

Sustainability Report 2019



ABOUT US

ABOUT LUNDIN GOLD

Lundin Gold Inc. (Lundin Gold or the Company) is a Canadian mining company listed on the Toronto Stock Exchange and Nasdaq Stockholm. The Company is a member of the Lundin Group of Companies and headquartered in Vancouver, Canada. Lundin Gold owns the Fruta del Norte underground mine in southeast Ecuador through Aurelian Ecuador S.A. Fruta del Norte (FDN) is among the largest and highest grade gold deposits in the world. The Company substantially completed development and construction of FDN and achieved commercial production in February 2020, ahead of schedule. Lundin Gold is a participant of the UN Global Compact and supports the UN Sustainable Development Goals in its operations.

ABOUT THIS REPORT

This is Lundin Gold's fourth sustainability report. It has been prepared in accordance with the GRI Standards Core Option, includes selected GRI G4 Mining and Metals Sector Disclosures, and reports in accordance with the Mining Local Procurement Reporting Mechanism (LPRM) Core Option.

This report also serves as our third Communication of Progress in implementing the Principles of the UN Global Compact (GC). The focus of this report is Fruta del Norte, our principal asset, and covers the period from January 1 to December 31, 2019, unless noted otherwise. The GRI, GC and LPRM Indices for this report are available on our website: <https://lundingold.com/>

Please read also the cautionary note about forward looking information and statements presented at the end of this report. Unless otherwise indicated, all dollar amounts are expressed in U.S. dollars. We welcome your comments and questions via email to ec.comunicaciones@lundingold.com

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INVESTOR RELATIONS:

info@lundingold.com

COMMUNICATIONS:

ec.comunicaciones@lundingold.com

LOCAL PROCUREMENT (FDN):

fdn.compras.locales@lundingold.com

www.lundingold.com

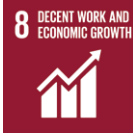







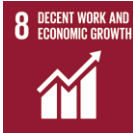



Red Ecuador
WE SUPPORT







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2019 PERFORMANCE SUMMARY AND 2020 GOALS

	2019 Goals	2019 Performance	2020 Goals	Key UN SDGs
CONSTRUCTION	<ul style="list-style-type: none"> Begin mine production, powerline connected to national grid, tailings storage facility completed, commence process plant commissioning, first gold production 	<ul style="list-style-type: none"> Produced and shipped 28,678 ounces of gold Powerline connected to national grid and energized; tailings storage facility completed 	<ul style="list-style-type: none"> Ramping up mine and mill to name plate capacity Complete paste plant, Zamora River Bridge, permanent mine ventilation 	 
CORPORATE GOVERNANCE	<ul style="list-style-type: none"> Ongoing engagement with UN Global Compact Roundtables 	<ul style="list-style-type: none"> Participated in four UN Global Compact Roundtables in Ecuador Published payment to governments (ESTMA¹), sustainability reporting, and Communication of Progress for Global Compact 	<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 	 
SOCIAL LICENSE	<ul style="list-style-type: none"> Seek to create new opportunities so as to reduce the socio-economic impacts of the transition from construction to operations for the communities that are closest to FDN Clear, positive and measurable impacts in local communities due to Lundin Gold's community investments 	<ul style="list-style-type: none"> Developed and implemented a Transition Strategy, as FDN transitioned from construction to operations, benefitting local communities and supply chain 	<ul style="list-style-type: none"> During operations, focus on local supply chain development opportunities, including logistics and transport Develop social impact assessment or evaluation framework 	 
COMMUNITY & ECONOMIC DEVELOPMENT	<ul style="list-style-type: none"> Successful integration of existing and local community trainees into the FDN workforce, thus bolstering the local economy Successful integration of existing and new local suppliers as FDN transitions from construction to operations 	<ul style="list-style-type: none"> Successful completion of the PCOM training program (see below) Commenced the integration of existing and new local suppliers as FDN transitions from construction to operations Developed and implemented a Transition Strategy (see below) 	<ul style="list-style-type: none"> Support the development or growth of local entrepreneurs Integrate majority of remaining graduated PCOM trainees into our workforce 	   

1. ESTMA: Extractive Sector Transparency Measures Act

2019 PERFORMANCE SUMMARY AND 2020 GOALS

	2019 Goals	2019 Performance	2020 Goals	Key UN SDGs
TRANSITION TO OPERATIONS	<ul style="list-style-type: none"> Successful completion of the Training for Operations Program (PCOM²) Successful ramp-up of the Transition Strategy 	<ul style="list-style-type: none"> Graduated 306 trainees from province of Zamora Chinchipe and integrated 71% into workforce by end of year Supported upskilling, certification, and economic resilience opportunities Organized two “My Future Fairs” attended by over 400 workers Developed seven feasibility and economic studies for prospective entrepreneurial opportunities 	<ul style="list-style-type: none"> Integrate majority of remaining PCOM trainees in early 2020 Successfully complete transition support and demobilization Continue to assist entrepreneurial and economic growth and diversification initiatives 	
HEALTH & SAFETY	<ul style="list-style-type: none"> Integrate lessons learned from March 2019 fatality TRIR3 Goal: 0.7 	<ul style="list-style-type: none"> Extensive internal and external investigations undertaken, and new Go / No-Go program successfully rolled out throughout the Company Awarded first place in "Good Practices of Occupational Health and Safety" by the IESS⁴ TRIR³ 0.69 	<ul style="list-style-type: none"> TRIR³: < 0.7 Reinforce Company safety culture 	
ENVIRONMENTAL STEWARDSHIP	<ul style="list-style-type: none"> Implement community-based water monitoring, launch biodiversity offset program, complete cyanide management plan aligned with ICMC⁵, no significant spills, fees or fines 	<ul style="list-style-type: none"> Community-based water monitoring program seeking implementation partner Biodiversity offset program launched Cyanide Management Plan complete, aligned with ICMC⁵ No significant spills, fees or fines 	<ul style="list-style-type: none"> Implement Community-based water monitoring program Continue implementation of biodiversity offset program 	
HUMAN RIGHTS	<ul style="list-style-type: none"> Ongoing engagement with the UN Global Compact Consolidation of the VPSHR6 program for all security personnel Continuous improvement in the Lundin Gold Grievance Mechanism 	<ul style="list-style-type: none"> Participating in four UN Global Compact Roundtables in Ecuador Provided VPSHR⁶ training to 100% of security personnel Functioning and utilized mechanism, received and followed-up on 103 low-level grievances through our external Grievance Mechanism in 2019. This is 19 fewer than in 2018, though three such grievances did rise to the second level of our three-tiered severity matrix 	<ul style="list-style-type: none"> Continue active engagement in UN Global Compact Roll out a company-wide campaign in support of our Fundamental Principle of Respect Remain proactive, review and address grievances in a timely manner 	

2. PCOM: Programa de Capacitación para Operación Minera / Training for Operations Program; 3. TRIR: Total Recordable Incident Rate; 4. IESS: Ecuadorian Institute of Social Security; 5. ICMC: International Cyanide Management Code; 6. VPSHR – Voluntary Principles for Security and Human Rights

MESSAGE FROM RON HOCHSTEIN, PRESIDENT AND CEO



Dear Reader,

I am very pleased to have the opportunity to share with you my reflections upon Lundin Gold's 2019 sustainability performance.

I am writing to you during the midst of the coronavirus outbreak. It is my sincere hope that when you read this, the world will have started to emerge from this crisis with as low a human cost as possible.

Despite the challenges that we collectively face in 2020, it is clear that 2019 was a year of great accomplishments for Lundin Gold. We completed the construction of Fruta del Norte (FDN) and inaugurated the operational phase of the mine in mid-November, thus putting into production Ecuador's first large-scale underground gold mine. Most importantly, as our key performance indicators detailed in the report show, we did this while continuing to uphold our three fundamental principles: working safely, environmental stewardship and respect.

For Lundin Gold, a successful operation starts with our ongoing commitment to the health and safety of employees, contractors and local communities. As was reported in our 2018 report, on 1 March 2019 a landslide tragically took the life of Cristian Ochoa. We continue to honour Cristian's legacy through the actions that we have taken to further strengthen our safety systems and by implementing procedures to help prevent such incidents from reoccurring. 2019 featured over 100,000 training hours, a Total Recordable Incident Rate of only 0.69, and over three million hours worked without lost-time injuries.

Throughout 2019 we continued to take actions to be a good steward of the sensitive environment in which we operate. Inspections by the Ministry of Environment found us in compliance; one minor non-conformity that was registered through third-party audits has been addressed. Our rehabilitation efforts continued throughout the year concurrent with our ongoing construction activities. 2019 was also the first full year of our partnership with Conservation International Ecuador, and we have made good progress in identifying the location that will become a private protected area, which will serve as a biodiversity offset for FDN. With the commencement of operations at FDN, we have also included in this report additional information on our cyanide management and tailings facility management. As this information shows, we are committed to and have been implementing leading industry standards and protocols.

Since our arrival in Ecuador in 2015, we have prioritized local communities to ensure that FDN has positive impacts upon the lives of those who are within our area of influence. Over the past five years, local stakeholders have repeatedly told us that employment and other opportunities for economic advancement are a priority. As a result, we developed and implemented an integrated education and training strategy to facilitate the entry of local community members into the FDN workforce. In 2019, our Training for Operations program culminated with the graduation of more than 300 mine and plant operators. All these graduates are from the Zamora Chinchipe province, which hosts FDN. By the end of the year a significant majority was already employed by Lundin Gold and many others will join in 2020. I take great pride in knowing that these graduates are the first underground equipment plant operators from the region. I would also like to acknowledge and thank our entire workforce. At the end of 2019, this included 2,573 workers, including 778 contractors. Approximately 48% of our workforce was recruited from the province of Zamora Chinchipe, the region which hosts FDN. Overall, 92% of our workers were from Ecuador.

Other economic opportunities continue to be created through our work to prioritize local suppliers. In 2019, our local procurement in the province of Zamora Chinchipe was more than \$28 million and 63 percent of our total procurement was within Ecuador. New to this year's report are data that align to the Local Procurement Reporting Mechanism. This multi-stakeholder effort is led by Engineers Without Borders Canada and seeks to provide standardized information on how a mining project prioritizes local suppliers. Though our local procurement will change as FDN transitions to operations, we will continue to work with existing and new local suppliers to integrate them into our supply chain. In this manner, FDN will remain a key driver of the local economy.

Large-scale mining remains a new industry in Ecuador, and I am keenly aware that we must continue to share information on our work at FDN with local communities. Throughout 2019, our commitment to community engagement has continued. The community roundtables remain a key element of this engagement and attracted 1,158 participants in 2019. In 2020, together with local stakeholders, we look forward to refocusing the roundtables to reflect local priorities, making sure that they continue to be aligned with FDN now that it has entered the production phase.

In addition, we continued to work closely with the Ecuadorian chapter of the United Nations Global Compact through multiple working groups and roundtables. We are committed to the Ten Principles, and this report represents our third Communication of Progress. I am very pleased to report that Global Compact Canada honoured Lundin Gold in November 2019 with an award recognizing the strength of our training and local procurement programs in bringing tangible benefits to local communities.

Partnership has always been a key element of Lundin Gold's sustainability strategy. Over the past five years, many of our programs have been implemented with like-minded organizations from Ecuador and beyond. One of the most important of these partners is the Lundin Foundation. It is thanks to deep engagement of the Foundation with our staff that we have been able to develop FDN in a manner that truly benefits local communities.

As I look to 2020, I know that Lundin Gold, together with the entire country of Ecuador, will need to confront a range of challenges related to the novel coronavirus, while at the same time continuing to address more conventional sustainability challenges and opportunities common to our mining operation. I am confident that FDN will be a key component in restarting the local economy. Lundin Gold is and will continue to be a committed and responsible stakeholder wherever we operate.

Sincerely,



Ron Hochstein

RESPONDING TO COVID-19

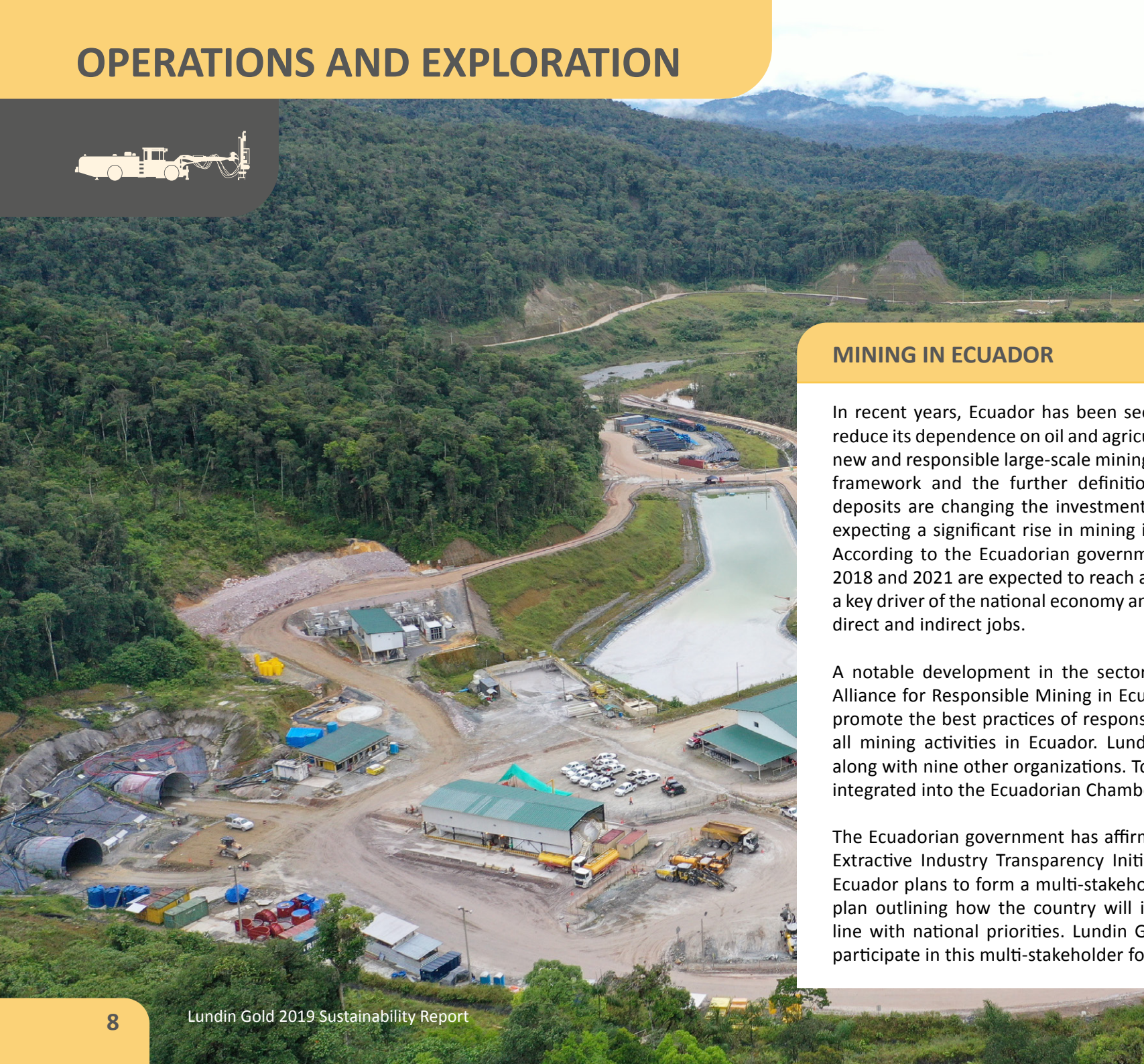
In late 2019, reports emerged of a novel coronavirus (COVID-19) causing serious health complications. By the first quarter of 2020, COVID-19 was widespread globally and had reached Ecuador. The ramifications of COVID-19 on society in general, the mining industry in Ecuador and on Lundin Gold in particular, have been significant. The Government of Ecuador moved swiftly to impose sweeping restrictions on the movement of goods and people to deter the spread of the virus.

On 22 March 2020, Lundin Gold made the decision to temporarily suspend operations at Fruta del Norte to help protect the health of its workers, supply chains, and local communities. During the suspension, a small team of dedicated employees has remained on site to ensure critical activities – including environmental safeguards – continue, and to mitigate the impact of the suspension so that FDN can resume operations safely when restrictions are lifted.

At the time of writing, we continue to coordinate our activities with the relevant government agencies in Ecuador and align these also with our core values of working safely, environmental stewardship, and respect. We remain committed to playing a key role in reactivating local economic activity, and we will continue to keep our stakeholders informed about the status of our activities.

Sign up to our social media platforms to learn more about our response to COVID-19 and to receive operational updates.





MINING IN ECUADOR

In recent years, Ecuador has been seeking to diversify its economy and reduce its dependence on oil and agricultural commodities by promoting a new and responsible large-scale mining sector. Revisions of the regulatory framework and the further definition of significant copper and gold deposits are changing the investment landscape, with the country now expecting a significant rise in mining investment over the coming years. According to the Ecuadorian government, mining investments between 2018 and 2021 are expected to reach almost \$4 billion, making the sector a key driver of the national economy and generating approximately 32,000 direct and indirect jobs.

A notable development in the sector in 2019 was the creation of the Alliance for Responsible Mining in Ecuador (AMRE), whose vision was to promote the best practices of responsible and sustainable mining across all mining activities in Ecuador. Lundin Gold was a founding member, along with nine other organizations. Towards the end of 2019, AMRE was integrated into the Ecuadorian Chamber of Mines.

The Ecuadorian government has affirmed its commitment to become an Extractive Industry Transparency Initiative (EITI) implementing country. Ecuador plans to form a multi-stakeholder group and agree upon a work plan outlining how the country will implement its EITI commitment in line with national priorities. Lundin Gold has expressed its intention to participate in this multi-stakeholder forum.



National and local authorities during the FDN Grand Opening Event. From left to right: Lukas Lundin, Chairman of the Board of Directors of Lundin Gold; José Augusto Briones, ex General Secretary of the Presidency of Ecuador; Otto Sonnenholzner, Vicepresident; Carlos Pérez, ex Minister of Energy and Non-Renewable Natural Resources; Kelly Montaña, President of Los Encuentros Parish; Ron Hochstein, President and CEO.

FRUTA DEL NORTE IN PRODUCTION

On November 14th, 2019, we inaugurated Fruta del Norte (FDN), Ecuador’s first, large-scale, underground gold mine, and celebrated the production and shipment of first gold concentrate and doré bars a few weeks later. These milestones are part of the Project’s transition from construction to operations. FDN’s current estimates of probable reserves include approximately 5 million ounces of gold, and we expect to produce an average of 325,000 ounces of gold per year during the current projected life of mine of approximately 14 years. In November 2019, our continued commitment to responsible mining practices was recognized by United Nations Global Compact, which –for the second time– presented Lundin Gold with an award for its contributions to achieving the UN SDGs. This award is further described in the Corporate Governance section of this report.

The ramp-down of construction and transition to operations progressed smoothly in local communities, in large part due to the effective rollout of our Transition Strategy. Commercial production was achieved in February 2020, ahead of schedule, and the underground mine development continued above-target. The paste plant, the Zamora River bridge and permanent mine ventilation remain to be completed in 2020.

EXPLORATION

Lundin Gold has approximately 64,500 hectares of concessions, and the Fruta del Norte ore body sits in a major mineralized trend, indicating considerable exploration upside. Through 2019, we continued our exploration activities, including the mapping and sampling at several targets around the 16 kilometre long Suarez pull-apart basin. Historically, only 18 holes have been drilled in the basin outside of Fruta del Norte, and permitting is in progress for a 15,600 metres drill program focusing on Fruta del Norte-type epithermal gold-silver priority targets in the central and southern Suarez pull-apart basin.

2019 FDN PROJECT MILESTONES



Total of 13 kilometres of underground mine development achieved, ahead of projections



Construction 99.2 percent complete



Company committed 96 percent of its capital expenditure



Powerline energized in October 2019, with the mine now connected to Ecuador’s national power grid



Mine inaugurated in Nov 2019 and first gold exported (concentrate and doré) in Dec 2019



28,678 ounces of gold produced, including 25,267 ounces in concentrate and 3,411 ounce in doré



306 people from Zamora Chinchipe province graduated from our Training for Operations Program (PCOM)



7.5 million hours worked, with a TRIR* of 0.69

*Note: Data as of 31 December 2019; *TRIR: Total Recordable Incident Rate*



We recognize the importance of good corporate governance to the long-term success of Lundin Gold. To this end, we are committed to maintaining a high standard of corporate governance that fosters accountability, ethical behavior and transparent disclosure. As a publicly listed company, we fully comply with or exceed the governance guidelines of the Canadian Securities Administrators. Since 2018, we have been a Participant of the United Nations Global Compact and continue to implement, disclose and promote human rights, labour, environment and anti-corruption principles.

KEY CORPORATE POLICIES

As part of the Company's corporate governance framework, our board of directors has implemented a series of policies which include:

- Code of Business Conduct and Ethics
- Responsible Mining Policy
- Anti-Bribery Policy
- Corporate Disclosure Policy
- Sanctions and Anti Money Laundering Compliance Policy
- Whistleblower Policy

These policies are available at www.lundin角度.com

BOARD

Lundin Gold is governed by a board of directors with extensive expertise in the mining industry, which is dedicated to operating FDN responsibly. Our board is responsible for overseeing the management of the business and the decision-making authority on material economic, environmental, and social topics as they relate to Lundin Gold's activities. This includes matters associated with our Responsible Mining Policy.

On December 31, 2019, Lundin Gold’s board comprised ten directors, the majority of whom are independent, as defined by the Canadian Securities Administrators. Thirty percent of our directors are women. The board composition, independence, gender, tenure, other board memberships, competencies, shareholder representation, and attendance performance are detailed in the Management Information Circular, available at www.lundin角度.com.

BOARD COMMITTEES

As of the date of this report, the five standing committees of the board include:

- 1 Audit
- 2 Compensation
- 3 Corporate Governance and Nominating
- 4 Environmental, Health & Safety
- 5 Technical

Each committee has a formal mandate or charter, which is reviewed annually and available at www.lundin角度.com. All material community issues and other recommendations emerging from the environment, health and safety committee are considered by the full board.

RESPONSIBLE MINING POLICY

Lundin Gold, including its subsidiaries, is committed to responsible mining, which means we are committed to operating our facilities according to our three Fundamental Principles.



Lundin Gold believes that transparent, 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.

MEMBERSHIPS AND COMMITMENTS

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

- Ecuadorian Chamber of Mining (our CEO served on the board for the first half of 2019 until his term concluded. He was then replaced by our VP, Business Sustainability)
- Ecuadorian Consortium for Social Responsibility (CERES by its Spanish acronym; our VP, Business Sustainability serves as an alternate on the board)
- Ecuadorian-Canadian Chamber of Commerce (our CEO served on the board)
- Ecuadorian Chamber of Industry and Production

We have also adopted or endorsed other international charters, principles or initiatives listed below:

- United Nations Global Compact (joined March 2018)
- United Nations Guiding Principles on Business and Human Rights
- IFC Performance Standards on Social and Environmental Sustainability
- GRI Standards for Sustainability Reporting



UN GLOBAL COMPACT

Since 2018, we have been a Participant to the United Nations Global Compact. As part of our participation, we commit to:

- Integrate the UN Global Compact and its ten principles into our strategies, culture and operations, including in subsidiaries and our supply chain
- Advocate the UN Global Compact and the Ten Principles via available communication channels
- Communicate annually with our stakeholders on efforts to implement the UN Global Compact principles

This sustainability report serves as our Communication of Progress.

UN SUSTAINABLE DEVELOPMENT GOALS

In 2015, Ecuador, Canada and other countries adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). Lundin Gold supports the SDGs and, throughout this sustainability report, has identified those that are most closely linked to and supported by our operations and activities.

Following our first award from the UN Global Compact Ecuador and Colombia chapters in 2017, we also received a Leadership Award from the UN Global Compact Canada in November 2019. This award recognized our work, jointly with the Lundin Foundation, to implement educational and training strategies, such as our Training for Operations Program (detailed in the People section), as well as our efforts to develop a strong network of local suppliers.

The UN Global Compact Ecuador network's "Leaders for the SDGs" initiative has working groups for each of the 17 SDGs, to discuss and share lessons on how companies and other organizations are contributing to the implementation of the SDGs in Ecuador. Since 2018, we have participated in the following working groups:

SDG
5

Achieve gender equality and empower all women and girls

SDG
7

Ensure access to affordable, reliable, sustainable and modern energy for all

SDG
9

Build resilient infrastructure, promote sustainable industrialization and foster innovation

SDG
11

Make cities and human settlements inclusive, safe, resilient and sustainable

In 2019, as part of our involvement in the UN Global Compact Ecuador network, Lundin Gold also signed on to the country's Sustainable Energy Agreement, along with 50 other organizations, which seeks to promote good practices for responsible energy consumption and corporate policies aligned with SDG 7. Through the sharing of experiences across different organizations and industries, our participation in these working groups is helping us further improve our policies and practices related to gender equality, circular economy, energy access, and sustainable cities.

EITI IN ECUADOR

During 2019, Ecuador officially announced its commitment to become an implementing country of Extractive Industry Transparency Initiative (EITI). We are supportive of Ecuador's intent to become an EITI Implementing Country and supporting both transparency and efficiency in the management of the state's natural resources. We plan to participate in the multi-stakeholder group, which is expected to be formed by the Ecuadorian government in 2020. We also will continue to publish our payments to government in line with the Canadian Extractive Sector Transparency Measure Act (ESTMA).



ECONOMIC PERFORMANCE



Inaugurating the Fruta del Norte mine in November 2019 marked a major milestone. We believe that the value created through the development and operation of FDN has and will continue to benefit a wide range of stakeholders, including our shareholders, the national and local government, the people of local communities close to FDN, and all of Ecuador.

This section outlines our economic performance, as tabulated below, as well as highlighting some of the underlying partnerships and programming which illustrate our support for socio-economic development of the FDN area.

Economic Performance

	USD (in 000s)		
	2017	2018	2019
Economic Value Generated	-	-	20,936 ¹
Economic Value Distributed	55,453	113,431	167,299
- Operating cost	-	-	-
- Employee wages & benefits	17,953	49,674	83,041
- Payment to providers of capital	-	-	12,982
- Payments to governments (Ecuador)	37,500	63,757	71,276
- Community investments ²	3,065	5,940	2,766
Economic Value Retained	-	-	-

¹ Figure has been capitalized against property, plant, and equipment for the year ended December 31, 2019 as FDN had not yet reached commercial production

² This category includes Project evaluation of community relations, community relations related to exploration activities, general and administration, and donations





Payment for patents and the 1.5 per thousand annual tax on total assets to the Municipal Government of Yantzaza. April, 2019.

PAYMENT TRANSPARENCY

We publish our payments to governments in compliance with the Canadian Extractive Sector Transparency Measures Act (ESTMA). The breakdown of our annual payments to parish, municipal and federal governments in Ecuador, as well as contributions to the Shuar Federation of Zamora Chinchipe, are shown in the following table.

Summary of Payment Reporting

	\$ Thousands		
	2017	2018	2019
Parish Government of Los Encuentros	1,720	1,110	600
Municipal Government of Yantzaza	700	2,060	3,600
Federal Government of Ecuador	26,750	31,210	17,410
Indigenous Organizations	210	-	90
Total payment by FDN project and other mining activities	29,380	34,380	21,700

NOTE: Expenditures related to Lundin Foundation are not included in Lundin Gold's Canadian Extractive Sector Transparency Measures Act reporting, which are available at www.lundin角度.com

According to Ecuador's tax authority, Zamora Chinchipe collected \$110 million in taxes in 2019 (which includes national tax collection). Over 44 percent (\$49 million) of this tax collection came from the Canton of Yantzaza, which hosts Fruta del Norte. We believe that our local procurement practices, by directly supporting local businesses, have an indirect positive impact on this tax collection rate.

INCLUSIVE PROCUREMENT

We are committed to delivering value to our shareholders, while simultaneously providing economic and social benefits to communities within our area of influence. Barriers to developing an inclusive supply chain were identified early on in the development of FDN. Nevertheless, together with our partners and local communities, we have turned this challenge into a development opportunity.

In keeping with our Responsible Mining Policy, we have developed and implemented local hiring and procurement strategies, invested in local vendors and suppliers, and financed a series of multi-year educational, training and capacity building programs. Many of these activities were developed and/or delivered in collaboration with the Lundin Foundation and other partners. The results of key initiatives are highlighted in the following sections and detailed further in other publications and our social media platform. To learn more about local procurement opportunities please contact: fdn.compras.locales@lundingold.com.

We define the term "local" and track our hiring and procurement spending based on a model of concentric circles associated with administrative boundaries around FDN, as conceptualized in the graphic overleaf. This model was agreed upon with local communities through the Community Roundtables.



P&P Catering.

Definition of “Local” as Agreed with Local Communities



The Company has developed an extensive network of over 300 local suppliers. Since 2017, our local procurement has injected approximately US\$68 million into the Province of Zamora Chinchipe’s economy, spending an average of \$2.4 million per month during 2019. Overall, in 2019, we purchased over \$247 million in goods and services within Ecuador, 37 percent more than during 2018.

While we are very pleased with this progress to date, we also note that towards the end of the year the transition from construction to operations resulted in a significant reduction in the procurement of goods and services that were required to support the construction period. In anticipation of this decline, we have been developing a series of initiatives to support our local supply chain members to improve their resilience and positioning for the production phase of FDN, as described further below.

Procurement Spending

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

Spending by Region	Percentage		
	2017	2018	2019
Local (Rings 1-3)	12%	9%	7%
Total Ecuador	69%	59%	63%
Total International	31%	41%	37%

NOTE: Procurement spending includes Aureliamenor and Aurelian Ecuador.

As detailed more extensively in previous Sustainability Reports, we continue to survey, train, certify or otherwise support numerous local vendors to enable them to join both Lundin Gold’s supply chain as well as that of our main contractors. We monitor and disclose our procurement performance, disaggregated by region, to our stakeholders and encourage our contractors to do the same. One of our award-winning suppliers, Catering Las Peñas, has successfully grown and diversified its client base, while also supporting the growth of its own local supply chain.

CASE STUDY: *Catering Las Peñas*

Catering Las Peñas (CLP) is a UNGC award-winning catering and housekeeping company founded in 2015 by former Lundin Gold employees, which provides services to FDN. Since its creation, CLP has grown steadily and received support from the Lundin Foundation, including training, technical support and assistance in quality and safety of services to promote the company's sustainability.

CLP's annual sales reached approximately \$11.7 million in 2019, an increase of 35 percent from 2018. Ring 1 procurement by CLP saw a 53 percent growth compared to 2018, and procurement across the province (Rings 1, 2 and 3) grew by 42 percent, a clear reflection of efforts made by CLP to enhance its local procurement impact and the growth of FDN during this period.

This showcases CLP's efforts to continually enhance its own local economic impact as it expands to serve clients at both the provincial and national level by developing and implementing its own inclusive procurement strategies, such as with P&P Catering, TAKATAII, SAJEOZ and ASOMIDORADA (initiatives described on CLP's social media: [f Cateringrocks2015](#)).





ENGAGEMENT & PARTNERSHIPS



One of Lundin Gold’s Fundamental Principles is respect. In practice this means that we engage with stakeholders in a structured and considerate manner, that we empower and collaborate with our partners, and that we proactively pursue opportunities to create shared value. We also inform our diverse stakeholders about our activities through face-to-face meetings, Community Roundtables and a variety of media channels. We believe that this approach is aligned with our values as well as the needs and expectations of communities, government and various stakeholder groups.

COMMUNITY ROUNDTABLES

Using a participatory approach, structured Community Roundtables began in mid-2016 to help inform and direct our local engagement as well as our impact investment strategies. This ongoing engagement platform seeks to generate a shared vision of the risks and opportunities related to FDN within its regional context, as well as develop collective actions to generate shared value.

Although the Company promotes and supports the Community Roundtables, we neither control nor dictate the direction of this externally facilitated multi-stakeholder platform. As in 2018, the Roundtables for 2019 were organized around eight thematic areas listed below.

Community Roundtable Themes in 2019

- | | |
|------------------------------------|---|
| • Inter-institutional Coordination | • Promotion of Community Ethics & Cultural Values |
| • Agro-economic Development | • Local Business Opportunities |
| • Environmental Responsibility | • Employment & Capacity Building |
| • Road Safety & Infrastructure | • Tourism Development |



The roundtable meetings are convened approximately every six weeks by the local government of the Los Encuentros Parish. The key activities and publications emerging from the roundtables are available in Spanish at <https://medium.com/mesas-temáticas-los-encuentros>.

In 2019, the transition from construction to operations at Fruta del Norte was a recurring subject of the Community Roundtables and our general community engagement activities. This was discussed extensively at the Community Roundtables for Local Business Opportunities, Employment & Capacity Building and Interinstitutional Coordination. These discussions provided us an opportunity to share, discuss and fine-tune our Transition Strategy and its rollout. In 2020, we expect that the structure and focus of the Roundtables will be adjusted to reflect the priorities of stakeholders during the operational phase of FDN.

The Community Roundtables are also subject to routine self-evaluation by participating stakeholders. The overall success of the Roundtables can be measured by the number of participants as well as the positive perceptions they have, improved collaboration, and numerous projects implemented, as illustrated in the following pages and the Impact Investments section that follows.



Community roundtables in Los Encuentros Parish.

Perception Survey about Roundtables

% OF RESPONDENTS AGREE THAT ROUNDTABLES PROVIDE:	2018	2019*
A respectful dialogue space	80%	99%
Coordination among different stakeholders	73%	98%
Planning for development	73%	94%
A mechanism that contributes to solve local issues	77%	73%

*2019 "agree" responses include both answers of "somewhat agree" and "completely agree", while 2018 surveys only offered answer options of "agree" (versus "disagree")

ACADEMIC PARTNERSHIPS

Academic institutions have become key stakeholders in our efforts to support the development of a responsible mining industry in Ecuador. In 2019, we continued to expand our relationship and collaboration with the academic community in Ecuador. We also continue to present and discuss our sustainability strategy with academic institutions, students and teachers, including through site visits to FDN.

Key Roundtable Statistics

	2017	2018	2019
Number of Sessions	8	6	5*
Number of Participants	1,465	1,239	1,158

*Local elections and national unrest resulted in fewer sessions in 2019

Our engagements and initiatives seek to promote responsible mining in the area, including mutual knowledge transfer, establishing sustainable community development projects, training and research.

By the end of 2019, we had established memoranda of understanding or specific programs with the following institutions:

- National University of Loja (UNL - Universidad Nacional de Loja): This partnership will focus upon improving agricultural production in local communities, leveraging the UNL's experimental station located in Los Encuentros.
- Polytechnic School of Guayaquil (ESPOL - Escuela Superior Politécnica del Litoral): Efforts with the ESPOL will focus upon assisting formalized artisanal miners to improve the technical aspects of their operations.
- Technical Private University of Loja (UTPL - Universidad Técnica Particular de Loja): Lundin Gold and the UTPL have continued to work together on areas of community development and training over the course of 2019.

The outcomes of these and other engagements with academic institutions are highlighted in this report, as well as in various other publications and our social media platforms.



Training workshop with formalized artisanal miners who operate on Lundin Gold concessions.

CO-EXISTING WITH ARTISANAL MINING

The region in which we operate has a history of artisanal mining, which contributes to local employment and livelihoods. We therefore continue to pursue a strategy of co-existence, which has been in place since our arrival in 2015.

We assist those artisanal miners that seek to formalize their activities, and which do not adversely affect our operations. When artisanal miners seek to operate in an area that would interfere with our activities, we work with them to identify viable alternative areas within our concessions. Additionally, we support artisanal miners to obtain their required environmental certificates.

We also continued to develop a capacity building initiative with ESPOL for the benefit of artisanal miners. We are working towards a pilot project to offer internship placements for mining and geology students to work with ASM agreement holders. The objective of this effort, which is scheduled to commence in 2020, is to improve the activities of artisanal mining operators established on our concessions, by identifying areas favorable for the exploitation of gold, and providing advice on technical aspects, occupational safety, environmental management, and legal compliance.



Institutional agreement between the National University of Loja (UNL) and Lundin Gold.

During the reporting period, there were no grievances or incidents related to artisanal mining. On several of our concessions, we observed an increase in informal mining activities. As such, and in accordance with our procedures, we filed 20 complaints of illegal activities and one request for administrative protection from the Mining Regulation and Control Agency (ARCOM by its Spanish acronym).

Artisanal and Small-Scale Mining (ASM) Activities within Our Concession Areas

	2017	2018	2019
Formalized ASM with contracts with Lundin Gold	21	19	17
Voluntary departure of informal ASM after authority inspections	25	38	18
Legal complaints filed by Lundin Gold against informal ASM	17	19	21
Number of impoundments, disabling, or destruction of ASM equipment or camps by authorities	10	2	1
Number of peaceful removals of artisanal miners by authorities	25	6	2
Grievances lodged with Lundin Gold related to ASM	1	0	0

SECURITY AND COMMUNITY

Our Security Program is designed to protect people, assets and operations while respecting human rights and local communities. It is a continuous process based on careful planning and incorporating international best practices.

Our induction and training materials continue to emphasize our commitment to respectful engagement and international human rights. 100 percent of the FDN Security Team has received training in the Voluntary Principles on Security and Human Rights. Plans are established to deliver annual refresher training as well as expediently train any new personnel.

Our main security practices 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 standard of conduct.

We did not record any security-related incidents or grievances during the reporting period.



ADDRESSING GRIEVANCES

We maintain a formal grievance mechanism so that employees, contractors, community members and other stakeholders can lodge their concerns and complaints. Grievances can be lodged anonymously. This system enables us to systematically record, resolve, and report grievances to our management and other interested parties. In 2019, we disseminated information about our grievance mechanism in Shuar, the language of the main indigenous group in the FDN area.

During the reporting period, we recorded a total of 106 complaints or grievances, with 97 percent falling in the lowest level of severity (Level I), and the remaining three percent at the intermediate Level II. There were no grievances received at Level III (highest level of severity).



Central park of the Los Encuentros Parish.

After more than a year, the ongoing challenges associated with the existing bridge in Los Encuentros were resolved in December 2019. Once the Prefect of Zamora Chinchipe formally communicated to the Los Encuentros parish government that the bridge has a capacity of 32 tons, a group of local community members which objected to FDN's use of the bridge communicated to the Company that they were willing to accept the decision. The Company coordinated with local officials and local police prior to using the bridge for the first time and no incidents occurred. At the end of the reporting period, the Company was using the bridge up to its rated capacity of 32 tons.

Recorded Grievances by Type or Topic in 2019

Type or Topic of Grievance	Number
Contracts	46
Construction	5
Health, Safety & Security	2
Social Responsibility and Communities	4
Legal	6
Human Resources & Administration	10
Surface Operations	17
Camp Administration	6
Purchasing	1
Environment & Permitting	1
Exploration	2
Mine Development	2
Infrastructure	3
Non-applicable Grievances	1
TOTAL	106

Grievances Recorded for Fruta del Norte

Category	2017		2018		2019	
	Number	Percentage	Number	Percentage	Number	Percentage
Level I	70	93	125	100	103	97
Level II	5	7	0	0	3	3
Level III	0	0	0	0	0	0
Total	75	100	125	100	106	100

IMPACT INVESTMENTS



In addition to the initiatives outlined in other sections of this report, Lundin Gold also prioritizes strategic investments that seek to bring positive community impact across a range of areas. Many of these are supported in partnership with the Lundin Foundation and are described in detail in our other publications and our social media platforms.

We will be developing and implementing a formal impact investment framework now that FDN is in the operations phase with a focus upon impact evaluation in 2020 to further quantify our contribution and long-term impacts on socio-economic wellbeing and the quality of life of local stakeholders. This effort will also support us in assessing and evaluating the effectiveness of our programming.

The Community Roundtables are an important forum and tool for engaging community members in a collaborative decision-making process regarding community investment projects and programs. Below is a summary of activities undertaken in 2019, from receiving and analyzing proposals against needs and opportunities, to approval decisions and supervising delivery.

Community Roundtables Proposal Results

	2017	2018	2019
Proposals	23	21	20
Under Review	0	1	7
Rejected	5	10	7
Approved	18	10	6
In Progress	1	5	1
Completed	17	2	0



EDUCATION AND TRAINING

In the early planning stage of FDN, significant barriers to local hiring and procurement were identified. For example, only 13 percent of local entrepreneurs surveyed were formally registered entities. In response, we developed a series of interventions, such as high school equivalency, professional certifications, and entrepreneurial skill-building programs.



Our ongoing NGO partnerships, such as that with Junior Achievement Ecuador (JAE), enable us to improve the educational outcomes for students in Los Encuentros. Since 2015, several initiatives with JAE have focused on developing entrepreneurial skills, supporting teachers and parents, preparing students for university entrance exams, and tackling the high university drop-out rate. In 2019, 32 high school students from the Unidad Educativa 10 de Noviembre in Los Encuentros successfully passed their university entrance exams. In 2015, prior to the availability of the education and support programs associated with FDN, only one student from the Los Encuentros school successfully passed the

same university entrance exam. Currently, there are 135 students from Los Encuentros studying in different universities across the country. Supported by Lundin Gold, JAE is now also implementing a program to accompany university students from Los Encuentros during the first few years of their university careers to help lower the drop-out rate.

An important education and training initiative to highlight for the 2019 reporting period is the successful completion of the mining and process plant *Training for Operations* Program (better known locally by its Spanish acronym PCOM), which trained 306 people for long-term employment in operations. Details of the program can be found in the Our People section of this report

BOOSTING LOCAL ENTREPRENEURS

As part of our Transition Strategy, in 2019 we commissioned a series of studies to identify promising local entrepreneurial opportunities for FDN's operational phase, with the objective of providing a path forward to support local employees whose work with FDN would be coming to an end. This initiative, which will be launched in local communities in 2020, is expected to support numerous entrepreneurs in building or growing businesses.



"My Future Fair 1" held in the Los Encuentros Parish in April 2019.

SUPPORTING DAIRY AND AGRICULTURE

Given the local importance of dairy farming and agriculture, as well as the opportunity these activities present for economic diversification and employment, we continue to work with the Lundin Foundation on the following initiatives designed to improve local livelihoods.

- Supporting Catering Las Peñas and its local supply chain initiatives (including P&P Catering, TAKATAII, SAJEOZ and ASOMIDORADA).
- Assisting the Association of Small Organic Agricultural Exporters of the Southern Ecuadorian Amazon (APEOSAE by Spanish acronym) which processes and markets coffee, cacao and plantains on behalf of its farm members.
- Working with the ECOLAC Dairy, which provides market access to over 100 dairy farmers in the Zamora Chinchipe province.



IMPROVING COMMUNITY HEALTH

We continued our collaboration with Kimirina, an NGO, to address the root causes of several social challenges and empower vulnerable or stigmatized individuals and groups. In 2019, Kimirina continued with capacity building aimed at at-risk youth with a focus upon preventing drug and alcohol abuse, domestic violence and education on sexual and reproductive health.



Kimirina's team during the summer camp at Los Encuentros Parish.



“Tsanka Nunka” Consortium official presentation. From left to right: Ron Hochstein, President and CEO; Erin Johnston, Managing Director Lundin Foundation; Sylvie Bédard, Canadian Ambassador for Ecuador; Rubén Naichap, president of the Shuar Federation of Zamora Chinchipe; Fernando Benalcázar, Vice Minister of Mines of Ecuador and Eugenio Naranjo, Advisor to the Ministry of Tourism of Ecuador.

COLLABORATING WITH INDIGENOUS PEOPLES

Important stakeholders for our operations include the indigenous peoples who live in the broad area around Fruta del Norte. Our engagement is primarily with the Shuar and, to a lesser extent, the Saraguro indigenous peoples. Though many live within mixed communities, there are several indigenous communities close to the town of Los Encuentros, and approximately 40 kilometres from Fruta del Norte. Since 2015, we have been working with the Shuar Federation of Zamora Chinchipe to address economic development, institutional strengthening, the protection of customs and traditions, and capacity building.



During the reporting period, we participated in the creation of the Tsanka Nunka Cultural Tourism Consortium, jointly with the Lundin Foundation, academic institutions and the Canadian Embassy in Ecuador. Formally launched in January 2019, the Consortium worked to establish the Winia Nunkar tourism company that seeks to leverage the growing market for cultural and ecological tourism. The renovated and updated Cultural Interpretation Centre of the Shuar Nation of Zamora Chinchipe, located on ancestral indigenous territory in the Timbara Parish, has also continued to expand its offerings since its June 2018 inauguration. A market study has been undertaken to better evaluate

opportunities regarding both domestic and international tourism profiles. Highlights at the centre in 2019 were the launch of an indigenous gastronomy training program, including the installation of a new industrial test kitchen on site, and a hospitality and tour guide training program.

Lundin Gold and the Zamora Chinchipe Shuar Federation signed a new agreement in 2019, focused on developing organic cocoa production in Shuar territory. The program seeks to promote sustainable agricultural practices among Shuar people. During the reporting period, the first disbursement for the program was made and 34 samples have been taken from across a 50-hectare area.

A key priority for the Shuar Federation is the promotion of educational and job opportunities associated with mining. As such, we worked closely with the Federation to increase Shuar participation in our training and recruitment programs, especially our Mine Operations Training Program (better known locally by its Spanish acronym as PCOM), training future operators for the mine and processing plant. The results of this effort can be seen below. Though 16 members of the Shuar community successfully completed the program, the participation from the Shuar Federation in the initial testing and subsequent training fell below the levels that the Company had initially identified with the Shuar leaders. We will draw lessons from this experience and consider how we can better address barriers to access, as well as structure and communicate our approach more effectively for future programs, to achieve a higher participation rate.

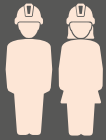
Shuar Participating in Operators Training Program

	Shuar	Total Participants
Cohort 1	12	112
Cohort 2	4	109
Cohort 3	0	95
TOTAL	16	316

Note: Total potential candidates tested for positions between in 2018 and 2019: 1,864

In 2019, we also developed and disseminated our translated grievance mechanism in the Shuar language. We have recorded a single level 1 grievance (i.e., the lowest level) from a shuar community associated with the use of a local road. This grievance was closed to the satisfaction of the complainant during the reporting period. Beyond this, we reported no incidents of violations involving rights of indigenous people during the reporting period.

OUR PEOPLE



HUMAN RESOURCES

In 2019, we were able to move approximately 390 construction-phase temporary workers to permanent operations positions. In early 2020, an additional 170 temporary workers were transitioned to permanent operations positions. In 2019, we also employed the vast majority of the 306 graduates of our Training for Operations Program. As part of our Transition Strategy, we supported other construction workers to seek new opportunities by providing them with access to information, training, “My Future Fairs” and other resources.

Strengthening Policies

As a Participant to the UN Global Compact, we are committed to implementing, disclosing and promoting its universal human rights, labour, environment and anti-corruption principles. In addition, our Responsible Mining Policy commits us to meeting or exceeding Ecuadorian laws which guarantee freedom of association, the right to collective bargaining, and prohibit forced, compulsory or child labour, and discrimination in employment practices.

New policies introduced in 2019 emphasize the Company’s commitment to provide a safe and healthy workplace for all. These include our Workplace Harassment Policy, which includes clear reporting and investigation tools and procedures, to be rolled out in 2020, as well as an Alcohol and Drug Free Workplace Policy, demonstrating a zero-tolerance approach.

Our Workplace Harassment Policy

The Lundin Gold Board has adopted the Workplace Harassment Policy to help foster an environment of respect, maintain a safe and harassment-free work environment, and help employees understand their rights and responsibilities in this regard. Established procedures enable the reporting, timely investigation and resolution of potential harassing behaviour, without fear of reprisal or retaliation. The Company has clearly articulated that harassment will not be tolerated and is committed to taking appropriate action against any employee who harasses someone.

Passing Peak Construction

Our construction operations at Fruta del Norte were supported by approximately 3,800 workers at the peak of construction in 2019, including approximately 1,500 contractors. These numbers fluctuated over the course of the year (and continue to do so) in response to our construction requirements.

We continued to report our hiring statistics, and that of our contractors, to the participants of the Community Roundtables and other interested parties. At the end of 2019, approximately 48 percent of the workforce (including contractors) was recruited from the Zamora Chinchipe Province (Rings 1 to 3), which represents a one percent increase compared to 2018.

Transition to Operations

Once the main construction activities have been completed, we expect that the workforce required to operate and maintain Fruta del Norte will range from approximately 1,300 to 1,400. In addition, the skill sets required for the workforce during the operation stage will differ from that of the construction phase.

Preparing for the move from construction to operations, we had already initiated a series of training programs to develop new skill sets required for underground mining and operating a state-of-the-art process plant. This included developing the Training for Operations program, unique to Ecuador, which is described on page 29.



PCOM trainees with their instructor.

ENABLING LOCAL HIRING

In operating FDN, our goal is to maximize opportunities for local people living in neighbouring communities. In support of this goal, we developed and implemented a series of local education and training programs to improve the ability of local community members to successfully access our hiring opportunities. In our local hiring strategy, we follow the definition of “Local” as shown in our Inclusive Procurement section of the report. Ring 1, which comprises the communities nearest to our operations, receives the highest priority.

While initial labour requirements in the construction phase focused on unskilled labour, we increasingly require mechanical, electrical, and piping skills, and thus a more skilled labour force. In 2019, significant focus was put on building a local workforce in line with the needs of the operations phase, as detailed in the Training for Operations Program section.



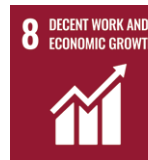
Contractor Employment

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Ring 1	199	54	253	181	67	248	152	50	202
Ring 2	81	11	92	124	34	158	118	29	147
Ring 3	90	11	101	121	24	145	58	16	74
Ring 4	601	27	628	802	30	832	323	26	349
Total Ecuador	971	103	1,074	1,228	155	1,383	651	121	772
Foreign	24	1	25	49	1	50	5	1	6
Total Workforce	995	104	1099	1277	156	1433	656	122	778

Note: Statistics provided reflect those at end of each calendar year

WORKFORCE TRANSITION STRATEGY

As Fruta Del Norte transitioned from the construction to the operational stage, the overall workforce size and skill sets required have changed. Since mid-2018, we have engaged in a 5-pillar Transition Strategy to ease this transition. This strategy involved early consultation and strategic communications campaigns with internal and external stakeholders. We also completed a survey with all soon-to-be impacted local workers, a local and national labour market survey, and involved the Community Roundtables and the Lundin Foundation. The successful implementation of this Transition Strategy is evidenced in the integration of the majority of the 306 graduates of our PCOM program, described in the following section, the uptake of training opportunities and programs offered, and the low number of associated grievances.



We continued to offer training and certification programs, support for local entrepreneurship, and hosted two well-attended “My Future Fairs” to disseminate information about various existing and upcoming economic opportunities. Working with the Lundin Foundation, we identified a series of initiatives designed to increase the financial competencies and labour

Aurelian Ecuador S.A. Employment

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Ring 1	316	8	324	426	37	463	361	53	414
Ring 2	67	8	75	214	10	224	198	23	221
Ring 3	46	6	52	179	12	191	161	16	177
Ring 4	176	68	244	502	100	602	668	109	777
Total Ecuador	605	90	695	1,321	159	1,480	1,388	201	1,589
Foreign	50	3	53	135	9	144	199	7	206
Total Workforce	655	93	748	1,456	168	1,624	1,587	208	1,795

Note: Statistics provided reflect those at end of each calendar year



"My Future Fair 2" held in the Los Encuentros Parish in June 2019.

market competitiveness of construction workers, by facilitating their access to alternative livelihood opportunities, and mitigating adverse socio-economic impacts resulting from the winding down of the construction period. These supporting activities continued throughout 2019 and will be carried through into 2020. In undertaking this strategy, FDN has set a precedent for a transition planning process in the mining sector in Ecuador.

The Company's sponsorship of the two "My Future Fairs" brought government and educational institutions, as well as other resources, to the FDN area to provide information on an array of opportunities. A total of 412 workers attended the fairs organized by the Company, 98 percent of whom indicated they had identified interesting alternative employment possibilities, and 36 percent of whom enrolled in a program or training through the event. The most popular programs were linked to dairy farming and agriculture (including the existing initiatives of TAKATAII, APEOSAE, and ECOLAC), while the most popular training areas enrolled in were welding, occupational health and safety, and basic electricity (e.g. 238 local employees sought to take advantage of the training opportunities offered through our SECAP partnership).

TRAINING FOR OPERATIONS PROGRAM

In 2018, and in collaboration with the Lundin Foundation, we established the specialized Training for Operations Program (PCOM by its Spanish acronym). By the end of 2019, 306 participants, all of whom come from local communities, had successfully completed the program. Of these, approximately 95 percent were expected to join our workforce in 2020.

Pillars of the Fruta del Norte Transition Strategy

Pillar 1: Training for Operations	Pillar 2: Agricultural Development	Pillar 3: Training and Certification	Pillar 4: Support for Local Entrepreneurship	Pillar 5: My Future Fairs
3 cohorts from Sept 2018 to Oct 2019 graduated 306 trainees as mine and process plant operators, 71% of whom have been integrated as employees by end of 2019, with intentions to integrate many of the remaining graduates in 2020.	Employees that expressed an interest in this area (during the "My Future Fairs") underwent a pre-qualification assessment in 2019, with 92 former employees meeting the requirements, 36% of whom have commenced activities as of 31 December 2019.	Construction and metalworking training offered with Ecuadorian Vocational Training Service (SECAP by its Spanish acronym). First metalworking certification workshop completed in 2019. Additional training on labour transition (preparing resumes, interview skills, use of job portals) and financial management.	Several market, technical, and feasibility studies were developed in 2019, corresponding to initiatives identified as potential emerging opportunities for former workers and existing local suppliers during FDN operations.	Two rounds of the "My Future Fairs" were organized in the first half of 2019. A total of 412 workers attended, 98% of whom indicated they had identified interesting alternative employment possibilities.



GENDER AND DIVERSITY

Given the emerging nature of the large-scale mining sector in Ecuador and the associated skills and training gap originally identified in the region, we recognized that our commitment to local hiring required an ambitious support program. PCOM provided structured training in the classroom, two state-of-the-art 3D underground mine simulators, as well as practical experience operating mining equipment under the supervision of instructors.

The instructing team trained three cohorts of students, graduating in March, June and October 2019 respectively. 80 percent of trainees specialized in underground mining equipment operation, and the remaining were trained as process plant operators. 315 trainees enrolled, 97 percent of which completed the program. Trainees received a stipend and completed approximately 1,000 hours of intensive training each.

The initiative prioritized communities located near Fruta del Norte, as well as members of the Shuar Federation of Zamora Chinchipe. As a result, all of the 306 graduates from the program are from the Zamora Chinchipe province, with 50 percent being from Ring 1.

The program participants were 16 percent women and five percent members of the indigenous Shuar nation. Additionally, six percent of trainees had previously participated in our high school equivalency program, *Bachillerato Extraordinario*, an educational initiative we offered in collaboration with the Lundin Foundation, the Ministry of Education and *Fe y Alegría*, which ended successfully in 2018.

Since the 2018 launch of the Global Compact Ecuador network’s “Leaders for the SDGs” initiative, we have been part of the SDG 5 working group, aiming to support the achievement of gender equality and empower women and girls. Our participation is helping us further improve our policies and practices related to gender equality. We are also actively involved with the creation of the Women In Mining Ecuador initiative.



A third-party evaluation undertaken this year calculated our gender compensation ratio to be 0.97 (the closer to 1, the closer to gender equity in terms of remuneration of men and women). We also opened a lactation room at Fruta del Norte and a nursing room in Los Encuentros, to better accommodate the needs of women employees upon returning from maternity leave.

During the “Women in Energy 2019” event organized by the Society of Petroleum Engineers (SPE) in Ecuador, Lundin Gold also received an award recognizing our Human Resources leadership in the development of projects and sustainable initiatives supporting women in the mining industry.



Composition of Trainees of Training for Operations Program

TRAINEES	MALE	FEMALE	RING 1	RING 2	RING 3	SHUAR	BACHILLERATO GRADUATE
308*	260	48	152	90	50	16	18
	84%	16%	50%	29%	16%	5%	6%

*Training for Operations total graduates =306. Two Cohort 3 trainees were unable to graduate due to health reasons. However, they are still being considered for employment at LUG



HEALTH AND SAFETY

Fruta del Norte has become the first large-scale underground mine in the country. Our culture of working safely is core to our commitment to support the development of a responsible mining industry in Ecuador. In 2019 we continued to maintain our position as a positive reference for safety practices in Ecuador. We prioritize the resourcing, management, continuous innovation, and monitoring of the effectiveness of our health and safety systems and practices. To foster accountability, remuneration, including that of our senior managers, is also in part driven by health and safety performance indicators.



We were deeply saddened to report the fatality of an employee on March 1, 2019. This fatality was due to a landslide that occurred while Cristian Antonio Ochoa Calva was operating a loader on the North Access Road. Internal and external investigations highlighted the presence of strong systems, despite the occurrence of this tragedy. Nonetheless, the fatality has led to changes and further improvements of these systems, including an improved critical risk analysis system, and the “Go / No-Go” program, which empowers workers to be able to say “no” when they have to carry out critical risk activities where the appropriate controls are not in place in accordance with established procedures. We also strengthened the geotechnical monitoring and control systems. We remain fully committed to taking the necessary measures to prevent such an incident from reoccurring.

PROMOTING RESPECT

Respect is one of our Fundamental Principles. Following the leadership commitment made in late 2018, we have been building an internal campaign to reinforce this Fundamental Principle, including:

- Defining the meaning of “Respect” in our operational context
- Establishing our behavioural expectations through a code of respect
- Disseminating our expectations company-wide

For us, the term Respect means that we interact with others with the intent of understanding cultural differences and in a manner that is perceived to be considerate. In 2019, we officially launched our Code of Respect, established organizational goals to allow performance monitoring, and will be rolling out an awareness raising campaign in 2020.

Health and Safety Culture

Through the implementation of multiple initiatives, such as the Golden Rules and the Visible Leadership Program, we seek to continuously foster a culture of accident and injury prevention. This means that we encourage and empower safety leadership in the workforce, and provide training to workers, supervisors, employees, and contractors. These efforts contributed to reaching 3,007,484 hours worked without lost-time injuries in 2019 (period of May 31st to 12th October), and a total recordable incident rate of 0.69 for the reporting

period, as well as the zero non-conformities noted during our December 2019 third-party health and safety audit.

We are also pleased to see our culture of health and safety increasingly adopted by suppliers and partners. For example, the local light vehicle transport company Eden de la Amazonia, which has been a beneficiary of our community investment programming, had no major incidents in 2019, in a context of increasing road accidents at the national level.

Awards and Recognition

Our continued efforts to bolster our emergency response training helped our team win the Industrial Rescue Olympics of Confined Spaces & Heights in 2019, which was hosted by 3M, as well as being ranked first by the Ecuadorian Institute for Social Security in "Good Occupational Health and Safety Practices" among 500 companies in August 2019.

During the coming year, our commitment is to remain focused on mitigating critical risks and high potential incidents, implement critical controls and maintain operations in a safe manner with leading and lagging KPIs to improve corporate targets.

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

	2017	2018	2019
Hours worked	2,135,951	5,118,008	7,482,631
Lost Time Incidents	1	2	6
Injury rate/ 200,000 Hours (weighted average)	0.56	0.43	0.69
Hours Trained	22,563	87,066	100,835
Job Safety Analysis	28,740	19,848	24,962
Observation Cards	7,336	229,147	347,048

Additional statistics are provided as part of the web posted GRI Index



HEALTH AND WELL-BEING

As part of promoting the well-being of our workers, we provide dedicated areas for recreational activities. These areas are utilized for activities ranging from aerobics to birthday celebrations. We also provide an on-site gym with fitness equipment and professional trainers, which is used by approximately 200 workers per day. Additional outdoor sports facilities are provided and popular for team sports, such as hockey, soccer, basketball and volleyball. We also provide access to social workers. Through this support, we seek to foster a positive work environment and care for the mental health of all employees.



Lundin Gold won first place in the Industrial Rescue Olympics in Heights and Confined Spaces organized by the American firm 3M.



We are committed to responsible mining, which means we are committed to operating our facilities according to our three Fundamental Principles.



Working Safely



Environmental Stewardship



Respect in each of our activities

During 2019, we continued to implement a series of environmental management and monitoring plans, ranging from archaeological resources to water quality, with key results highlighted in this section. Our objective is to continuously improve our performance.

As we commenced operations during the fourth quarter of 2019 and commercial production in the first quarter of 2020, our environmental stewardship focus is gradually shifting from avoiding, minimizing and mitigating construction impacts, to managing and minimizing environmental aspects associated with the operational stage of Fruta del Norte.

Construction Footprint

The Fruta del Norte project was designed and developed to minimize the environmental footprint of the operation. By the end of the reporting year, construction was 99.2 percent complete and a total of 13 kilometres of underground mine development had been completed. At the time of writing, infrastructure still to be constructed includes: the paste plant, the south ventilation raise and the Zamora River bridge. As summarized further below, we identify, safeguard, and monitor flora and fauna both before and throughout construction-related land clearing activities. During the reporting year, we also revegetated an additional 46 hectares to reduce erosion and improve sediment control, bringing our total since commencing construction to 103 hectares.

Land Management Data

	Hectares		
	2017	2018	2019
Total amount of land licensed for FDN exploitation phase*	2,630	2,630	2,630
Total amount of land newly disturbed within reporting period	81	100	72
Total amount of land newly rehabilitated within the reporting period to the agreed end use	0	0	0
Cumulative total land disturbed and not yet rehabilitated within the reporting period to the agreed end use	206	306	378
Cumulative area revegetated for improved erosion control	1	57	103

*Cumulative figure of the following licenses: FDN-La Zarza, Las Peñas Camp-FDN road, north access road, and the electric transmission line

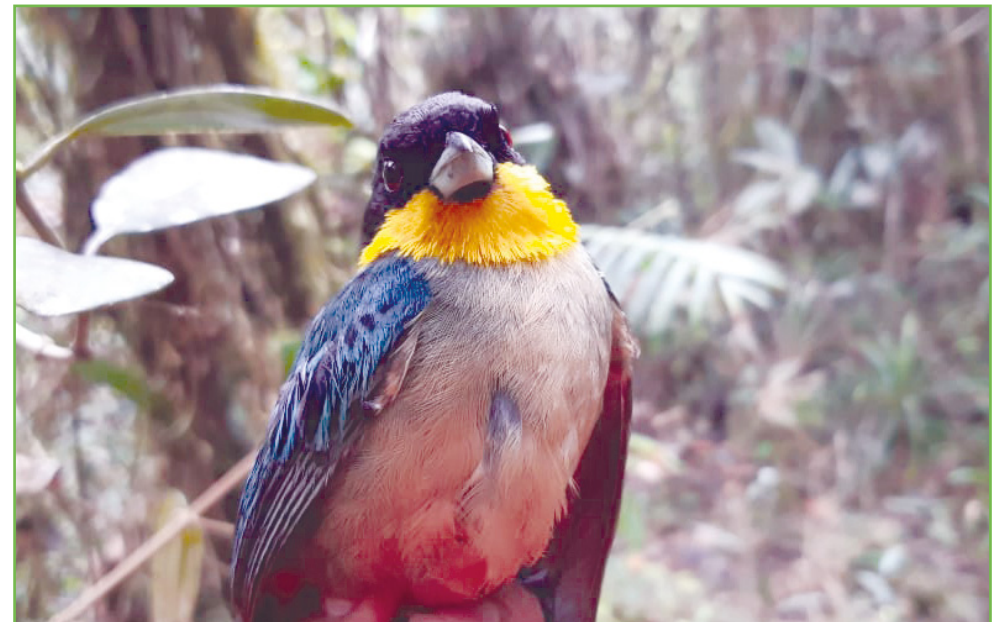
BIODIVERSITY CONSERVATION & OFFSETS

The La Zarza concession, which hosts the Fruta del Norte deposit, is in the Cordillera del Condor mountain range in southeastern Ecuador. The portals leading to the underground mine are located approximately three kilometres from the boundary of the El Zarza Wildlife Refuge (Refugio de Vida Silvestre El Zarza) and one kilometre from the El Condor Mountain Range Protected Forest (Bosque Protector Cordillera del C ndor). These areas are important conservation areas, especially for birds and amphibians.



FDN is being developed as an underground mine, so its physical footprint is much smaller when compared to open-pit mining development. As part of the biological baseline studies and subsequent flora and fauna rescue and monitoring programs, we continue to document species categorized as endangered, vulnerable, near-threatened or of least concern according to the International Union for Conservation of Nature (IUCN 2019) and Ecuador’s National Red List (2019). Information has been generated during bi-annual biotic monitoring, and the rescue and relocation activities that ended in April 2019, marking the completion of 16 campaigns, with their respective monitoring.

Although species in imminent danger of extinction or critically endangered were identified in the ESIA studies or during previous years (see page 35), none were recorded during the reporting period. In 2019, we identified 10 endangered, nine vulnerable, 13 almost threatened, two not evaluated, eight with insufficient data, and 309 of minor concern. In collaboration with Conservation International Ecuador, we also have continued a biodiversity conservation program for Fruta del Norte (see page 35).



Iridisornis analis (Tangara goliamarilla) during biotic monitoring in October 2019.

Critically Endangered Species within FDN Study Area

	Scientific Name	Common name (local name)
Flora	<i>Magnolia yantzazana</i>	Magnolia
	<i>Persea raimondii</i>	Avocado
Mastofauna	<i>Tremarctos ornatus</i>	Andean Bear
Herpetofauna	<i>Pristimantis katoptroides</i>	Puyo Robber Frog
	<i>Pristimantis prolatus</i>	Hidden Robber Frog
	<i>Espadarana audax</i>	Napo Giant Glass Frog Daring Glassfrog
	<i>Allobates kingsburyi</i>	Kingsbury's Rocket Frog
	<i>Pristimantis yantzaza</i>	Yantzaza's Rainfrog
	<i>Noblella lochites</i>	Ecuador Leaf Frog



Lauraceae Family (Canelo) at Fruta del Norte Nursery.

Flora and Fauna Rescue and Relocation

The flora and fauna rescue plan was developed to mitigate the potential adverse effects on biodiversity during the construction of Fruta del Norte. It is implemented by a team of third-party biologists and supported by a wildlife veterinarian. During 2019, the monitoring of the rescue campaigns and the biotic monitoring continued. As a result of the 16 campaigns carried out, there is an important stock of native plants in the FDN nursery, which are being used progressively in the restoration of impacted areas around the site.

Low mobility species comprise most of the specimens captured and relocated. Other species, such as birds and mammals, are typically repelled by noise, thus minimizing the need for capture and relocation. This, in turn, reduces stress and risk of injuries.

Rescued Flora and Fauna

	Number of individuals rescued								
	2017			2018			2019		
	Rescue Campaigns	Construction Monitoring	Total 2017	Rescue Campaigns	Construction Monitoring	Total 2018	Rescue Campaigns	Construction Monitoring	Total 2019
Flora	11,764	19,509	31,273	12,773	9,038	21,811	24,721	38,697	63,418
Herpetofauna	1,916	637	2,553	1,756	1,604	3,360	3,778	2,549	6,327
Birds	0	8	8	0	29	29	0	67	67
Mammals	9	30	39	43	32	75	55	120	175

Partnership with Conservation International – Ecuador

Since entering into a three-year collaboration agreement with Conservation International Ecuador at the end of 2018, we have been jointly developing and implementing a biodiversity conservation program for the area of influence of Fruta del Norte. This includes biodiversity conservation efforts, offset plans, and support for sustainable ecosystems services.

The objective of this alliance is to promote the conservation of biodiversity and ecosystem services in the area, with a “Partnerships for Sustainable Landscapes” approach. This is based on the effective integration of nature conservation and human well-being. The Program is based on three pillars:

- 1** Good governance, working with local governments, as well as promoting spaces for dialogue;
- 2** Conservation of natural heritage by supporting the effective management of protected areas and protective forests, and
- 3** Sustainable production, through the conservation of forests, the improvement of agroforestry production and the strengthening of value chains.



Conservation International team undertaking a sustainable production evaluation at a local farm.

During 2019, Conservation International dedicated three individuals to development of this partnership. The main milestones were: establishing cooperation agreements with government agencies and the Shuar Federation of Zamora Chinchipe; finalizing the methodology proposal for modeling the FDN ecosystem services; engaging with communities near the mine and in the Canton of Yantzaza; selection and characterization of five agroforestry farms for sustainable production purposes; updating the El Zarza Wildlife Refuge Management Plan; and, selecting an offset or compensation area to pursue as a private protected area.

WATER MANAGEMENT

As part of our operations, we manage significant volumes of water, and ensure that effluents meet prescribed quality standards. The construction workforce at Fruta del Norte peaked at 2,147 workers per day in August 2019. This required significant efforts to provide the required supply of fresh water and ensure adequate treatment of sewage and gray water prior to discharge.



At the end of the reporting period, all water permits were secured, contingency planning for significant rain events had been put in place, and no acid rock drainage issues were recorded from waste rock. During the year, the Company completed the construction of the sedimentation ponds and the main water treatment plant, which began operating in November 2019, treating water collected from the sedimentation ponds and from the tailings storage facility.

The tables in this section summarize our water usage, sourcing and compliance status of the treatment systems. As we continue to transition from construction to operation, we expect changes to include a reduction in freshwater consumption, and greater efficiency of our water treatment systems.

FDN's Water Use

	m ³		
	2017	2018	2019
Surface Water Sources (Domestic use)	37,854	96,008	173,747
Drilling Activities	10,993	902	-
Portal*	8,839	42,008	125,402
Groundwater	-	-	-
Rainwater	-	-	-
Municipal water supplies	-	-	-

Note: Limited municipal water used in our offices is not considered material and is not reported

**Portal source comprises recycled water from contact-water treatment systems and industrial water permit obtained in November 2019*



FDN sedimentation ponds.

Water Treatment Volumes and Compliance at FDN

Treatment Systems	2017		2018		2019	
	Volume (m ³)	Compliance	Volume (m ³)	Compliance	Volume (m ³)	Compliance
Black and gray water	35,416	93%	76,140	97% ¹	124,651	94% ¹
South Portal and associated infrastructure	8,634	100%	5,246	100%	2,920	99% ⁴
North Portal	N/A	-	503,060	98% ²	1,781,870	100%
Drinking Water	37,854	100%	96,008	99% ³	173,747	98% ³
Drilling Activities	2,430	100%	834	100%	-	-

1. Parameters such as pH, TSS (Total Suspended Solids), COD (Chemical Oxygen Demand), and total nitrogen Kjeldahl exceeded quality criteria mainly during the early start-up and plant stabilization stages. 2. Treated water collected from the declines, runoff from: mine surface infrastructure area, process plant area and main waste rock pad collection. Exceedances of TSS and pH were registered during the first three months of 2018 while the treatment system was in the process of implementation and improvement. 3. Exceedance related to free chlorine concentration, although monitoring of microbiological parameters showed no health risk as microbiological parameters were always within the norm. In all cases, corrective actions were immediately implemented. 4. In the discharge of the South Portal treatment system, a pH value less than the minimum permissible limit was recorded for a single occasion, which was immediately corrected. N/A – not available

In October 2019, Lundin Gold participated in the “Innovation Conference on Sustainable Use of Water: Cities, Industry and Agriculture”, organized by the International Water Association (IWA) and the Inter-American Development Bank Development Bank (IDB). Lundin Gold presented during this event on our water management practices, as well as our early engagement strategy with local communities. IWA has subsequently invited Lundin Gold to feature an article on these topics in the upcoming book “Sustainable Water Use by Industry”.

Community-Based Monitoring

Experience shows that participatory monitoring programs can help companies to establish greater levels of trust and communities to better understand environmental monitoring data. In response to a request from the Community Roundtables, we engaged in a systematic program to create a community-based monitoring program for Fruta del Norte.

Since 2017, we have engaged CIMA (Centro de Innovación y Desarrollo para la Industria y Minería), which is part of the UTPL (Universidad Técnica Particular de Loja), to design a community monitoring program with the 17 communities within the FDN area of influence. As part of this initial phase, 24 volunteer participants attended a tailored training course.

After signing an agreement with the Catholic University of Cuenca in 2018 (UCACUE - Universidad Católica de Cuenca) to help further develop the program, work began on the design of a methodology proposal, which defines six monitoring points and was presented to local communities in July 2019. During the last quarter of 2019, we began seeking an academic implementation partner.

WASTE MANAGEMENT

In 2019, we recorded a significant increase in waste generation, recycling and disposal, when compared to previous years, as tabulated overleaf. This is the result of peak construction activities and presence of peak workforce numbers at Fruta del Norte during the reporting period.

All waste generated at the site, including by contractors, is collected at Fruta del Norte’s waste management centre. The waste is organized according to defined category: non-hazardous, hazardous and special waste.



Waste classification.

We launched the “Empty Plate” campaign in November 2017 to reduce our food waste. By the end of 2018, we recorded a reduction in food waste of 33 tons. In 2018, we signed five agreements to donate food waste for animal fodder, which continued in 2019. In 2019, donations of fodder and compost allowed us to divert 361 tons of waste from the landfill. A recycling program for the return of all used ink cartridges to their manufacturer continued through 2019.

All the special and hazardous waste generated at FDN is handled by a licensed and certified (by Ministry of Environment) environmental waste manager for disposal and treatment.

FDN Waste Management and Disposal

	Wight in kg					
	2017		2018		2019 ⁵	
	Non-Hazardous	Hazardous, Special	Non-Hazardous	Hazardous, Special	Non-Hazardous	Hazardous, Special
Reuse	-	-	-	-	-	-
Recycling ¹	106,494	-	885,336	-	2,031,368	-
Production of Fertilizer	-	-	114,856	-	-	-
Recovery, incl. Energy ²	-	438	-	11,191	-	41,010
Incineration	-	50,444	-	122,300	-	198,818
Deep-well injection	-	-	-	-	-	-
Landfill	80,995	-	212,816	-	440,644	-
Store on site ³	N/A	N/A	N/A	N/A	N/A	N/A
Others ⁴	231,548	15,202	295,590	31,521	375,164	50,229

1. Includes donations of recyclable waste to the communities as well as recyclable waste sent to landfill for economic use
2. Metal recovery from electronic and electrical parts and equipment, used batteries, and materials from used tires
3. The waste is temporarily stored in FDN until removed by contractors
4. Includes organic leachate from fertilizer processing facilities, food leftovers that are donated to members of the communities to feed their animals, and final treatments such as biological, chemical, and encapsulated treatments
5. The amount of waste increased in 2019 in line with peak of construction activities and peak workforce. N/A - Not applicable

Transport of Hazardous and Special Waste at FDN

	kg		
	2017	2018	2019
Collected for treatment	66,083	165,012	290,057
Percentage exported abroad	None	None	None
Total	66,083	165,012	290,057



Primary Crusher, Process Plant.

ENVIRONMENTAL COMPLIANCE & INCIDENT MANAGEMENT

Significant Spills

We respond to and report spills in accordance with our emergency control and contingency plans. Contaminated soil is collected and treated as hazardous waste. Ecuador’s environmental regulations require an approved remediation plan for spills exceeding five barrels (approximately 210 gallons), which we use as our reporting threshold for significant spills. We had no such reportable spills in 2019.

Significant Spills at FDN in 2019

	2017	2018	2019
Significant spills	0	0	0

Environmental Compliance

The Ecuadorian Ministry of Environment conducts periodic visits and audits to verify compliance with our environmental management plans. In 2019, our operation was subject to seven such inspections and were found to be in compliance.

Of three third-party consultant audits, we received one minor improvement request related to the quarry, which we expect to resolve in 2020. There was also one minor nonconformity registered in October 2019 during the field phase of the regulatory FDN biannual audit related to slope reforestation and wastewater discharge. The FDN audit report is still being finalized and will be presented to the environmental authority in April 2020. No additional notifications of non-compliance, fees or fines related to environmental management were issued during the reporting period.



Reforestation on intervened areas.



APELL training with authorities and communities.

Cyanide Management

In advance of transport, storage, use and detoxification of cyanide – a chemical commonly used in the extraction of gold – at FDN, we developed our cyanide management plan, which is consistent with the International Cyanide Management Code. We also procure cyanide in safe and re-usable ISO tank containers, which also reduces handling, minimizes packaging and are the safest means to transport cyanide.

Prior to shipment of cyanide to Fruta del Norte, we also implemented the United Nations Environment Programme's Awareness and Preparedness for Emergencies at Local Level (APELL) process. 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 preparedness with relevant government agencies and local communities. In 2020 we will continue to implement APELL to cover a broader range of issues.

Tailings Management

The FDN Tailings Storage Facility (TSF) is an infrastructure that allows the deposition of tailings and other solids generated by the process plant in a safe and controlled manner. We employ a comprehensive approach to tailings management, prioritizing the health, safety and wellbeing of both people and the environment. The stringent criteria established by the Canadian Dam Association (CDA) were adopted for the design. This includes, for example, considerations for a 1 in 10,000-year rainfall event.

The starter dam, which was constructed in 2019, is partially lined and, at the end of the reporting period, was approximately thirty metres high, providing storage for the first year of operations. The TSF dam will be continuously raised under the so-called "downstream method" throughout its life to its maximum design elevation. The TSF is designed for a total storage of approximately ten million cubic metres. The total footprint of the TSF at the end of the projected life of mine will be approximately 50 hectares.

An instrumentation and monitoring program has also been established to measure and record key performance indicators. The resulting data can confirm that actual performance is within the expected range assumed during design or trigger corrective actions. The TSF performance is also subject to periodic independent, third-party expert review.

GHG EMISSIONS

Lundin Gold's overall 2019 GHG emissions were approximately 49,662 tCO₂eq. This includes 78 percent in Scope 1, 15 percent Scope 2 and seven percent Scope 3 (comprising flights). The significant increase of GHG emissions by approximately 50 percent compared to 2018 is largely due to the peak of mine construction activities and commencement of production.

Similar to last year, the biggest Scope 1 emission source was from diesel fuel use (3,466,905 gallons), representing 35,397 tCO₂eq. This represents a 27 percent increase from the previous reporting period. Diesel fuel use represents approximately 71 percent of 2019 emissions.



In 2019, FDN used 14,073 MWh Scope 2 national grid-connected electricity, representing 7,411 tCO₂eq, or nearly 15 percent of total emissions. This exceeds the 2018 reported use by over 97 percent and largely reflects connecting the mine's main operations to the national grid, peak construction, and start-up of the processing plant.

Explosives accounted for approximately six percent of total emissions in 2019, also a significant increase from last year. This is a consequence of moving towards full-scale production and related activities. Petrol use also increased by 41 percent compared to last year, at 29,282 gallons, representing 257 tCO₂eq.

In 2019 an almost 50 percent increase in air travel over 2018 resulted in 3,607 tCO₂eq, or approximately seven percent of the Company's total emissions.

The Company will continue to see significant relative and absolute changes in its GHG emission profile as FDN ramps up its production. As FDN was still completing the construction stage in 2019, the Company has not yet set a baseline year. Normalized emission figures (for example, per ounce of gold produced) will be provided once the mine has completed approximately one full year of operation. Below is a summary of the Company's GHG emissions data.

Estimated GHG Emissions for Lundin Gold

GHG Scope	2017			2018			2019		
	1	2	3	1	2	3	1	2	3
Fruta del Norte	5,208	2	-	28,966	-	-	38,234	7,144	-
Las Peñas Camp	329	18	-	424	200	-	409	205	-
Ecuador Offices	-	174	-	-	57	-	-	63	-
Air Travel	-	-	666	-	-	2,052	-	-	3,607
Total (tCO ₂ eq)	5,537	194	666	29,390	257	2,052	38,643	7,412	3,607
CO ₂ eq in % (Rounded)	878	3	10	93	11	6	78	15	7

GHG: Greenhouse Gas Emissions, tCO₂eq - tons of carbon dioxide equivalent, MWh - Megawatt hour; GHG estimates for Scope 1 and Scope 3 derived using U.S. EPA emission factors.
 Published here: https://www.epa.gov/sites/production/files/2018-03/documents/emission-factors_mar_2018_0.pdf and, for ANFO, here: <https://www3.epa.gov/ttnchie1/ap42/ch13/final/c13s03.pdf>
 For Scope 2, we applied a conversion factor of 0.5076 provided in the Ecuadorian National Interconnected System CO₂ Emission Factor, 2013 Report, Published by: Ministry of Environment (MAE) Republic of Ecuador



The archaeological studies of the FDN area have been on-going since 2004. Supported by a well-known archaeological expert, Dr. María Aguilera, we carried out a formal archaeological investigation program from 2017-2019, alongside all earthworks and construction activities, completing rescue excavations to safeguard archaeological evidence, and monitoring areas of archaeological interest within FDN's footprint area. Below is a summary of the various archaeological activities and programs during 2019.

2019 Archaeological Activities

Prospecting and excavation in areas of archaeological interest

C14 carbon dating related to the Integration period 1394 – 1446 AD around FDN

Monitoring during ongoing land clearances in line with our Chance Find Procedures

Prospecting, excavation, analysis and ongoing monitoring along the Bomboiza – FDN transmission line.

Cultural Evidence Recovered in the FDN Archaeological Investigation Program (2004-2019)

Fractured pots and fragments of decorated and undecorated pottery, believed to be part of household crockery, special activities and spiritual rituals.

Lithic artifacts, including axes, with notable copper and gold, believed to have been used as tools for soil clearing, cutting or for ritual activities.

Metate and grinding stones likely used for food processing, such as grinding grains.

Decorated spindle whorls that suggest spinning of cotton or other fibers.

Postholes which indicate habitable structures were built.

Flora suggesting possible early agricultural activity, construction of shelters and specific Andean plants of ritual and sacred importance.

As we completed our archaeological program during the reporting period, our investigations have continued to improve the understanding of a breadth of human activity within the study area since 5750 B.C. Archaeological findings have provided traceable and recoverable cultural evidence that the zone was inhabited by human groups, including the re-inhabitation of certain zones over different historical periods, all the while exchanging knowledge and products, and interacting with other groups from different regions. Natural resources were recurrently used in the area for food, shelter, and ceramic and lithic artifacts, for rituals, sacred and other daily activities. Our ceramic analysis has revealed a total of 77 types of pots, 16 types of plates, 32 types of bowls and 34 types of bases in the area. There is also evidence of the use of copper and gold, including axes and burins.

Dr. María Aguilera has summarized the results of our archaeological investigations, prospecting, rescue and monitoring activities in a report produced at the end of the reporting period. In accordance with national regulations and procedures, all artifacts are handed over to Ecuador's National Institute for Cultural Heritage. We have included some articles about archaeological activities within our Company newsletters and are also evaluating the possibility of providing a local exposition center for some of the more relevant pieces found during the investigation. At this time, we do not expect to have any archeological activity in Fruta Del Norte for 2020.





For Lundin Gold, material issues are those which can drive our sustainability impacts, are likely to influence the decisions and judgments of key stakeholders, and can significantly affect our overall business performance and reputation.

A list of our key stakeholders and associated engagement approach is provided in the web-posted annex to this report, and examples are presented in the sections *Engagement and Partnerships* and *Impact Investments*.

Materiality Analysis Input

- o Sector and context
- o Stakeholder engagement
- o Media analysis
- o Compliance and sustainability performance
- o Management judgement

We validated our material topics developed in early 2019 considering our sector and evolving context, and consulting with selected stakeholders. We did so through one-to-one meetings and in workshops, with staff, contractors, academia, community representatives, youth leaders and government officials. We also reviewed the outcome of discussions of the Community Roundtables, analyzed how we are perceived in the media, reviewed our overall compliance and sustainability performance, and engaged our senior management to discuss and validate the materiality analysis. The material topics for 2019 are listed and described on pages 44-45.



List of Lundin Gold's 2019 Material Topics

- Corporate governance
- Social license to operate
- Community and economic development
- Transition from construction to operations
- Occupational health and safety
- Environmental stewardship
- Biodiversity conservation
- Human rights

Our stakeholder engagement and internal discussions also identified opportunities to further improve the content of our sustainability reporting. In response, we endeavoured to create a more focused report, included a section on Fruta del Norte's Tailings Storage Facility, highlighted the development of a Cyanide Management Plan, and provided more detailed information about certain initiatives, engagements, supply chain, training, academic and other partnerships in supplementary publications or social media platforms.



Community workshop to consolidate the material topics. January 2020.



Lundin Gold's Material Topics 2019

Corporate governance	Social License to Operate	Community and economic development
Why important:		
Good governance is a key part of building trust, protecting our social license, retaining access to reputable investors, and alignment with the United Nations Global Compact Principles.	Demonstrates local community acceptance, enables impactful partnerships, improves access to finance, protects project schedule, and mitigates political risks.	Strong performance promotes economic sustainability, including wages, taxes, royalties and profits, attracts investors, and leverages local and national development impacts in Ecuador.
Boundary:		
Internal (staff, board, contractors), and external (regulators, market regulators, UN Global Compact).	External (local communities and other influential external stakeholders), and Internal (local staff, contractors and supply chain who are from and part of the local communities).	Internal (workers, contractors), external (supply chains, local communities, municipal, regional and national budgets, and investors).
Stakeholders:		
Staff, management, board, shareholders, contractors, suppliers, regulators, stock markets, and investors.	Local communities, government agencies, influential politicians, CSOs, NGOs, investors, and media, as well as local staff, contractors and supply chain who are from and part of the local communities.	Workers, contractors, suppliers, local and indigenous communities, municipal, regional and federal governments and agencies, and investors.
General Approach:		
Implementing key policies, including code of conduct and ethics, anti-bribery, responsible mining, payment transparency, and providing whistleblower and grievance mechanisms, participating in SDG roundtables. Training on governance matters.	Be respectful and transparent, enable community participation, seek community acceptance, apply good international practice, generate shared value and support community development.	Detailed planning, risk management, budget control, stakeholder engagement, partnerships, advanced royalty payments, revenue and payment transparency, local hiring and procurement strategies, capacity building, and training.
Indicators:		
GRI 102-8, 102-16, 102-18	GRI 102-14, 102-16, 102-18, 102-40 to 44, 102-45 to 56.	GRI 201-1, 203-2.
Evaluation:		
Setting good example in Ecuador, no material governance concerns raised.	Broad community support, significant local hiring and award-winning local supply chain performance, recognized mining industry leader.	Successfully mobilized investors, construction proceeding according to budget and schedule, paid advance royalties, enabled local and inclusive hiring, award-winning support for local suppliers, supported projects emerging from roundtables, maintained SLO.
Global Compact:		
Principles 1-10	Principles 1-10	All Principles (1-10)
Relevant UN SDGs:		Relevant UN SDGs:

ASM: Artisanal and Small-scale Mining, **CSO:** Civil Society Organization, **ESIA:** Environmental & Social Impact Assessment, **GC:** Global Compact, **GRI:** Global Reporting Initiative, **MMB:** Indicator from GRI's Mining & Metals Sector Supplement, **NGO:** Non-governmental organization, **SDG:** Sustainable Development Goals, **SLO:** Social License to Operate, **UN:** United Nations

Transition from construction to operations	Occupational health and safety	Environmental stewardship
Why important:		
Relative reduction in labour local procurement opportunities as project transitions towards operational stage in 2019.	It is in keeping with our fundamental principles to provide a safe working environment. Additionally, this supports our reputational management and talent acquisition, improves access to preferred contractors and suppliers, and avoids work stoppages, fees and fines.	Protecting biodiversity and ecosystem services – including water quality and biodiversity – is a key part of maintaining our SLO and delivers on our commitment of responsible mining.
Boundary:		
Internal (workers, contractors), external (supply chain, regulator, extractive sector).	Internal (workers, contractors, suppliers), external (insurers, investors).	Internal (performance) and external (ASM and other FDN-unrelated discharges), partnerships for offsets and improvements (with CI-Ecuador, others)
Stakeholders:		
Employees, supply chain, other developers, regulators and public sector.	Current and future employees, contractors, regulators, supply chain, communities, and investors	Communities near operations, government agencies, indigenous communities, NGOs, and investors.
General Approach:		
Invested significantly in and provided innovative training programs, developed transition strategy to empower workers and support their transition, continued to support diversification of local suppliers and grow non-mining sectors, such as dairy and agriculture.	Zero-harm goal. Health and safety management system, visible leadership program, critical task program, empowered health & safety team, inspections and third-party audits, and clear performance goals.	Approved ESIA, footprint reduction, flora and fauna rescue, awareness raising, offset strategy, NGO partnerships, sediment & spill control, initiated community-based monitoring program, scaled-up treatment systems for FDN, assisted ASM with permitting and compliance.
Indicators:		
GRI 201-1, 203-1, 203-2, 204-1	GRI 403-2	GRI 303-1, 304-1, 306-1, 304-4, G4 MM1, MM2.
Evaluation:		
Developed resilience through award-winning and diversified supply chain, expanded investments in non-mining sector to strengthen alternative livelihoods, developed sought-after workforce through training, certification and adoption of best international practices.	Annual health and safety goals and local requirements achieved. Health and safety management system was reinforced. We achieved over three million hours without an LTI, lower performance than last year due to recording our first fatality in March 2019, necessitating a review to prevent future such occurrences	Activities necessitated installation of additional water treatment units to improve water quality performance; rescued and relocated over 35,000 flora and fauna specimens during clearing and monitoring, generated biodiversity conservation plan for FDN in partnership with CI-Ecuador.
Global Compact:		
All Principles (1-10)	Labour (3-6)	Environment (7-9)
Relevant UN SDGs:		
		

ASM: Artisanal and Small-scale Mining, **CSO:** Civil Society Organization, **ESIA:** Environmental & Social Impact Assessment, **GC:** Global Compact, **GRI:** Global Reporting Initiative, **LTI:** Last time injury, **MMB:** Indicator from GRI's Mining & Metals Sector Supplement, **NGO:** Non-governmental organization, **SDG:** Sustainable Development Goals, **SLO:** Social License to Operate, **UN:** United Nations

Human Rights
Why important:
Proper management can reduce the likelihood of conflict, strengthen our SLO, and facilitate permitting and financing.
Boundary:
Internal (labour and gender issues, top-tier suppliers, security), external (community, indigenous people, artisanal miners, extended supply chain).
Stakeholders:
Workers, supply chain, local and indigenous communities, government agencies, and investors.
General Approach:
Reviewed salient human rights in 2016, committed to UN Global Compact, continued use of grievance mechanism and translation into the Shuar language, formalized engagement with indigenous communities, ASM strategy, and training.
Indicators:
GRI 412-1, 406-1 & 411-1, 413-1.
Evaluation:
No infringements recorded, grievance mechanism updated and effective, internal staff survey show “Respect” principles being observed.
Global Compact:
Human & Labour Rights (1-6)
Relevant UN SDGs:
 

Lundin Gold supports the UN Sustainable Development Goals





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 information”). 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 its nature, forward-looking information involves 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 sustainability report, 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 pertaining to: the duration of the temporary suspension of activities at FDN and efforts to mitigate the impacts of the suspension, the Company’s ability to re-start operations, completion of construction activities, the Company’s continued support to community initiatives, the impact of the Company’s community engagement and investment and its environmental and safety activities, the success of the Company’s exploration plans and activities and the timing and success of permitting and regulatory approvals.

Lundin Gold’s actual results could differ materially from those anticipated. Management has identified the following risk factors which could have a material impact on the Company or the trading price of its shares: risks relating to the

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

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

LUNDINGOLD

CORPORATE HEAD OFFICE

Lundin Gold Inc.

885 West Georgia Street, Suite 2000
Vancouver, British Columbia V6C 3E8

Telephone: +1 604 689 7842

Toll-free: +1 888 689 7842

REGIONAL HEAD OFFICE

Aurelian Ecuador S.A., a subsidiary of Lundin Gold Inc.

Av. Amazonas N37-29 y UNP, Edificio Eurocenter, Piso 5

Quito, Pichincha, Ecuador

Telephone: +593 2 299 6400

COMMUNITY OFFICE

Calle 1ro de Mayo and 12 de Febrero

Los Encuentros, Zamora Chinchipe, Ecuador

LOCAL PROCUREMENT:

fdn.compras.locales@lundingold.com

INVESTOR RELATIONS:

Sabina Srubiski

info@lundingold.com

COMMUNICATION:

Elizabeth Cabrera

ec.comunicaciones@lundingold.com

Lundin Gold 

@LundinGoldEC 

@LundinGold 

Lundin Gold Ecuador 

Lundin Gold 

www.lundingold.com