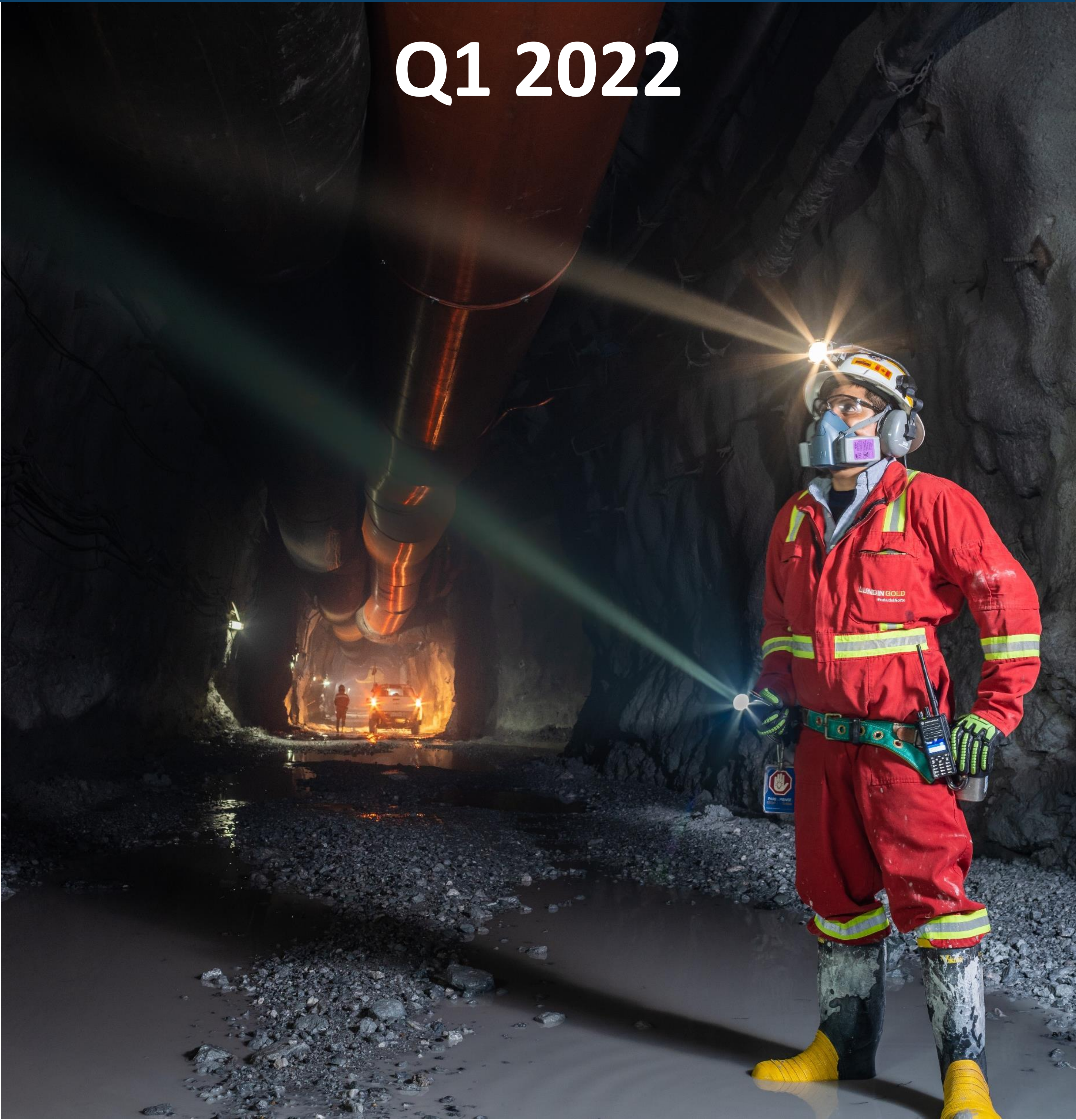
LUNDIN GOLD

Building a leading Gold Company
through responsible mining

Q1 2022



LUNDIN GOLD INC.

Management's Discussion and Analysis
Three Months Ended March 31, 2022
(All dollar amounts are stated in U.S. dollars unless otherwise indicated. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Lundin Gold Inc. and its subsidiary companies (collectively, "Lundin Gold" or the "Company") provides a detailed analysis of the Company's business and compares its financial results for the three months ended March 31, 2022 with those of the same period from the previous year.

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

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

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

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

FIRST QUARTER 2022 HIGHLIGHTS AND ACTIVITIES

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

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

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

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

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

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

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

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

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

Operating Results During the First Quarter of 2022

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

Capital Expenditures

South Ventilation Raise ("SVR")

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

Sustaining Capital

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

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

Health and Safety and Community

Health and Safety

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

Community

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

Exploration

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

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SUMMARY OF QUARTERLY FINANCIAL RESULTS

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

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

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

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

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

Income from mining operations

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

Exploration

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

Corporate administration

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

Finance expense

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

Derivative gain or loss

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

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

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

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

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

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

Income taxes

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

Trade receivables

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

VAT receivables

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

Advanced royalties

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

Inventories

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

Investment activities

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

Liquidity and capital resources

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

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

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

FINANCIAL INSTRUMENTS

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

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

Currency risk

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

Credit risk

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

Interest rate risk

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

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

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Liquidity risk

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

Commodity price risk

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

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

COMMITMENTS

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

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

OFF-BALANCE SHEET ARRANGEMENTS

During the three months ended March 31, 2022 and the year ended December 31, 2021, there were no off-balance sheet transactions. The Company has not entered into any specialized financial arrangements to minimize its currency risk.

OUTSTANDING SHARE DATA

As at the date of this MD&A, there were 234,735,282 common shares issued and outstanding. There were also stock options outstanding to purchase a total of 4,743,200 common shares, 531,800 restricted share units with a performance criteria, 149,400 restricted share units settled by issuance of shares, and 30,147 deferred share units.

OUTLOOK

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

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

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

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

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

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

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

NON-IFRS MEASURES

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

Average realized gold price per oz sold

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

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

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

EBITDA and Adjusted EBITDA

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

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

Adjusted Earnings and adjusted basic earning per share

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

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

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

Cash operating cost per oz

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

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

All-in sustaining cost

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

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

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

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

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

Free cash flow and free cash flow per share

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

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

CRITICAL ACCOUNTING ESTIMATES

The adoption of certain accounting policies requires the Company to make estimates that affect both the amount and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require judgments about matters that are inherently uncertain. For a complete discussion of accounting estimates deemed most crucial by the Company, refer to the Company's annual 2021 Management's Discussion and Analysis.

RISKS AND UNCERTAINTIES

Natural resources exploration, development and operation involves a number of risks and uncertainties, many of which are beyond the Company's control, such as some of the risks relating to the impacts of the COVID-19 pandemic. These risks and uncertainties include, without limitation, the risks discussed elsewhere in this MD&A and those set out in the Company's Annual Information Form dated March 21, 2022 (the "AIF"), which is available on SEDAR at www.sedar.com.

QUALIFIED PERSON

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

FINANCIAL INFORMATION

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

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

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

Internal controls over financial reporting

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

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

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

FORWARD LOOKING STATEMENTS

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

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

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

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

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

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

LUNDIN GOLD INC.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in thousands of U.S. Dollars)

	Note		March 31, 2022		December 31, 2021
ASSETS					
Current assets					
Cash and cash equivalents	7	$	336,939	$	262,608
Trade receivables and other current assets	3		180,047		167,683
Inventories	4		86,504		84,946
Advance royalty			12,190		13,000
			615,680		528,237
Non-current assets					
VAT recoverable			39,271		54,052
Advance royalty			25,048		29,494
Property, plant and equipment	5		819,424		835,074
Mineral properties	6		201,976		207,146
Deferred income tax asset			33,824		31,110
		$	1,735,223	$	1,685,113
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		$	53,739	$	67,968
Income taxes payable			74,828		54,847
Other current liabilities	9		1,451		-
Current portion of long-term debt	7		211,982		188,201
			342,000		311,016
Non-current liabilities					
Long-term debt	7		540,500		551,776
Other non-current liabilities	9		-		1,406
Reclamation provisions			6,591		6,438
			889,091		870,636
EQUITY					
Share capital	8		983,349		974,740
Equity-settled share-based payment reserve	9		11,834		13,570
Accumulated other comprehensive income			8,451		6,851
Deficit			(157,502)		(180,684)
			846,132		814,477
		$	1,735,223	$	1,685,113

Commitments (Note 17)

Approved by the Board of Directors

/s/ Ron F. Hochstein
Ron F. Hochstein

/s/ Ian W. Gibbs
Ian W. Gibbs

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

LUNDIN GOLD INC.

Condensed Consolidated Interim Statements of Income and Comprehensive Income
(Unaudited – Prepared by Management)
(Expressed in thousands of U.S. Dollars, except share and per share amounts)

	Note	Three months ended March 31, 2022	2021
Revenues		$ 216,472	$ 139,991
Cost of goods sold			
Operating expenses		61,295	46,818
Royalty expenses		12,526	8,156
Depletion and depreciation		31,444	20,986
		105,265	75,960
Income from mining operations		111,207	64,031
Other expenses (income)			
Corporate administration	10	5,861	4,751
Exploration		2,806	1,223
Finance expense	11	27,276	12,078
Other expense		447	600
Derivative loss (gain)	7	34,724	(51,523)
		71,114	(32,871)
Net income before tax		**40,093**	**96,902**
Income tax expense			
Current income tax expense	13	19,981	7,970
Deferred income tax expense (recovery)	13	(3,070)	2,952
		16,911	10,922
Net income for the period		**$ 23,182**	**$ 85,980**
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified to net loss			
Currency translation adjustment		821	728
Items that will not be reclassified to net loss			
Derivative gain (loss) related to the Company's own credit risk	7	1,135	(13,416)
Deferred income tax on accumulated other comprehensive income	13	(356)	2,952
Comprehensive income		$ 24,782	$ 76,244
Income per common share			
Basic		$ 0.10	$ 0.37
Diluted		0.10	0.37
Weighted-average number of common shares			
Basic		233,809,773	230,751,034
Diluted		235,774,444	233,634,540

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

LUNDIN GOLD INC.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited – Prepared by Management)
(Expressed in thousands of U.S. Dollars, except number of common shares)

	Note	Number of common shares		Share capital		Equity-settled share-based payment reserve		Other reserves		Deficit		Total
Balance, January 1, 2021		230,088,337	$	951,725	$	14,732	$	22,511	$	(402,110)	$	586,858
Exercise of stock options		1,485,850		7,668		(2,474)		-		-		5,194
Vesting of share units		31,500		318		(318)		-		-		-
Exercise of anti-dilution rights	8	29,858		241		-		-		-		241
Stock-based compensation	9	-		-		719		-		-		719
Other comprehensive loss		-		-		-		(9,736)		-		(9,736)
Net income for the period		-		-		-		-		85,980		85,980
Balance, March 31, 2021		231,635,545	$	959,952	$	12,659	$	12,775	$	(316,130)	$	669,256
Balance, January 1, 2022		233,361,883	$	974,740	$	13,570	$	6,851	$	(180,684)	$	814,477
Exercise of stock options		874,200		5,342		(1,787)		-		-		3,555
Vesting of share units	9	41,000		406		(406)		-		-		-
Exercise of anti-dilution rights	8	46,758		416		-		-		-		416
Exercise of warrants	9	411,441		2,445		(511)		-		-		1,934
Stock-based compensation	9	-		-		968		-		-		968
Other comprehensive income		-		-		-		1,600		-		1,600
Net income for the period		-		-		-		-		23,182		23,182
Balance, March 31, 2022		234,735,282	$	983,349	$	11,834	$	8,451	$	(157,502)	$	846,132

LUNDIN GOLD INC.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in thousands of U.S. Dollars)

	Note	Three months ended March 31, 2022	2021
OPERATING ACTIVITIES			
Net income for the period		$ 23,182	$ 85,980
Items not affecting cash:			
Depletion and depreciation		31,453	20,995
Stock-based compensation	9	992	485
Derivative loss (gain)	16(b)	34,724	(51,523)
Other expense		425	552
Finance expense		26,680	11,939
Deferred income tax expense (recovery)		(3,070)	2,952
		114,386	71,380
Changes in non-cash working capital items:			
Trade receivables and other current assets		2,462	13,399
Inventories		(2,692)	(8,162)
Advance royalty		5,256	2,383
Accounts payable and accrued liabilities		(12,227)	(7,379)
Income taxes payable		19,981	3,399
Interest received		164	63
Net cash provided by operating activities		127,330	75,083
FINANCING ACTIVITIES			
Repayments of long-term debt	7	(23,646)	(34,311)
Interest paid	7	(5,977)	(17,846)
Finance charge paid	7	(17,309)	-
Proceeds from exercise of stock options		3,555	5,194
Proceeds from exercise of anti-dilution rights		1,934	241
Proceeds from exercise of warrants		416	-
Net cash used for financing activities		(41,027)	(46,722)
INVESTING ACTIVITIES			
Acquisition and development of property, plant and equipment		(11,207)	(12,909)
VAT paid on investing activities		(1,031)	(748)
Net cash used for investing activities		(12,238)	(13,657)
Effect of foreign exchange rate differences on cash		266	62
Net increase in cash and cash equivalents		74,331	14,766
Cash and cash equivalents, beginning of period		262,608	79,592
Cash and cash equivalents, end of period		$ 336,939	$ 94,358

Supplemental cash flow information (Note 14)

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

1. Nature of operations

Lundin Gold Inc. together with its subsidiaries (collectively referred to as "Lundin Gold" or the "Company") is focused on its Fruta del Norte gold operation and developing its portfolio of mineral concessions in Ecuador.

The common shares of the Company are listed for trading on the Toronto Stock Exchange (the "TSX") and Nasdaq Stockholm under the symbol "LUG". The Company was originally incorporated in British Columbia and continued under the Canada Business Corporations Act in 2002.

The Company's head office is located at Suite 2000, 885 W. Georgia Street, Vancouver, BC, and it has a corporate office in Quito, Ecuador.

2. Basis of preparation and consolidation

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board ("IFRS"), applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting. As a result, they do not conform in all respects with the disclosure requirements for annual financial statements under IFRS and should be read in conjunction with the Company's audited consolidated financial statements for the fiscal year ended December 31, 2021.

These unaudited condensed consolidated interim financial statements are presented in U.S. dollars.

In preparing these unaudited condensed consolidated interim financial statements, the Company applied the same accounting policies and key sources of estimation uncertainty as those that were applied to the Company's audited consolidated financial statements for the fiscal year ended December 31, 2021.

These financial statements were approved for issue by the Board of Directors on May 3, 2022.

3. Trade receivables and other current assets

		March 31, 2022		December 31, 2021
Trade receivables (a)	$	100,025	$	96,471
VAT recoverable (b)		63,382		51,838
Prepaid expenses and deposits		16,640		19,374
	$	180,047	$	167,683

(a) Trade receivables represent the value of concentrate sold as at period end for which the funds are not yet received. Consistent with industry standards, these sales generally have relatively long payment terms and are not settled until two to four months after export. There is no recorded allowance for credit losses. In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the counterparty, with the concentration of the credit risk limited due to the nature of the counterparties involved and a history of no credit losses.

(b) Subject to submission of monthly claims and their acceptance by the applicable tax authorities, VAT paid in Ecuador by the Company after January 1, 2018 will be refunded or applied as a credit against other taxes payable, based on the level of export sales in any given month. Therefore, a portion of the VAT recoverable has been reclassified as current assets.

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

4. Inventories

	March 31, 2022	December 31, 2021
Ore stockpile	$ 16,233	$ 19,750
Gold in circuit	6,452	3,057
Doré and concentrate	12,329	11,203
Materials and supplies	51,490	50,936
	$ 86,504	$ 84,946

5. Property, plant and equipment

Cost	**Construction-in-progress**	**Mine and plant facilities**	**Machinery and equipment**	**Vehicles**	**Furniture and office equipment**	**Total**
Balance, January 1, 2021	$ 6,099	$ 846,018	$ 54,881	$ 22,018	$ 2,641	$ 931,657
Additions	49,591	1,129	1,009	1,917	118	53,764
Disposals and other	-	(1,260)	(25)	(857)	(74)	(2,216)
Reclassifications	(28,154)	28,154	-	-	-	-
Cumulative translation adjustment	-	57	-	-	-	57
Balance, December 31, 2021	27,536	874,098	55,865	23,078	2,685	983,262
Additions	6,471	2,392	69	86	166	9,184
Reclassifications	(11,302)	11,302	-	-	-	-
Cumulative translation adjustment	-	194	-	-	-	194
Balance, March 31, 2022	$ 22,705	$ 887,986	$ 55,934	$ 23,164	$ 2,851	$ 992,640

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

5. Property, plant and equipment (continued)

Accumulated depletion and depreciation	Construction-in-progress	Mine and plant facilities	Machinery and equipment	Vehicles	Furniture and office equipment	Total
Balance, January 1, 2021	$ -	$ 36,713	$ 11,775	$ 9,349	$ 1,672	$ 59,509
Depletion and depreciation	-	77,753	6,718	4,348	439	89,258
Disposals and other		-	-	(508)	(74)	(582)
Cumulative translation adjustment	-	3	-	-	-	3
Balance, December 31, 2021	-	114,469	18,493	13,189	2,037	148,188
Depletion and depreciation	-	22,129	1,692	1,088	87	24,996
Cumulative translation adjustment	-	32	-	-	-	32
Balance, March 31, 2022	$ -	$ 136,630	$ 20,185	$ 14,277	$ 2,124	$ 173,216
Net book value						
As at December 31, 2021	$ 27,536	$ 759,629	$ 37,372	$ 9,889	$ 648	$ 835,074
As at March 31, 2022	$ 22,705	$ 751,356	$ 35,749	$ 8,887	$ 727	$ 819,424

6. Mineral properties

Cost	Fruta del Norte
Balance, January 1, 2021	$ 231,097
Adjustments to restoration asset	376
Depletion	(24,327)
Balance, December 31, 2021	207,146
Depletion	(5,170)
Balance, March 31, 2022	$ 201,976

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

7. Long-term debt

		March 31, 2022		December 31, 2021
Gold prepay credit facility (a)	$	194,407	$	197,780
Stream loan credit facility (b)		283,789		263,614
Offtake derivative liability (c)		33,328		27,038
Senior debt facility (d)		240,958		251,545
	$	752,482	$	739,977
Less: current portion				
Gold prepay credit facility		68,212		65,030
Stream loan credit facility		51,491		49,087
Offtake derivative liability		4,739		3,539
Senior debt facility		87,540		70,545
Long-term portion	$	540,500	$	551,776

The gold prepay credit facility (the "Prepay Loan"), stream loan credit facility (the "Stream Loan"), and the offtake derivative liability are accounted for as financial liabilities at fair value through profit or loss and are comprised of the following as at March 31, 2022.

		Gold prepay credit facility		**Stream loan credit facility**		**Offtake derivative liability**		**Total**
Principal	$	102,632	$	129,770	$	-	$	232,402
Transaction costs		(1,996)		(2,231)		-		(4,227)
Derivative fair value adjustments		93,771		156,250		33,328		283,349
Total	$	194,407	$	283,789	$	33,328	$	511,524

Derivative fair value adjustments reflect the revaluation of the financial instruments at fair value as at March 31, 2022. The derivative gain or loss related to the Company's own credit risk recorded in other comprehensive income (loss) includes the impact of the difference between the Company's own credit risk at the time of entering into the long-term debt and the statement of financial position date (see also Note 16).

(a) Gold prepay credit facility

The Prepay Loan is a secured loan facility with a stated interest rate of 7.5% per annum with interest accruing based upon the outstanding balance.

The Prepay Loan is amortized quarterly and matures in June 2025. Quarterly payments are equivalent to the value of 9,775 oz. of gold based on the gold spot price at the time of the payment date. The excess of the quarterly repayments over the principal due quarterly and the balance of interest accrued to that date, if any, is a variable additional charge (the "Finance Charge"). If the average gold price in the fiscal quarter prior to repayment date is less than $1,436 per oz. or less than $1,062 per oz., repayments will be based on 11,500 oz. or 13,225 oz. of gold, respectively.

During the three months ended March 31, 2022, the Company made payments under the Prepay Loan totaling $19.0 million (three months ended March 31, 2021 – $17.0 million) of which $7.9 million (three months ended March 31, 2021 – $7.9 million) was paid on account of principal; $2.1 million (three months ended March 31, 2021 – $9.1 million) for accrued interest; and $9.0 million (three months ended March 31, 2021 – nil) for the Finance Charge (see Note 16).

7. Long-term debt (continued)

The Company has elected to measure the Prepay Loan as a financial liability measured at fair value through profit or loss.

(b) Stream loan credit facility

The Stream Loan is a secured loan facility with a stated interest rate of 7.5% per annum with interest accruing based upon the outstanding balance.

The Stream Loan is repayable in variable monthly instalments equivalent to the value of 7.75% of gold production less $400 per oz. (the "Gold Base Price") and 100% of the silver production less $4 per oz. (the "Silver Base Price") upon the start of commercial production at Fruta del Norte, up to a maximum of 350,000 oz. of gold and six million oz. of silver. The Gold Base Price and Silver Base Price will increase by 1% per annum starting on the third anniversary of the commercial production date. The excess of the monthly repayments over the principal due monthly and the balance of interest accrued to that date, if any, is considered a Finance Charge.

During the three months ended March 31, 2022, the Company made payments under the Stream Loan totaling $11.3 million (three months ended March 31, 2021 – $7.0 million) of which $2.8 million (three months ended March 31, 2021 – $1.9 million) was paid on account of principal; $2.5 million (three months ended March 31, 2021 – $5.1 million) for accrued interest; and $6.0 million (three months ended March 31, 2021 – nil) for the Finance Charge (see Note 16). As at March 31, 2022, based on the projected life of mine production and other significant assumptions (see Note 16), the estimated fair value equivalent to 302,796 oz. of gold and 5,051,039 oz. of silver remains outstanding under the Stream Loan.

The Company has the option to repay (i) 50% of the remaining Stream Loan on June 30, 2024 for $150 million and / or (ii) the other 50% of the remaining Stream Loan on June 30, 2026 for $225 million.

The Company has elected to measure the Stream Loan as a financial liability measured at fair value through profit or loss.

(c) Offtake commitment

The lender of the Prepay Loan and Stream Loan has been granted the right to purchase 50% of Fruta del Norte gold production, up to a maximum of 2.5 million oz., at a price determined based on monthly delivery dates and a defined quotational period. This obligation is satisfied first through the sale of doré and then, if required, financial settlement.

The Company has determined that the Offtake represents a derivative financial liability. Accordingly, the Offtake, which is primarily a function of the gold price option feature, is measured at fair value at each statement of financial position date, with changes in the derivative fair value being recorded in profit or loss.

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

7. Long-term debt (continued)

(d) Senior debt facility (the "Facility")

As at March 31, 2022	Tranche A	Tranche B	Total
Principal	$ 182,005	$ 72,802	$ 254,807
Accrued interest	1,204	263	1,467
Transaction costs, net of amortization	(11,408)	(3,908)	(15,316)
Total	$ 171,801	$ 69,157	$ 240,958

The Facility is a senior secured loan comprised of two tranches: a senior commercial facility ("Tranche A") and a senior covered facility under a raw material guarantee ("Tranche B"). The annual interest rate is the three or six-month LIBOR plus an average margin of approximately 5.05% for Tranche A and 2.50% for Tranche B. Tranche A and Tranche B are subject to risk mitigation and guarantee fees of 2.00% and 3.15%, respectively. The Facility is repayable in variable quarterly instalments and matures in June 2026. In addition, accelerated quarterly principal repayments based on 30% of Fruta del Norte's excess cash flow (the "Cash Sweep") apply starting in 2022 for which an estimate is included in the current portion of long-term debt.

During the three months ended March 31, 2022, the Company paid $12.9 million of principal (three months ended March 31, 2021 – $24.5 million) and $1.5 million (three months ended March 31, 2021 – $3.7 million) of interest relating to the Facility. The principal repaid during the three months ended March 31, 2022 was on account of the Cash Sweep. No variable quarterly instalments were paid in the current quarter as their settlement date was revised from the end of each quarter to 45 days after a quarter end starting in 2022.

Under the long-term debt, the Company, together with its subsidiaries related to Fruta del Norte (collectively, the "FDN Subsidiaries"), are subject to a number of covenants while amounts remain outstanding including maintaining a minimum cash balance of $40 million in its operating subsidiary as its debt service reserve balance. The long-term debt is secured by a charge over the FDN Subsidiaries' assets, pledges of the shares of the FDN Subsidiaries and guarantees of the Company and the FDN Subsidiaries.

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

8. Share capital

Authorized:

- Unlimited number of common shares without par value
- Unlimited number of preference shares without par value

A continuity summary of the issued and outstanding common shares and the associated dollar amounts is presented below:

	Note	Number of common shares		Share capital
Balance at January 1, 2021		230,088,337	$	951,725
Exercise of stock options		2,189,250		12,435
Vesting of share units		48,269		463
Exercise of anti-dilution rights	(a)	1,036,027		10,117
Balance at December 31, 2021		233,361,883		974,740
Exercise of stock options		874,200		5,342
Vesting of share units		41,000		406
Exercise of anti-dilution rights	(a)	46,758		416
Exercise of warrants		411,441		2,445
Balance at March 31, 2022		234,735,282	$	983,349

(a) During the three months ended March 31, 2022, the Company issued 46,758 common shares to Newcrest Mining Limited ("Newcrest") at a weighted average price of CAD$11.21 per share for total proceeds of $0.4 million. During the year ended December 31, 2021, 1,036,027 common shares were issued at a weighted average price of CAD$11.97 per share for total proceeds of $10.1 million. Both issuances were completed in accordance with Newcrest's anti-dilution rights granted as part of its initial investment into the Company.

9. Stock-based compensation and share purchase warrants

(a) Stock-based compensation

In 2019, the Company adopted an omnibus incentive plan (the "Omnibus Plan") that allows for the reservation of a maximum 8.5% of the common shares issued and outstanding at any given time for issuance under the Omnibus Plan. Under the Omnibus Plan, the Company may grant stock options, restricted share units and deferred share units (collectively, the "Awards"). Subject to specific provisions under the Omnibus Plan, the eligibility, vesting period, term, and number of Awards are granted at the discretion of the Company's board of directors.

Restricted share units entitle the recipient, upon settlement, to receive common shares or, subject to provisions under the Plan, the cash equivalent or a combination thereof. The Company's board of directors may also grant restricted share units that include performance criteria which vest based on a multiplier ("PSUs").

Deferred share units may only be granted to non-employee directors and are payable after termination of the recipient's service with the Company. Upon settlement, the recipient may receive common shares or, subject to provisions under the Plan, the cash equivalent or a combination thereof.

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

9. Stock-based compensation and share purchase warrants (continued)

i. Stock options

Stock options granted and outstanding under the Omnibus Plan and a pre-existing stock option plan (the "Option Plan") have an expiry date of five years and vest over a period of two or three years from date of grant. No additional stock options can be granted under the Option Plan.

During the three months ended March 31, 2022, 754,000 stock options were granted under the Omnibus Plan which have an expiry date of five years and vest over a period of three years from date of grant.

Stock options are exercisable into one common share of the Company at the price specified in the terms of the option agreement.

A continuity summary of the stock options granted and outstanding under the Omnibus Plan and Option Plan is presented below:

	Three months ended March 31, 2022		Year ended December 31, 2021	
	Number of stock options	Weighted average exercise price (CAD)	Number of stock options	Weighted average exercise price (CAD)
Balance, beginning of period	4,863,400	$ 7.26	6,226,450	$ 6.00
Granted	754,000	9.83	893,700	10.55
Forfeited	-	-	(67,500)	12.05
Exercised[(1)]	(874,200)	5.18	(2,189,250)	4.88
Balance outstanding, end of period	4,743,200	$ 8.05	4,863,400	$ 7.26
Balance exercisable, end of period	3,127,568	$ 6.76	3,531,122	$ 5.74

[(1)] The weighted average share price on the exercise date for the stock options exercised during the three months ended March 31, 2022 and year ended December 31, 2021 were CAD$10.45 and CAD$10.43, respectively.

The following table summarizes information concerning outstanding and exercisable options at March 31, 2022:

	Outstanding options			Exercisable options		
Range of exercise prices (CAD)	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (CAD)	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (CAD)
$ 4.90 to 5.30	1,135,900	1.16	$ 5.15	1,135,900	1.16	$ 5.15
$ 5.31 to 10.00	2,009,400	2.98	6.97	1,285,600	1.90	5.38
$ 10.01 to 12.60	1,597,900	3.52	11.47	706,068	3.24	11.87
	4,743,200	2.73	$ 8.05	3,127,568	1.93	$ 6.76

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

9. Stock-based compensation and share purchase warrants (continued)

The fair value based method of accounting was applied to stock options granted to employees, including directors, and non-employees on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	March 31, 2022	December 31, 2021
Risk-free interest rate	1.60%	0.39%
Expected stock price volatility	36.52%	36.13%
Expected life	5 years	5 years
Expected dividend yield	-	-
Weighted-average fair value per option granted (CAD)	$3.38	$3.38

The equity-settled share-based payment reserve includes the fair value of employee options as measured at grant date and amortized over the period during which the employees become unconditionally entitled to the options.

During the three months ended March 31, 2022, the Company recorded stock-based compensation expense of $0.5 million (three months ended March 31, 2021 – $0.5 million).

ii. Share units

Under the Omnibus Plan, the Company has granted restricted share units and deferred share units to eligible employees and non-employee directors as presented below.

	Restricted share units with performance criteria		Restricted share units		Deferred share units
	Settled in cash	Settled in shares	Settled in cash	Settled in shares	
Balance at January 1, 2021	148,000	-	26,700	34,600	1,639
Granted	-	187,300	-	118,300	32,738
Cancelled	-	-	(2,100)	(4,900)	-
Settled	-	-	-	(37,200)	(11,069)
Balance at December 31, 2021	148,000	187,300	24,600	110,800	23,308
Granted	-	196,500	-	79,600	6,839
Settled	-	-	-	(41,000)	-
Balance at March 31, 2022	148,000	383,800	24,600	149,400	30,147

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

9. Stock-based compensation and share purchase warrants (continued)

Restricted share units with performance criteria

During the three months ended March 31, 2022, the Company granted 196,500 restricted share units with performance criteria that are settled in shares ("Share PSUs"). During the year ended December 31, 2021, the Company granted 187,300 Share PSUs. Share PSUs and restricted share units with performance criteria that are settled in cash ("Cash PSUs") were granted to eligible employees and vest three years from date of grant subject to continued employment and certain performance conditions being met. The number of Share PSUs and Cash PSUs that vest will be adjusted using a multiplier that is based on total shareholder return by the Company's shares over the three-year period relative to a peer group as defined by the Company's board of directors. Each vested Share PSU entitles the recipient to a payment of one common share while each vested Cash PSU entitles the recipient to a payment of one common share or cash with an equivalent market value, at the recipient's option. If the recipient elects a cash payout, the market value is determined as the volume weighted average trading price of the Company's shares on the TSX for the five trading days immediately preceding the vesting date.

Using Monte Carlo simulation, the fair value of Share PSUs was measured on the date of grant while the fair value of Cash PSUs was measured as at March 31, 2022 and December 31, 2021 with the following weighted-average assumptions:

	March 31, 2022		December 31, 2021	
	Share PSUs	Cash PSUs	Share PSUs	Cash PSUs
Risk-free interest rate	2.20%	1.17%	0.89%	1.17%
Average expected volatility of the Company and its peer group	50.54%	43.15%	57.53%	43.15%
Expected life	3 years	0.90 years	3 years	1.40 years
Expected dividend yield	-	-	-	-
Weighted-average fair value per unit (CAD)	$9.33	$10.17	$11.19	$10.14

The fair value of Share PSUs measured at grant date are being amortized over the period during which the employees become unconditionally entitled to the Share PSUs. During the three months ended March 31, 2022, the Company recorded stock-based compensation expense of $0.2 million (three months ended March 31, 2021 – $0.1 million) relating to Share PSUs and has recorded a liability of $1.2 million to recognize the estimated fair value of the Cash PSUs as at March 31, 2022 (as at December 31, 2021 – $1.2 million).

Restricted share units without performance criteria

During the three months ended March 31, 2022, the Company granted 79,600 restricted share units without performance criteria that are settled in shares ("Share RSUs"). During the year ended December 31, 2021, the Company granted 118,300 Share RSUs. The Share RSUs and restricted share units without performance criteria that are settled in cash ("Cash RSUs") were granted to eligible employees and vest one to three years from date of grant subject to continued employment. Each vested Share RSU entitles the recipient to a payment in shares upon vesting while each vested Cash RSU entitles the recipient to a payment in cash based on the market value of one common share at the end of the three-year period. The market value is determined as the volume weighted average trading price of the Company's shares on the TSX for the five trading days immediately preceding the vesting date.

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

9. Stock-based compensation and share purchase warrants (continued)

Using the Black-Scholes option pricing model, the fair value of the Share RSUs was measured on the date of grant while the fair value of the Cash RSUs was measured as at March 31, 2022 and December 31, 2021 with the following weighted-average assumptions:

	March 31, 2022		December 31, 2021	
	Share RSUs	Cash RSUs	Share RSUs	Cash RSUs
Risk-free interest rate	1.22%	1.49%	0.22%	1.04%
Expected stock price volatility	44.54%	38.74%	53.30%	37.71%
Expected life	1.99 years	0.90 years	1.70 years	1.15 years
Expected dividend yield	-	-	-	-
Weighted-average fair value per unit (CAD)	$12.42	$12.51	$12.87	$11.44

The fair value of Share RSUs measured at grant date are being amortized over the period during which the employees become unconditionally entitled to the Share RSUs. During the three months ended March 31, 2022, the Company recorded stock-based compensation expense of $0.2 million (three months ended March 31, 2021 – $0.1 million) relating to Share RSUs and has recorded a liability of $0.2 million to recognize the estimated fair value of the Cash RSUs as at March 31, 2022 (as at December 31, 2021 – $0.2 million).

Deferred share units (“DSUs”)

During the three months ended March 31, 2022 and year ended December 31, 2021, the Company granted 6,839 DSUs and 32,738 DSUs, respectively, to non-employee directors of which 11,069 DSUs vested and were settled in 2021. The DSUs do not vest until the end of service as a director of the Company. Each vested DSU entitles the recipient to a payment in shares.

During the three months ended March 31, 2022, the Company recorded stock-based compensation expense of $0.1 million (three months ended March 31, 2021 – $0.2 million) relating to DSUs.

(b) Share Purchase Warrants

As at December 31, 2021, there were 411,441 warrants issued and outstanding. During the three months ended March 31, 2022, all outstanding warrants were exercised.

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

10. Administration

	Three months ended March 31, 2022	2021
Corporate social responsibility	$ 427	$ 292
Investor relations	102	46
Office and general	781	531
Professional fees	608	248
Regulatory and transfer agent	160	236
Salaries and benefits	2,791	2,913
Stock-based compensation	992	485
	$ 5,861	$ 4,751

11. Finance expense

	Three months ended March 31, 2022	2021
Interest expense	$ 7,445	$ 8,962
Finance charge	17,309	-
Other finance costs	1,591	2,090
Accretion of transaction costs	1,095	1,089
Interest income	(164)	(63)
	$ 27,276	$ 12,078

12. Related party transactions

Key management compensation

Key management includes executive officers and directors of the Company. The compensation paid or payable to key management for employee services during the three months ended March 31 is shown below.

	March 31, 2022	March 31, 2021
Salaries, bonuses and benefits	$ 2,467	$ 2,844
Stock-based compensation	743	559
	$ 3,210	$ 3,403

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

13. Income taxes

Current income tax expense is generated from net income for tax purposes in Ecuador relating to operations at Fruta del Norte. In addition to corporate income taxes in Ecuador which are levied at a rate of 22%, included in current income tax expense is the portion of profit sharing payable to the Government of Ecuador which is calculated at the rate of 12% of net income for tax purposes. The employee portion of profit sharing, calculated at the rate of 3% of net income for tax purposes, is considered an employment benefit and included in operating costs.

The rates used in Ecuador differ from the amount that would result from applying the Canadian federal and provincial income tax rates to net loss before tax. These differences result from the following items:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Net income before tax	$ 40,093	$ 96,902
Canadian federal and provincial income tax rates	27.00%	27.00%
Income tax expense based on the above rates	10,825	26,164
Increase (decrease) due to:		
Differences in foreign tax rates	4,490	4,428
Non-deductible costs	933	1,585
Losses and temporary differences for which an income tax asset has not been recognized	663	857
Benefits of previously unrecognized deferred income tax assets	-	(22,112)
Income tax expense	$ 16,911	$ 10,922

14. Supplemental cash flow information

	Three months ended March 31, 2022	Three months ended March 31, 2021
Change in accounts payable and accrued liabilities related to:		
Acquisition of property, plant and equipment	$ (2,023)	$ (669)

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

15. Segmented information

Operating segments are components of an entity that engage in business activities from which they incur expenses and whose operating results are regularly reviewed by a chief operating decision maker to make resource allocation decisions and to assess performance. The Chief Executive Officer is responsible for allocating resources and reviewing operating results of each operating segment on a periodic basis.

The Company's primary business activity is the Fruta del Norte operating mine in Ecuador. Materially all of the Company's non-current assets and non-current liabilities relate to Fruta del Norte. In addition, the Company conducts exploration activities and maintains a number of concessions in Ecuador outside of Fruta del Norte.

The following are summaries of the Company's current and non-current assets, current and non-current liabilities, and net income (loss) by segment:

	Fruta del Norte	Other concessions	Corporate and other	Total
As at March 31, 2022				
Current assets	$ 566,632	$ 4,403	$ 44,645	$ 615,680
Non-current assets	1,119,543	-	-	1,119,543
Total assets	1,686,175	4,403	44,645	1,735,223
Current liabilities	338,765	987	2,248	342,000
Non-current liabilities	547,091	-		547,091
Total liabilities	885,856	987	2,248	889,091
For the three months ended March 31, 2022				
Revenues	216,472	-	-	216,472
Income from mining operations	111,207	-	-	111,207
Corporate administration	(1,254)	(1)	(4,606)	(5,861)
Exploration expenditures	-	(2,806)	-	(2,806)
Finance income (expense)	(27,313)	-	37	(27,276)
Other expense	(20)	-	(427)	(447)
Derivative loss	(34,724)	-	-	(34,724)
Income tax expense	(16,911)	-	-	(16,911)
Net income (loss) for the period	30,985	(2,807)	(4,996)	23,182

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

15. Segmented information (continued)

	Fruta del Norte	Other concessions	Corporate and other	Total
As at March 31, 2021				
Current assets	$ 258,777	$ 1,254	$ 47,647	$ 307,678
Non-current assets	1,195,037	-	-	1,195,037
Total assets	1,453,814	1,254	47,647	1,502,715
Current liabilities	249,199	222	686	250,107
Non-current liabilities	581,937	-	1,415	583,352
Total liabilities	831,136	222	2,101	833,459
For the three months ended March 31, 2021				
Revenues	139,991	-	-	139,991
Income from mining operations	64,031	-	-	64,031
Corporate administration	(684)	(2)	(4,065)	(4,751)
Exploration expenditures	-	(1,223)	-	(1,223)
Finance income (expense)	(12,110)	-	32	(12,078)
Other expense	(62)	-	(538)	(600)
Derivative loss	51,523	-	-	51,523
Income tax expense	(10,922)	-	-	(10,922)
Net income (loss) for the period	91,776	(1,225)	(4,571)	85,980

16. Financial instruments

The Company's financial instruments include cash, cash equivalents and certain receivables, which are categorized as financial assets at amortized cost, and accounts payable and accrued liabilities, which are categorized as financial liabilities at amortized cost. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. In addition, the Gold Prepay Loan; Stream Loan; and offtake commitment have been classified as financial liabilities measured at fair value and the senior debt facility as a financial liability at amortized cost. Further, provisionally priced trade receivables of $72.6 million (2021 - $75.7 million) are measured at fair value using quoted forward market prices (level 2).

(a) Fair value measurements and hierarchy

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lower priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Inputs that are both significant to the fair value measurement and unobservable.

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

16. Financial instruments (continued)

(b) Fair value measurements using significant unobservable inputs (Level 3)

The following table sets forth the Company's financial liabilities measured at fair value on a recurring basis by level within the fair value hierarchy for the three months ended March 31, 2022 and year ended December 31, 2021. Each of these financial instruments are classified as Level 3 as their valuation includes significant unobservable inputs.

	Gold prepay credit facility	Stream loan credit facility	Offtake derivative liability	Total
Balance, December 31, 2020	$ 248,828	$ 268,471	$ 32,308	$ 549,607
Principal paid	(31,579)	(12,654)	-	(44,233)
Interest paid	(37,056)	(34,437)	-	(71,493)
Interest accrued at stated rate of 7.5%	9,942	10,570	-	20,512
Accretion of transaction costs	614	191	-	805
Derivative fair value adjustments recognized in:				
Derivative gain (loss)	(3,225)	19,208	(5,270)	10,713
Other comprehensive income	10,256	12,265	-	22,521
Change in derivative fair values	7,031	31,473	(5,270)	33,234
Balance, December 31, 2021	$ 197,780	$ 263,614	$ 27,038	$ 488,432
Principal paid	(7,895)	(2,809)	-	(10,704)
Interest paid	(2,071)	(2,452)	-	(4,523)
Interest accrued at stated rate of 7.5%	2,071	2,452	-	4,523
Accretion of transaction costs	154	53	-	207
Derivative fair value adjustments recognized in:				
Derivative loss	3,596	24,838	6,290	34,724
Other comprehensive income	772	(1,907)	-	(1,135)
Change in derivative fair values	4,368	22,931	6,290	33,589
Balance, March 31, 2022	$ 194,407	$ 283,789	$ 33,328	$ 511,524

(c) Significant assumptions in valuation and relationship to fair value

The financial liabilities above were valued using Monte Carlo simulation valuation models. The significant assumptions used in the Monte Carlo valuation models include: the gold forward prices, gold price volatility, the risk-free rate of return, risk-adjusted discount rates, and the projected life of mine production schedule. In addition, in valuing the Stream Loan, the silver forward prices, silver price volatility, and the gold/silver price correlation were also used.

(Expressed in U.S. Dollars unless otherwise noted. Tables are expressed in thousands of U.S. dollars, except share and per share amounts)

16. Financial instruments (continued)

As the gold price and silver price volatilities and risk-adjusted discount rates are unobservable inputs, the financial liabilities above are classified within Level 3 of the fair value hierarchy. The following table summarizes the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

		Fair value at March 31, 2022	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Long-term debt	$	511,524	Expected volatility	16% to 37%	An increase or decrease in expected volatility of 5% would increase or decrease fair value by $5.0 million or $5.7 million, respectively
			Risk-adjusted discount rate	12% to 14%	An increase or decrease in risk-adjusted discount rate of 1% would decrease or increase fair value by $13.8 million or $14.4 million, respectively

(d) Valuation processes

The valuation of financial instruments classified as Level 3 of the fair value hierarchy were prepared by an independent valuation specialist under the direct oversight of the Vice President, Finance (“VP Finance”) of the Company. Discussions of valuation processes and results are held between the VP Finance, the Chief Financial Officer, and reported to the audit committee at least once every three months, in line with the Company’s quarterly reporting periods.

17. Commitments

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

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

Corporate Information

BOARD OF DIRECTORS
Lukas H. Lundin, Chairman
Geneva, Switzerland
Carmel Daniele
London, United Kingdom
Gillian Davidson
Edinburgh, United Kingdom
Ian Gibbs
Vancouver, Canada
Chantal Gosselin
Vancouver, Canada
Ashley Heppenstall
London, United Kingdom
Ron F. Hochstein
Vancouver, Canada
Craig Jones
Vancouver, Canada
Paul McRae
Algarve, Portugal
Bob Thiele
New South Wales, Australia

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Alessandro Bitelli
Executive Vice President & Chief Financial Officer
Sheila Colman
Vice President, Legal & Corporate Secretary
David Dicaire
Vice President, Projects
Nathan Monash
Vice President, Business Sustainability
Andre Oliveira
Vice President, Exploration
Iliana Rodriguez
Vice President, Human Resources
Chester See
Vice President, Finance

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STOCK EXCHANGE LISTINGS
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Trading Symbol: LUG
Nasdaq Stockholm
Trading Symbol: LUG

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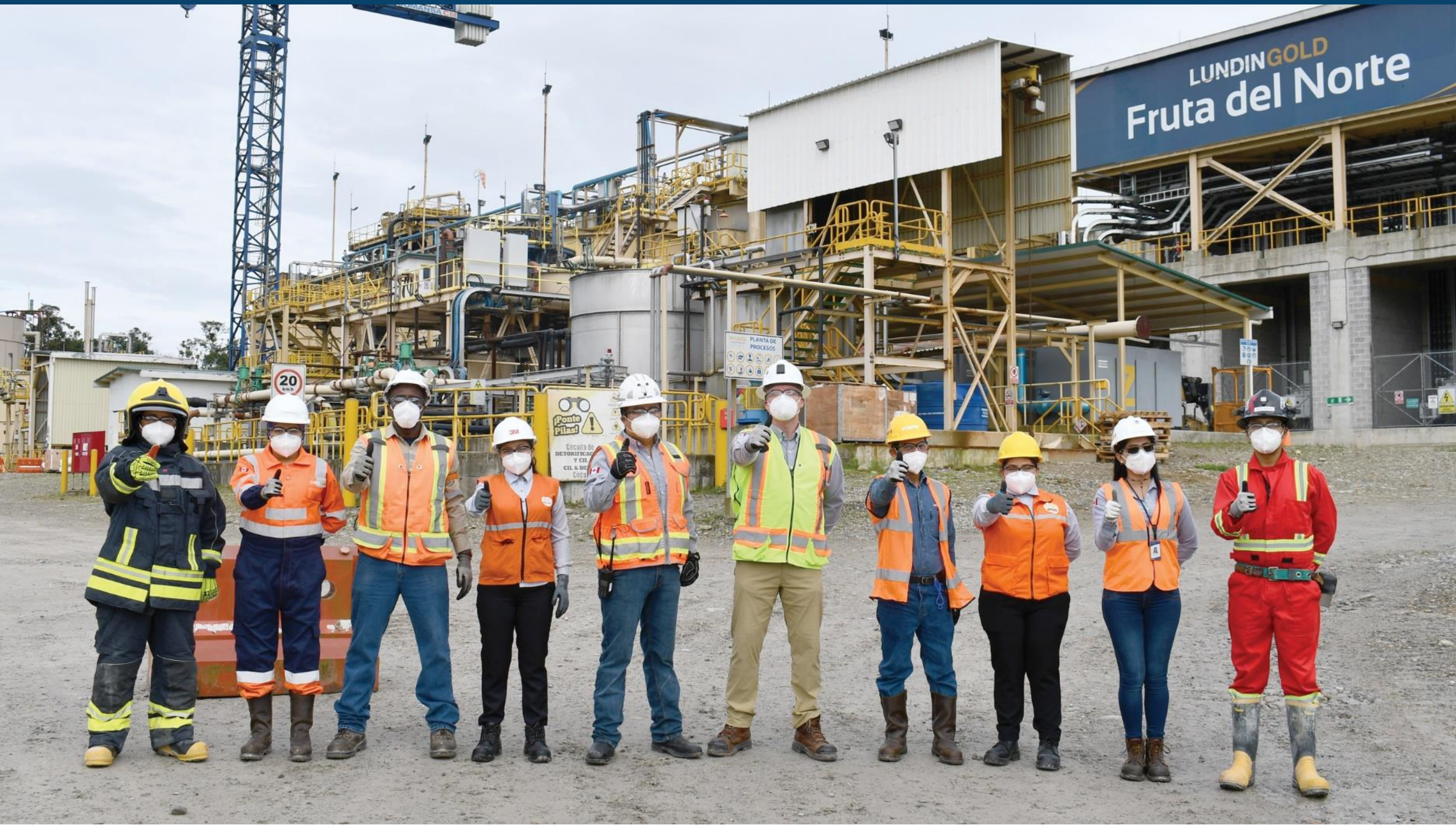

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