability Report, we have implemented the United Nations Environment Program's Awareness and Preparedness for Emergencies at Local Level (APELL) process through engagement with 16 communities in FDN's area of influence and an emergency drill with local authorities. While this initiative addresses industrial risk broadly, we focused our initial use of APELL on cyanide management. The overarching objectives of APELL include developing coordinated emergency response plans with relevant government agencies and local communities.

During the first quarter of 2020 (i.e., prior to the start of the pandemic), two training sessions were held at the Zarza and Los Encuentros Health Centres as part of the APELL program. As of late March 2020, the pandemic prevented any further face-to-face interactions or APELL training with communities in FDN's area of influence. Once the situation stabilized somewhat, online engagement commenced. On 21 September 2020, a virtual workshop was held to prepare an institutional risk management plan, which seeks to coordinate emergency response across public and private entities in the area. All attendees expressed



Isotanks at the Process Plant area

their desire to work together to establish this plan. On 25 November 2020, following the guidelines established by the national authority, this integrated plan was presented to the Secretary of Risk and Emergency Management, a government agency responsible for coordinating responses to natural disasters.

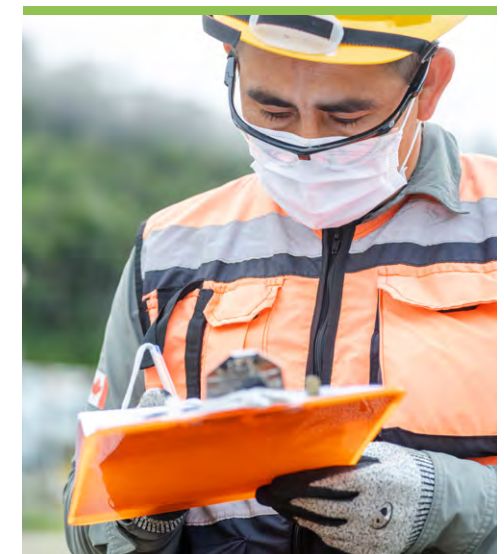
For 2021 the following milestones are planned:

2021 APELL Process Objectives

Activity	Estimated Date of Completion
Institutional Risk Management Plan Approval	February 2021
Finalization of Plans for Drills with Lundin Gold Employees	April 2021
Communication of the Approved Plan to Local Communities	August 2021
Dissemination of the Los Encuentros General Emergency Response and Communication Plan to Local Communities	November 2021

Environmental Compliance

In 2020, Lundin Gold received three minor non-conformities from the Yantzaza Parish related to the quarry, which were immediately corrected by Lundin Gold and approved by the Parish. Additionally, the Ministry of the Environment and Water made 10 observations, eight of which have been fully corrected. We are in the process of correcting the final two according to the action plan presented to the authorities. In 2020, no audits were carried out for FDN, the quarry or the transmission line. These audits will be carried out in 2021 according to current environmental regulations.





Lundin Gold is committed to establishing a robust health and safety culture at our operations and in local communities. We strive for zero harm through effective prevention and response measures. Fruta del Norte is the first large-scale underground mine in Ecuador. As a result, we also seek to foster a culture of safe working conditions for the Ecuadorian mining industry as a whole.

Throughout 2020, Lundin Gold ensured that our safety management system and protocols remained paramount. Our health and safety practices comply with international standards and are driven by our Fundamental Principle of Working Safely and our Responsible Mining Policy. COVID-19 created significant health and safety challenges for our operations, our employees, and local communities. We addressed these challenges with heightened regard for biosafety practices to protect people and prevent spread of the coronavirus.

Operational Safety

The transition from construction to operations presented additional risks due to the introduction of new procedures, requirements and responsibilities. In response, and in keeping with our culture of zero-harm, we implemented an integrated training strategy.

In 2020, we invested 112,106 hours in virtual and in-person safety training for our workforce. We provided the tools to exercise preventive safety through initiatives such as the Visible Leadership Program (VLP). Through the VLP, workers confirm that proper conditions are in place to perform the task in a safe manner. Additionally, we continued to implement our “Go-No Go” program (see our 2019 Sustainability Report for a detailed explanation). As a result, we achieved a total recordable incident rate (TRIR) of 0.41 over 3.4 million hours worked. A safety audit conducted by an external expert at the end of the year reported zero non-conformities.



2020 Performance

Key Health and Safety Statistics (Aurelian Ecuador S.A. and Contractors)

	2017	2018	2019	2020
Hours Worked	2,135,951	5,118,008	7,482,631	3,398,536
Lost Time Incidents	1	2	6	2
Injury rate/ 200,000 Hours (weighted average)	0.56	0.43	0.69	0.41
Hours Trained	22,563	87,066	100,835	112,106
Job Safety Analyses	28,740	19,848	24,962	17,560
Observation Cards	7,336	229,147	347,048	123,091

Occupational Health

In 2020, Lundin Gold developed an occupational health program to address daily challenges associated with the coronavirus pandemic. The mental health of the Lundin Gold workforce also became a priority and the “Let’s Take Care to be Well” initiative was launched in response (see *Case Study below*).

CASE STUDY: Let’s Take Care to Be Well

From the start of the pandemic, Lundin Gold’s executive leadership made mental health check-ins a top agenda item during weekly meetings. Nevertheless, we noted that very few of our employees were voluntarily reaching out for help, either to the Company’s social work team¹ or through the employee assistance program line. Additionally, the majority of our workforce was demobilized at the beginning of the pandemic while the Company developed health and safety protocols to keep them safe. It was therefore difficult to maintain ongoing contact with our employees. The need to develop a wellness program for all affected staff was thus a priority.

The circumstances of COVID-19 created significant social, professional and personal stresses for many of our employees, which, in turn, impacted behaviours, relationships and emotions. With this in mind, we redoubled our efforts to provide professional assistance and support. Lundin Gold hired a consulting firm specialized in developing and administering mental health programs. Through this consultant, we were able to reach out proactively to each of our employees and to assess the mental health support that they required.

The corporate initiative “Let’s Take Care to be Well” was launched in September 2020, both for our employees at FDN and those working virtually from home. Lundin Gold’s President and CEO, Ron Hochstein, led the program’s launch and emphasized the importance of the process to all staff, the confidential nature of all interactions, and the various types of support that were available. These included virtual sessions, group or individual meetings, and focused engagement designed specifically for women and families.

¹ Part of Lundin Gold Human Resources Department and mandated by Ecuadorian law, the social work team provides confidential support to our employees with any professional or personal issues they may be facing



Let’s Take Care to be Well launch event at Las Peñas camp

The process began with a survey to assess the level of support each employee needed. Of Lundin Gold's workforce of 1,200 people, approximately 92% participated in the survey. Results indicated that approximately 4% of our workforce needed immediate and individual specialized intervention, 30% had a specific need that could be addressed through a group intervention, and 66% of our employees would benefit from webinars designed to promote resilience during these difficult and uncertain times.

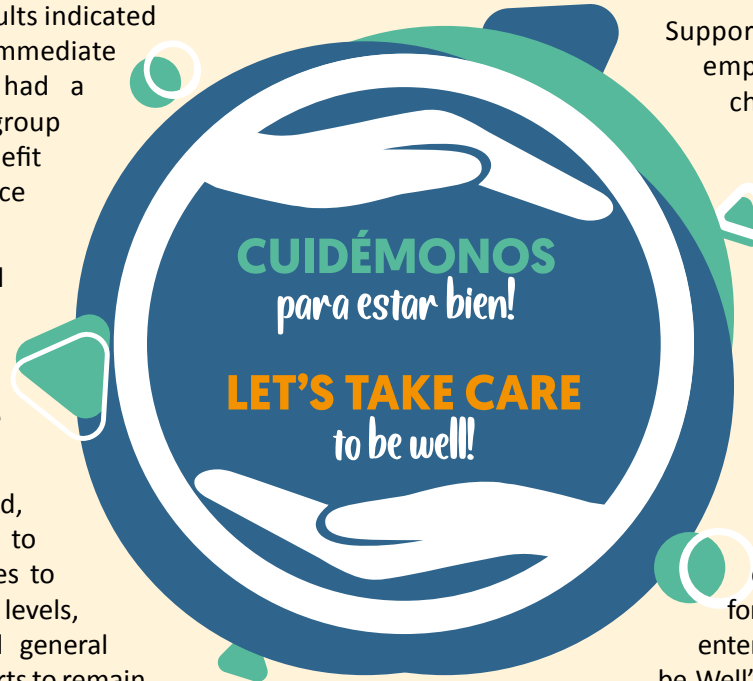
Employees needing immediate and individual support were contacted directly by the consultant. As a second step, the consultant organized employees according to their needs for group interventions, such as support for coping with the loss of a loved one or other family problems.

Every month since the program was launched, employees participated in webinars designed to provide support, share information and techniques to maintain and increase motivation and engagement levels, reduce stress, and promote mental health and general well-being. These programs are essential to our efforts to remain connected with the workforce and to reinforce the message that confidential assistance is available, should it be needed. These webinars

have had high participation rates both for the live sessions and the recordings that are made available online in Spanish and English.

Support groups designed specifically for our female employees were aimed at addressing the unique challenges that women are experiencing at home, including unbalanced contributions to household needs. Other such groups provided employees with information and strategies to maintain healthy family relationships in adverse situations.

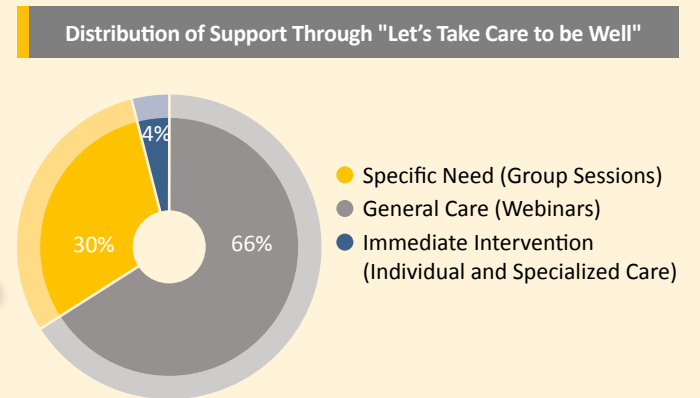
This proactive approach of individual support has been welcomed by our workforce. They have indicated that the programs in place have had a positive impact, especially in those cases where employees required individual intervention. The mental health program will carry over into 2021, at which time we will identify key lessons learned and evaluate initiatives to accommodate the changing circumstances of the pandemic. An important challenge for 2021 will be to keep our workforce engaged as we enter the second year of this pandemic. "Let's Take Care to be Well" will continue to be a significant part of our strategy to address these challenges in keeping with Lundin Gold's commitment to promoting mental health and well-being.



“Our actions have real impacts; when we support each other to overcome the pandemic, we reaffirm our commitment to the Fundamental Principle of Respect”

Ron Hochstein, President and CEO

92% participation rate in Mental Health and Wellness Survey



Community Safety

Approximately 47% of FDN employees live in the Zamora Chinchipe Province and so there exists significant overlap between our workforce and local communities. We carry out communication campaigns, educational talks, and training workshops in local communities to promote a safety culture beyond FDN, and we encourage our local employees to lead by example at home. We also work with local first responders and local governments on health and safety issues and on emergency preparedness and response planning.

Safety concerns from the communities often focus on the transportation of hazardous materials such as cyanide, the TSF, and road safety due to increased volume of traffic. For this reason, we continue to be committed to the implementation of the APELL program (see page 38).



In 2020, one of the greatest challenges that Lundin Gold faced was uncertainty driven by the global pandemic and misinformation surrounding this novel virus. COVID-19 contributed to a significant level of stress within the local communities, especially during the early months of the pandemic as local stakeholders were concerned about the little-known and highly transmissible disease and were unsure of optimal safety protocols. In response, the Company implemented educational campaigns in partnership with local government to help communities understand and navigate the challenges of the pandemic, including the importance of social distancing, handwashing and wearing face masks. We also provided details on FDN's new biosafety protocols that met or exceeded regulations and recommendations issued by the Ecuador Ministry of Public Health (MSP by its Spanish acronym) and the World Health Organization, thereby building confidence in the communities that FDN workers would be protected to the fullest extent possible.

In 2020, a significant portion of FDN's community investment was redirected to support the pandemic response. Strategic alliances were established with the MSP to provide personal protective equipment for health workers and law enforcement agencies. Additionally, we coordinated with local governments, Indigenous groups and the national government to distribute basic food supplies for vulnerable populations (please see page 13 for more details on our efforts to protect local communities from COVID-19).

As the pandemic situation evolves in 2021, we will continue to assess our strategy to keep our workers safe and to support local communities.



Lundin Gold is committed to upholding and respecting the UN Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and to honor our commitment as a signatory of the UN Global Compact. We promote the inclusion of vulnerable populations and ensure communities have a credible mechanism for redress. We leverage opportunities to strengthen human rights with external stakeholders.

Diversity and Inclusion

One of Lundin Gold's Fundamental Principles is Respect. We therefore promote a diverse and respectful workplace, the well-being of our people, and gender equality. We are committed to providing an inclusive workplace that is free from discrimination and harassment. We also apply this principle in developing our social investment programs and we actively promote a diverse and inclusive supply chain that advances equal opportunities.

In keeping with the Principle of Respect as it relates to women, Lundin Gold has implemented support programs for pregnant women and mothers, such as establishing facilities for lactating women. FDN provides full access to inclusive facilities and equipment for our workforce. Additionally, we are creating a mentorship program for women in mining, as well as career development programs at different levels within the Company.

Our recruitment processes are objective and provide equal opportunities regardless of gender, race, age, or any other potentially discriminatory condition. Our compensation strategy is based upon a skills assessment.

As of December 2020, of the 2,358 direct jobs created (with FDN and contractors), almost 15% were occupied by women.

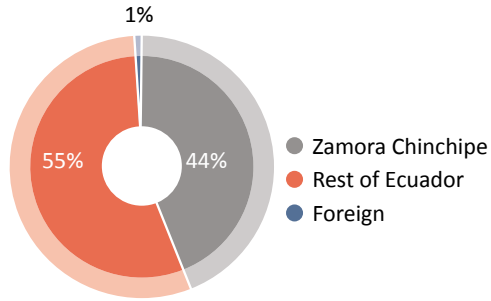


Photo property of the Shuar Federation of Zamora Chinchipe

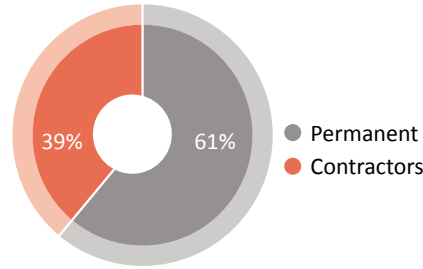


15% of jobs in 2020 were occupied by women

Distribution of Female Employees by Region



Distribution of Female Workers by Employment Status



Board Diversity

As noted in the Corporate Governance section (*see page 18*), of the three female Board members in 2020, one was a nominee from our largest shareholder, Newcrest Mining Limited. When she resigned from her position at Newcrest in the third quarter of 2020, she also resigned from our Board and was replaced by a male Director. Consequently, representation of women on Lundin Gold's Board decreased from 30% to 20%. Early in 2021, the Board affirmed its commitment to gender diversity by establishing a clear target of achieving and maintaining 30% female representation on the Board. As noted previously in this report, Dr. Gillian Davidson has been nominated for election to the Lundin Gold Board of Directors.



We commit to achieving 30% women on our Board of Directors by 2023

We are part of the "Leaders for the SDGs" initiative of the United Nations Global Compact Ecuador. For two consecutive years we have participated in the working group for SDG 5 "Gender Equality" and in 2020 we collaborated in the creation of a "gender manual", a guide for those companies interested in implementing gender equality practices in Ecuador.

In 2020, Lundin Gold signed on to the Women's Empowerment Principles (WEPs). This initiative, promoted by UN Women and the UNGC, seeks to promote gender equality and women's empowerment through a set of seven principles that each

signatory commits to implement. We are the first mining company in Ecuador to adopt this initiative. We are also a founding member of Women in Mining Ecuador, which is associated with Women in Mining International, a global organization that promotes the advancement of women in the mining sector.

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office



Security

Lundin Gold's Security Program is designed to protect people, assets and operations while respecting human rights and local communities. We implement a continuous risk mitigation process based on careful and deliberate planning that incorporates international best practices. Our induction and training materials continue to emphasize our commitment to respectful engagement with local communities. 100% of the FDN security team has received training in the Voluntary Principles on Security and Human Rights. In 2020, annual refresher training was delivered, as well as expedient training of new personnel.



100% of FDN Security Team trained on the Voluntary Principles on Security and Human Rights



Main Gate at FDN

Our primary security activities continue to be outsourced to a reputable international security provider. This provider is committed to the United Nations Global Compact and the International Code of Conduct for Private Security Providers. As a result, our security provider is committed to good governance, respect for human rights and international humanitarian law, provides vetting and training for its staff and contractors, and applies high ethical standards of conduct. We did not record any security-related incidents or grievances during this reporting period.

Grievance Mechanism

For Lundin Gold, respect for human rights, compliance with ethical standards, and transparency in its actions are part of our commitment to Responsible Mining. Integral to this is the ongoing use and continuous improvement of our Grievance Mechanism, which complies with International Finance Corporation (IFC) Performance Standards and industry best practices.

The Grievance Mechanism is fully accessible to employees, contractors, and all external stakeholders for the submittal of complaints and concerns, and is available in Spanish, English, and Shuar. Grievances can be made on behalf of a person, a community, an institution or anonymously. Likewise, there are established channels to receive such complaints in person, in writing (via email or through mailboxes installed by Lundin Gold at FDN, in Los Encuentros and Quito), or through a toll-free phone number.

During 2020, 73 complaints were received. The responses to these were managed by the FDN Social Responsibility and Communities team with support from the relevant departments at Lundin Gold. 99% were classified at the lowest level of severity (Level I), 1% at the intermediate Level II, and no grievances were received at Level III (highest level of severity). In 2020, no grievances were registered from self-identified Indigenous persons nor representatives of Indigenous peoples.



Grievances Recorded for FDN

Grievances Recorded for FDN	2017		2018		2019		2020	
	#	%	#	%	#	%	#	%
Level I	70	93	125	100	103	97	72	99
Level II	5	7	0	0	3	3	1	1
Level III	0	0	0	0	0	0	0	0
TOTAL	75	100	125	100	106	100	73	100

2020 Grievances by Topic

Department in Charge of Grievance Management	Common Topics	Total Number of Grievances
Contracts	<ul style="list-style-type: none"> Wages and benefits of contractor employees Speeding of contractor vehicles in local communities 	58
Human Resources & Administration	<ul style="list-style-type: none"> Internal labor-related complaints 	4
Surface Operations	<ul style="list-style-type: none"> Speeding and dust generation 	4
Process Plant	<ul style="list-style-type: none"> Complaints regarding the maintenance of the powerline 	2
Non-Applicable Grievances	<ul style="list-style-type: none"> Issues that were not managed by this mechanism and were delivered to the appropriate departments 	5
TOTAL		73

Indigenous Peoples

Lundin Gold continues to engage with the Shuar and Saraguro Indigenous peoples who live in FDN's area of influence. We promote the preservation of Shuar and Saraguro identity, cultural knowledge, customs and traditions. We work in close partnership with the Shuar Federation of Zamora Chinchipe to identify priorities, develop business opportunities and reinforce capacity building within the community. We incorporate these aspects into our decision-making process for social investment.

Lundin Gold supports initiatives identified by Indigenous organizations focused on agricultural development, institutional strengthening, protection of customs and traditions, creation of enterprises, and any other priorities that have been identified. We continue to communicate and promote the use of our Grievance Mechanism as a tool for Indigenous peoples, local communities, and other stakeholders.



Shuar Federation's Cultural Interpretation Centre

CASE STUDY: Shuar Num, a Shuar Tourism Company

In 2019, a tourism consortium was created between the Shuar Federation of Zamora Chinchipe and the Lundin Foundation. This initiative seeks to promote tourism in Zamora Chinchipe through the Shuar Federation's Cultural Interpretation Centre while preserving cultural values of the Shuar people. The consortium is governed by a board of directors that approves the consortium's yearly plan of activities and budget. This board has eight members, four of which are from the Shuar Federation. The Lundin Foundation has two members, and Lundin Gold and the Private Technical University of Loja (*UTPL* by its Spanish acronym) hold one each. The Canadian Embassy in Ecuador participates as an advisor to this consortium.

A key achievement of the consortium is the creation of Shuar Num, a Shuar tourism company. In 2020, despite the challenges associated with the pandemic, Shuar Num consolidated its brand (<https://shuarnum.com/>) and established a catalog of services. Moreover, the company signed collaboration agreements with other institutions, including Aeroregional airline, to become a travel agency. Other activities of Shuar Num during 2020 were focused on developing health and wellness offerings (such as a Shuar spa and healing centre), signage for tourists, Shuar gastronomy and handicrafts, among others. In 2021, activities will be focused on promoting Shuar Num as one of the most important touristic places of the province.



Gastronomy and tourism training for the Shuar community
File photo, before the pandemic



PILLAR: Lasting Economic Opportunities

Many of Lundin Gold's local investments are designed to create long-term opportunities for local communities. We understand that local capacity development in the region in which we operate is critical to achieving our local employment and local procurement goals. As such, we started early, building programs for education, skills training, and local business development, often partnering with the Lundin Foundation and other local organizations.

The pillar of Lasting Economic Opportunities involves several focus areas, including the promotion of small businesses, direct local employment, local procurement practices, and the formalization of artisanal mining operations (described in the following sections). We seek to enhance the livelihoods of local communities and ensure that Lundin Gold has a positive impact, contributing to the economic development of the Zamora Chinchipe Province.

Direct Local Employment

We recognize that direct employment opportunities are a priority for local stakeholders. As noted in previous reports, we developed and implemented training and certification programs to facilitate the entry of community members into the Lundin Gold workforce, such as the Training for Operations Program (see page 56 for further information).

We will use 2020 as the baseline to assess local employment opportunities during FDN's operations phase.



2020 Performance

FDN is one of the largest employers in the province of Zamora Chinchipe and we believe that the emphasis we have placed on local employment sets an important precedent for the mining industry in Ecuador. At the end of the reporting year, 89% of our direct workforce was Ecuadorian, and 47% from Zamora Chinchipe. When including our total workforce (i.e., direct and contractor) these figures are 91% and 47%, respectively.

Aurelian Ecuador S.A. Employment (end of calendar year)

	2017			2018			2019			2020		
	Construction (#)									Operations (#)		
	Men	Women	TOTAL	Men	Women	TOTAL	Men	Women	TOTAL	Men	Women	TOTAL
Ring 1	316	8	324	426	37	463	361	53	414	309	56	365
Ring 2	67	8	75	214	10	224	198	23	221	133	22	155
Ring 3	46	6	52	179	12	191	161	16	177	151	18	169
Ring 4	176	68	244	502	100	602	668	109	777	482	118	600
Total Ecuador	605	90	695	1,321	159	1,480	1,388	201	1,589	1,075	214	1,289
Foreign	50	3	53	135	9	144	199	7	206	160	2	162
Total Workforce	655	93	748	1,456	168	1,624	1,587	208	1,795	1,235	216	1,451

Contractor Employment

	2017			2018			2019			2020		
	Construction (#)									Operations (#)		
	Men	Women	TOTAL	Men	Women	TOTAL	Men	Women	TOTAL	Men	Women	TOTAL
Ring 1	199	54	253	181	67	248	152	50	202	135	48	183
Ring 2	81	11	92	124	34	158	118	29	147	76	29	105
Ring 3	90	11	101	121	24	145	58	16	74	102	19	121
Ring 4	601	27	628	802	30	832	323	26	349	415	38	453
Total Ecuador	971	103	1,074	1,228	155	1,383	651	121	772	728	134	862
Foreign	24	1	25	49	1	50	5	1	6	41	3	45
Total Workforce	995	104	1,099	1,277	156	1,433	656	122	778	769	137	907



Local Procurement

Lundin Gold prioritizes local suppliers based on a local procurement strategy developed through the community roundtables (see page 59). In partnership with the Lundin Foundation and other partners, we seek to develop a network of local suppliers through specialized technical assistance programs and professional training for local entrepreneurs in small business management. Additionally, we support local businesses to obtain the certification required to be an FDN supplier. To learn more about local procurement opportunities, please contact: fdn.compras.locales@lundingold.com.

As FDN transitioned from construction to operations, we experienced a significant decrease in our procurement of local goods and services. In order to mitigate the impacts of this shift, we refocused our support for local suppliers in order to improve their readiness for the operations phase of FDN. This, in turn, will help to sustain the economic vitality of local communities.



Catering Las Peñas, a local contractor, provides the catering service at FDN

In 2020, Lundin Gold's total procurement spend was approximately \$190.4 million. Of this, 66% or \$125.5 million, was spent within Ecuador, and 12%, or \$23.3 million, was spent within the Zamora Chinchipe Province. Our procurement practices are reported in alignment with the Local Procurement Reporting Mechanism (see 2020 Data Tables on www.lundingold.com).

Spending by Region (\$ million)

Spending by Region	\$ Million			
	2017	2018	2019	2020
Ring 1	7.4	18.7	17.4	10.7
Ring 2	4.3	7.4	9.7	9.3
Ring 3	0.7	1.6	1.3	3.3
Ring 4	57.6	153.4	218.9	102.2
Total Ecuador	70.3	180.3	247.3	125.5
Total International	31.9	124.7	146.0	64.9
TOTAL	102.2	305	393.3	190.4

Spending by Region (%)

Spending by Region / Year	% of Total Spend			
	2017	2018	2019	2020
Local (Rings 1-3)	1	9	7	12
Total Ecuador (Rings 1-4)	69	59	63	66
Total International	31	41	37	34



The Takataii initiative assists farmers with the production and marketing of agricultural products

Promotion of Small Businesses

Education and training, access to financing, and promoting entrepreneurship are among the key aspects of our strategy to promote the formation of sustainable local businesses. We believe that building technical and management skills, together with increased financial literacy, are essential.

Ensuring that local businesses have access to financing is critical to successful entrepreneurship. Such support has become more important due to COVID-19 lockdowns that prompted many local businesses to close. Lundin Gold partnered with Lundin Foundation to facilitate access to financing for existing and new local businesses, with special consideration to women-led initiatives.



Lundin Gold promotes the formation of sustainable local businesses

CASE STUDY: Support for Local Cattle Producers

Since 2016, Lundin Gold, Lundin Foundation and ECOLAC, the largest dairy producer in southern Ecuador, have collaborated to improve the productivity and the economic income of milk producers and cattle ranchers in the cantons of Yantzaza, Zamora and Centinela del Cóndor, in the province of Zamora Chinchipe.

In 2020, Lundin Gold renewed our commitment to further support ECOLAC's growth and diversification by providing support in the following areas:



852,000 litres of milk purchased from 85 producers at an average price of \$0.44 per litre, above the mandatory national market price



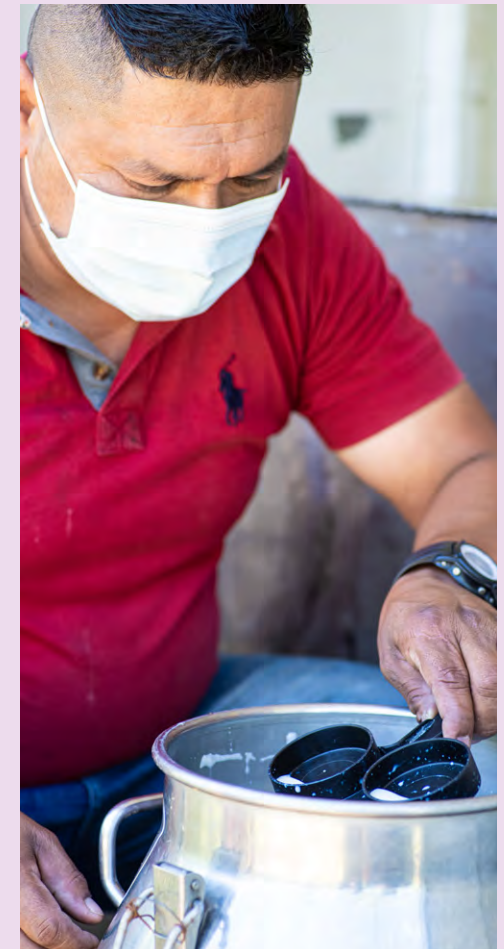
125 heads of livestock sold from 27 cattle ranchers at an average price of \$3.03 per kilogram



All producers and cattle ranchers received technical support



572 interest free loans delivered to improve livestock nutrition, genetic improvement, and hygiene management



CASE STUDY: Digital Business Solutions Under Pandemic Restrictions



When the coronavirus pandemic arrived, many small businesses suffered when lockdowns and restrictions were imposed. Lundin Gold, in partnership with the Lundin Foundation, supported local businesses to adapt to the challenges of this 'new normal'. The Masharito App initiative was created to assist businesses to market their services or wares while protecting themselves and the community from COVID-19.

Implementation of the app was supplemented with training for local businesses on a variety of topics, including: value proposition, sustainable business models, digital marketing, biosafety protocols, customer service, accounting, and advertising campaigns, among others.

Participation during the three-month pilot project included 45 commercial businesses (19 of which were women-led) and 45 transportation service providers. On average, participating businesses saw an increase of 10% in sales. Additionally, during this pilot phase 222 customers downloaded the app and registered as users.

Artisanal Mining

Historically, artisanal and small-scale mining (ASM) has been part of the local economy in the region near FDN. As such, the ASM sector is an important source of employment in local communities. It is common for local artisanal miners to operate informally and with a limited degree of technical and safety expertise.

Our approach is to promote the coexistence of artisanal and large-scale mining, thus setting a precedent for how the industry can engage with this key stakeholder group. All artisanal miners that operate on Lundin Gold concessions must formalize their activities. The Company provides financial and technical support to help them to do so, which includes securing their environmental certifications.

To mitigate the risks associated with artisanal mining, Lundin Gold signs formal contracts with all those that operate on Company concessions. We carry out site inspections so as to monitor their mining activities and ensure that they adhere to the requirements of the contract and local laws and regulations. Additionally, every six months the Company conducts formal environmental audits to determine compliance with legal regulations and the contract. Whenever such non-conformities are identified, the Company seeks to cooperate with the artisanal miner to bring them into compliance. Lundin Gold also provides training on topics such as: environmental management, human rights, industrial safety, mining legislation and water treatment. Finally, every six months we carry out a flyover of all Company concessions in order to identify areas of illegal mining.

As of 31 December 2020, 16 artisanal mining operation contracts were active on Lundin Gold concessions. These artisanal mining operations do not impact the FDN mine or Aurelianmenor's exploration activities. As joint venture operator, Newcrest Mining Limited is responsible for monitoring artisanal mining activity on our exploration concessions owned by Surnorte S.A. As a result, such activity is not reported here.

The areas where formalized artisanal mining activities are carried out are outlined in the table below.

2020 Formalized Artisanal Mining Areas

	Concession	
Aurelianmenor S.A.	<ul style="list-style-type: none"> ■ Baron ■ Cacique ■ Emperador ■ Marquesa ■ Marques 	<ul style="list-style-type: none"> ■ Reina ■ Soberana ■ Soberano ■ Vizconde
Aurelian Ecuador S.A.	<ul style="list-style-type: none"> ■ La Zarza 	



In 2020, Lundin Gold collaborated with the ESPOL to design and launch a pilot project for mining and geology students to work with local artisanal miners. The objective of this initiative is to improve the efficiency and profitability of artisanal mining operators established on Lundin Gold concessions. Regrettably, the COVID-19 pandemic delayed the implementation of this program. We expect to restart this work as soon as domestic travel can be safely undertaken by the ESPOL.

The economic impact of COVID-19 on the artisanal mining community was significant. At the start of the pandemic, all formalized artisanal miners ceased operations, and many returned to their farming activities. Additionally, a significant increase in informal artisanal operations was observed on our concessions. Over the course of 2020, a total of 43 such operations were identified, representing an increase from 25 the previous year. COVID-19 restrictions (our ASM team was not active at the local level during much of 2020 to monitor informal activities) and a challenging economic context are among the causes of this increase. It is important to highlight that these were minor informal activities. As per our strategy, we continue to coordinate with government authorities so that appropriate measures can be taken to reduce informal ASM.



Artisanal and Small-Scale Mining (ASM) Activities within FDN Concession Area

	2017	2018	2019	2020
Number of Formalized ASM with Contracts with Lundin Gold	21	19	17	16
Number of Voluntary Departures of Informal ASM After Authority Inspections	25	38	18	43
Number of Legal Complaints Filed by Lundin Gold Against Informal ASM	17	19	21	13
Number of Impoundments, Disabling, or Destruction of ASM Equipment or Camps by Authorities	10	2	1	0
Number of Peaceful Removals of Informal Artisanal Miners by Authorities	25	6	2	4
Number of Grievances Lodged with Lundin Gold Related to ASM	1	0	0	0



Lundin Gold continues to work closely with a range of stakeholders to improve resource governance in Ecuador. We believe that strong resource governance at both the national and local level is key to ensuring that the benefits of mining bring broad-based positive change. We are active within the Extractive Industries Transparency Initiative (EITI) and we have reported according to the Extractive Sector Transparency Measures Act (ESTMA) since it was enacted. As noted in page 60, we also continue to promote responsible business practices through our leadership role in the Chamber of Mines of Ecuador.

Transparency and EITI

Ecuador was welcomed to the EITI as an implementing country on 15 October 2020. The EITI is a global standard in the governance of oil, gas and mineral revenues. In accordance with the EITI Standard, Ecuador will publish required information within 18 months of being admitted. As a leading mining Company in Ecuador, Lundin Gold participated actively in the EITI industry group and the EITI multistakeholder group (which brings together civil society, government and extractive companies) to develop a workplan for EITI Ecuador. At the time of writing this report, EITI Ecuador is advancing in accordance with the workplan, which includes establishing a national secretariat, developing a communications plan and determining the scope of disclosure that will become mandatory.



ESTMA

This Canadian law was enacted on 16 December 2014 and brought into force on 1 June 2015. ESTMA addresses Canada's international commitments to contribute towards global efforts to increase transparency and deter corruption in the extractive sector. It requires certain extractive entities active in Canada to publicly disclose, on an annual basis, specific payments made to all governments in Canada and abroad.

In accordance with ESTMA, Lundin Gold continues to publish the totality of our payments to government entities. The details of our annual payments to federal, provincial, municipal, and local governments, as well as to Indigenous organizations, are shown below:

ESTMA Payment Reporting¹ (\$ thousands)

Government Entity	2017	2018	2019	2020
Parish Government of Los Encuentros	1,720	1,110	600	470
Municipal Government of Yantzaza	700	2,060	3,600	2,890
Provincial Government of Zamora-Chinchipe	-	-	-	2,400
Federal Government of Ecuador	26,750	31,210	17,410	25,300
Indigenous Organizations	210	-	90	0
Total Payment by FDN and other mining activities	29,380	34,380	21,700	31,060

¹ All government payments are in compliance to ESTMA guidance (available at <https://www.nrcan.gc.ca/our-natural-resources/minerals-mining/mining-resources/extractive-sector-transparency-measures-act/18180>), calculated differently from 'GRI 201-1 Payments to Governments' as reported on page 16 of this report.

NOTE: Expenditures related to Lundin Foundation are not included in Lundin Gold's ESTMA reporting, which are available at www.lundingold.com



ENABLER: Accountability and Management Systems

Robust management systems and performance measurement underpin our ability to meet our strategic sustainability objectives. They facilitate cross-functional collaboration, integrate sustainability into existing operational and governance processes, and assist with social investment decision-making.

Impact Measurement

In 2020 we started to develop an impact measurement framework for our community investment programs. This quantitative framework will define how we measure performance and the impacts of our efforts. Through indicators and performance tracking, we will be better placed to communicate evidence of progress to internal and external stakeholders. Using an impact management framework, we seek to improve the strategic design of our community investment programs and to ensure that these investments provide benefits for local communities.



Impact Management

Impact management is a mechanism for measuring, evaluating, and then improving our management of sustainability issues on an ongoing basis. We utilize this tool in order to achieve a desired, positive social or environmental impact.

This year, as part of our ongoing partnership with the Lundin Foundation, Lundin Gold increased internal capacity in project development and performance monitoring and evaluation. This served to raise our skill level in defining strategic community investment and associated impacts, designing desired indicators for tracking performance and assessing when an outcome has been achieved, and gathering quantitative evidence along the way to support the assessment.

As we reframe our sustainability strategy for the operations phase, our objective is to reformulate community investment programs around the desired medium- and long-term impacts, and put in place appropriate metrics and targets to monitor them.

The case study, *Applying Impact Management to Training for Operations (below)*, highlights how an impact management framework will help us to understand the long-term impacts of the Company's community investment programs.

CASE STUDY: Applying Impact Management to Training for Operations

Ahead of FDN's transition to operations, we recognized the need to refocus our Education and Training Strategy, which originally commenced in 2016. As reported in our 2019 Sustainability Report, our work shifted to providing skills training for specific underground and mine processing operations under a new program called Training for Operations (TFO). The last cohort graduated in November 2019 and at the time of writing this report, 258 TFO graduates were employed at our operating mine site.

To track the benefits of TFO, we integrated this project into Lundin Gold's impact management framework. Specific metrics were designed, including the number of trainees to start the program, and complete the TFO program, and the number of graduates who have secured gainful employment. When TFO graduates gain employment (at FDN or elsewhere) we also track attrition. Furthermore, to get a clear picture of how the graduates benefited from the program, we will track a variety of metrics such as access to health services, access to education for the graduates' children, investments in a home (or other type of meaningful asset for the household), and the ability to save money. With such data, Lundin Gold will be able to fully understand the quantifiable benefits of TFO, accurately communicate this to our stakeholders, and design better social investment initiatives in the future. A snapshot of the impact management indicators is provided as of 31 December 2020.



\$7.5 million of investment



315 TFO graduates



260 (85%) of graduates employed

- 208 as full-time permanent Lundin Gold employees
- 52 employed with temporary contracts



Such employment has resulted in \$4M of household income to date



ENABLER: External Communication, Sustainability and Financial Reporting

Lundin Gold is committed to transparently reporting upon its sustainability performance through relevant financial documents, our annual sustainability report and ongoing external communications with Spanish and English-speaking stakeholders.

Over the course of 2020, we issued 32 press releases to international stakeholders and 47 press releases to a more local, Ecuadorian audience. Many of these latter press releases focused upon our community investment programs.

As in past years, we have retained open dialogue with the local, national and international press. In 2020, we held 21 engagements (presentations, press conferences and one-on-one meetings) with Ecuadorian media to ensure that they were aware of key developments at FDN.

Additionally, we held 11 informative meetings with stakeholders such as local, regional, national authorities and community leaders and 14 public presentations with our spokespersons at virtual events and fairs at a national level.

Lundin Gold has an active presence on Facebook, Twitter, LinkedIn, and YouTube. In 2020, we issued 541 updates to our followers. Facebook has become a key means of communication for national audiences as well as local communities in Zamora Chinchipe. At the end of 2020, our Facebook page had more than 92,000 followers, which is a significant group compared to others in the mining industry and the extractive sector in Ecuador. Our LinkedIn account has also seen significant growth over time, reaching more than 61,000 followers at the end of 2020.



ENABLER: Participatory Dialogue



General Assembly at Los Encuentros Parish, November 2020

Since Lundin Gold acquired FDN in late 2014, one of our primary goals has been to build and operate the mine while maintaining strong relationships with local communities. In practice, this means that we engage proactively and consistently with local stakeholders. Communication mechanisms such as community roundtables and public meetings have helped to ensure that stakeholders are informed and consulted on an ongoing basis, thus building a more collaborative relationship.

When the coronavirus pandemic arrived in March 2020, the well-being of our employees and local communities was our top priority. We implemented safety protocols and respected local restrictions in an effort to prevent the virus from spreading through the area. Despite the challenges presented by the pandemic, we sought to maintain dialogue with stakeholders throughout this difficult period. To do so, we modified our engagement process by maintaining contact by phone and participating in community meetings virtually, whenever possible.

A key participatory process is ongoing dialogue with local communities through community roundtables. Prior to the pandemic, meetings were held every six weeks and involved a range of stakeholders including Lundin Gold, and representatives of the central government, local governments, social organizations, academia, and communities in various thematic areas. These meetings were not held from March to November in 2020 due to the pandemic, but reconvened in December 2020 under a modified format (*see Case Study in next page*).

In 2020, two sets of community roundtable meetings were held, each over the course of a week:

1

February 2020 with 151 attendees and an ongoing focus on the transition from construction to operations

2

December 2020 with 132 attendees and greater emphasis on the operational phase of FDN

CASE STUDY: Community Roundtables

Since mid-2016, structured community roundtables have been an important forum for Lundin Gold to engage with key stakeholders and to plan impact investment strategies. Facilitated by a third-party, representatives from a wide range of stakeholder groups participated in these sessions.

Prior to the pandemic, eight roundtables existed, each covering a topic identified as a priority by local communities.

2019-2020 Roundtable Themes



The Accelerated High School Program was a result of the Employment and Capacity Building roundtable. 210 participants successfully graduated in early 2018, file photo, before the pandemic

The consistency of the roundtables and their neutral facilitation served to create a space for all voices to be heard. Through the roundtables, the most pressing issues identified by the community were analyzed, root causes identified, and a roadmap established that assigned tasks to a range of stakeholders. It was through the roundtable process that community impact investments were designed and executed. Over the past years, this process has served to build trust between local

communities and Lundin Gold. Importantly, senior leaders from each relevant Lundin Gold team participated in the roundtables.

As FDN transitioned from construction into operations, 2020 was also to be the year of shifting the focus of the roundtables to community impacts associated with an operating mine. The transition process included surveys at the roundtables and stakeholder workshops to determine which of the eight themes would continue during operations and to identify any new themes that had emerged. Additionally, initial plans were drafted to pass the responsibility for facilitation from the third-party service provider to another local entity. Training for this new group of facilitators was to be undertaken in 2020.

Roundtables were held in February 2020, just before the arrival of the pandemic. Subsequently, COVID-19 greatly disrupted this community engagement process. As a result of the ensuing lockdowns, the general climate of fear in the community, and to help protect public health, it was not possible to continue with the roundtables. Virtual roundtables were not possible due to limitations with local infrastructure and connectivity. Moreover, during the early months of the pandemic, the focus of all stakeholders was to respond effectively to the immediate impacts of COVID-19. Nevertheless, as rules were modified and restrictions eased, by mid-year planning began with stakeholders under the assumption that in-person meetings would be possible by the third or fourth quarter of the year. At each step, this proved too optimistic and the date for a restart of the roundtables was pushed back.

When the public bridge collapsed in October 2020, a group from the local community blockaded the road leading to FDN (*this event is discussed in more detail on page 13*). Without the roundtable process in place, all stakeholders, including Lundin Gold, lacked the necessary structure to address the issues raised. The need to restart this dialogue process, in spite of the ongoing pandemic, was evident. In November 2020, the Los Encuentros parish government announced that it wished to lead the restart of the roundtables and in December 2020, the community roundtables reconvened. It was agreed that the six-week interval between roundtables would be maintained going into 2021. Additionally, the number of roundtables was reduced to five: employment, local procurement, local infrastructure and connectivity, agricultural development and environmental stewardship. While some community members choose to attend the roundtables in person (with appropriate social distancing and biosecurity measures), the option exists for stakeholders to participate remotely. All Lundin Gold participation was through a virtual link.

ENABLER: Strategic Partnerships



Lundin Gold establishes strategic partnerships with a variety of national and international institutions in order to maximize the positive impacts of our programs and to minimize dependency of local communities on FDN. These partnerships drive important development initiatives and projects that can transform the social, educational and economic context of local communities. They also help us to achieve and surpass environmental standards.

Aurelian Ecuador S.A., a subsidiary of Lundin Gold, is a member of the following organizations in Ecuador:



Lundin Gold VP, Business Sustainability is a member of the Board of the CME



Participation in the Energy & Natural Resources Committee



Ecuadorian Chamber of Industry and Production (CIP by its Spanish acronym)



Ecuadorian Consortium for Social Responsibility (CERES by its Spanish acronym)



Lundin Gold's VP, Human Resources is a founding member and leader



We participate in the industry group and represent the private sector in the multi-stakeholder group

Universities

We believe that universities are essential strategic partners in the development of responsible mining in Ecuador. While some collaborative projects were delayed due to the coronavirus pandemic, we continued to implement three formal agreements.

Collaborative Agreements in 2020

Technical Private University of Loja
(UTPL – *Universidad Técnica Particular de Loja*)

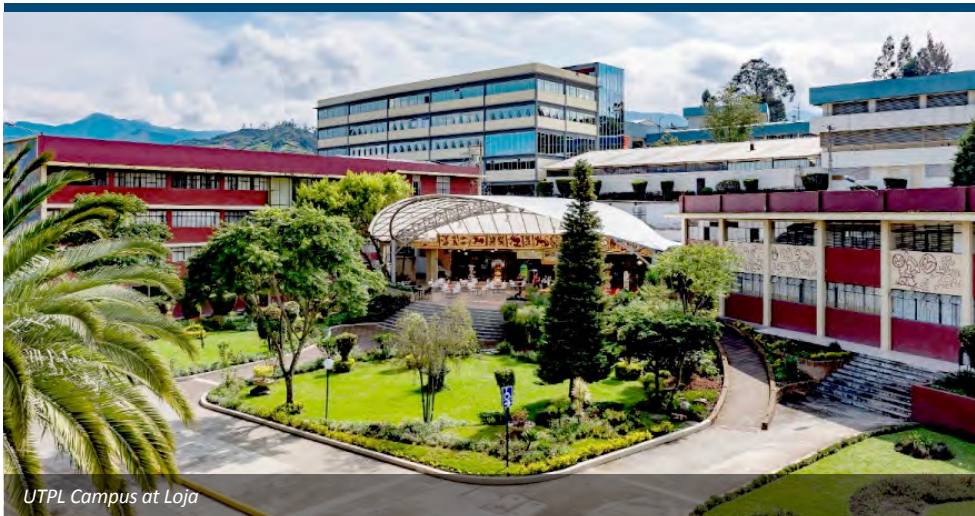
- Collaboration through Board of Directors of Shuar Num, a Shuar company (see the Case Study on page 46)

Polytechnic School of Guayaquil
(ESPOL - *Escuela Superior Politécnica del Litoral*)

- Collaboration to provide technical support to formalized artisanal miners operating on Lundin Gold concessions
- Lundin Gold participation in the advisory committees of the Geology and Mining Engineering careers of the Faculty of Earth Sciences of ESPOL

National University of Loja
(UNL - *Universidad Nacional de Loja*)

- Planning for an archaeological museum in Los Encuentros
- Active participation in the roundtables



Government

FDN's Community Relations Plan is executed in coordination with the national government, local governments and local communities, and promotes the participation of stakeholders in the implementation of our community investment. Strategic governmental allies in 2020 include:

National Government: From the start of the pandemic, we joined forces with the Ecuadorian government to address challenges in the pandemic response. We provided the local hospital with sanitation and protective equipment, in addition to other supplies. We provided logistical support for the Neighborhood Doctor program, which allowed doctors to reach isolated and vulnerable communities. Lundin Gold contributed to the donation of an ambulance to the Yantzaza General Hospital and, together with Newcrest Mining and Sol Gold, financed the construction of an intensive care unit.

Local Government: We work with the local government on infrastructure, education and agricultural projects in the Zamora Chinchipe Province.



Additional information on infrastructure projects we have jointly implemented with government can be found on page 28 in our discussion of the Community Infrastructure Pillar.

NGOs and CSOs

Lundin Gold builds relationships with nongovernmental organizations (NGOs) and civil society organizations (CSOs) to strengthen our community development programs and maximise the positive impact we have on local communities.

These partnerships have resulted in projects that have important impacts on the well-being of local communities (see page 29 for additional discussion).

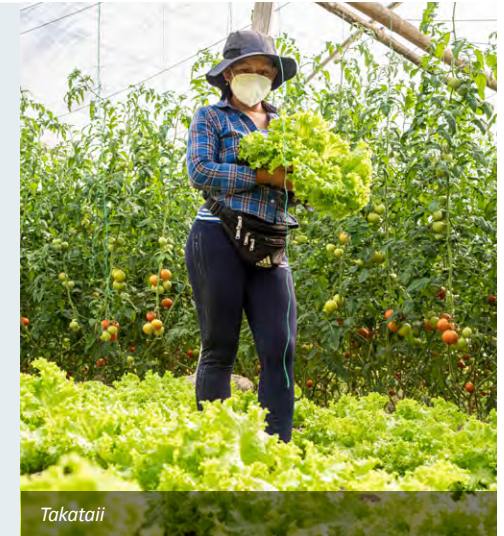
Strategic Partnership: Lundin Foundation

The Lundin Foundation is a Canadian registered non-profit organization and a key strategic partner for Lundin Gold. The Foundation brings deep expertise of program design, impact measurement, and corporate sustainability strategy to our jointly-implemented projects, as demonstrated in the examples below. In 2020, many of these projects had to adapt to the COVID-19 context, both in their operations and their objectives for the year. While the pandemic has been trying across the globe, these initiatives have continued to find success in spite of these pressures.

- 1 Training for Operations Program:** Prepared participants from local communities for underground mine and process plant operator positions. (See page 56)
- 2 Shuar Cultural & Interpretation Centre:** An initiative in partnership with Indigenous leaders of the Shuar Federation of Zamora Chinchipe to promote the Shuar culture while generating employment for Indigenous community members. (See page 46)
- 3 Local Supplier Development Program:** In 2020, the program worked to help develop small businesses so that they could become suppliers to FDN. Collectively, all the initiatives contributed to approximately \$192,000 in local economic impact. (See page 49)
- 4 Takataii Program:** Provided support and guidance to Catering Las Peñas, a locally owned catering company serving the FDN mine, which grew in 2020 to service broader markets in Ecuador.
- 5 ECOLAC:** Technical assistance and financing to improve income for local dairy farmers. (See page 50 for a Case Study on the program's growth in 2020)



ECOLAC



Takataii



Training for Operations Program (PCOM)

Caution Regarding Forward Looking Statements

Certain of the information and statements in this Sustainability Report 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 press release, and the Company will not necessarily update this information, unless required to do so by securities laws.

This Sustainability Report contains forward-looking information in a number of places, such as in statements relating to estimates of gold production, grades and recoveries, expected sales receipts, cash flow forecasts and financing obligations, its capital costs and the expected timing of completion of capital projects including the south ventilation raise, the Company's bridge over the Zamora River and the throughput expansion project, the timing and the success of its drill program at Fruta del Norte and its other exploration activities, the completion of construction and the Company's efforts to protect its workforce from COVID-19. 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 in the "Risk Factors" section in Lundin Gold's Annual Information Form dated March 2, 2021, which is available at www.lundin.gold or on SEDAR.

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

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