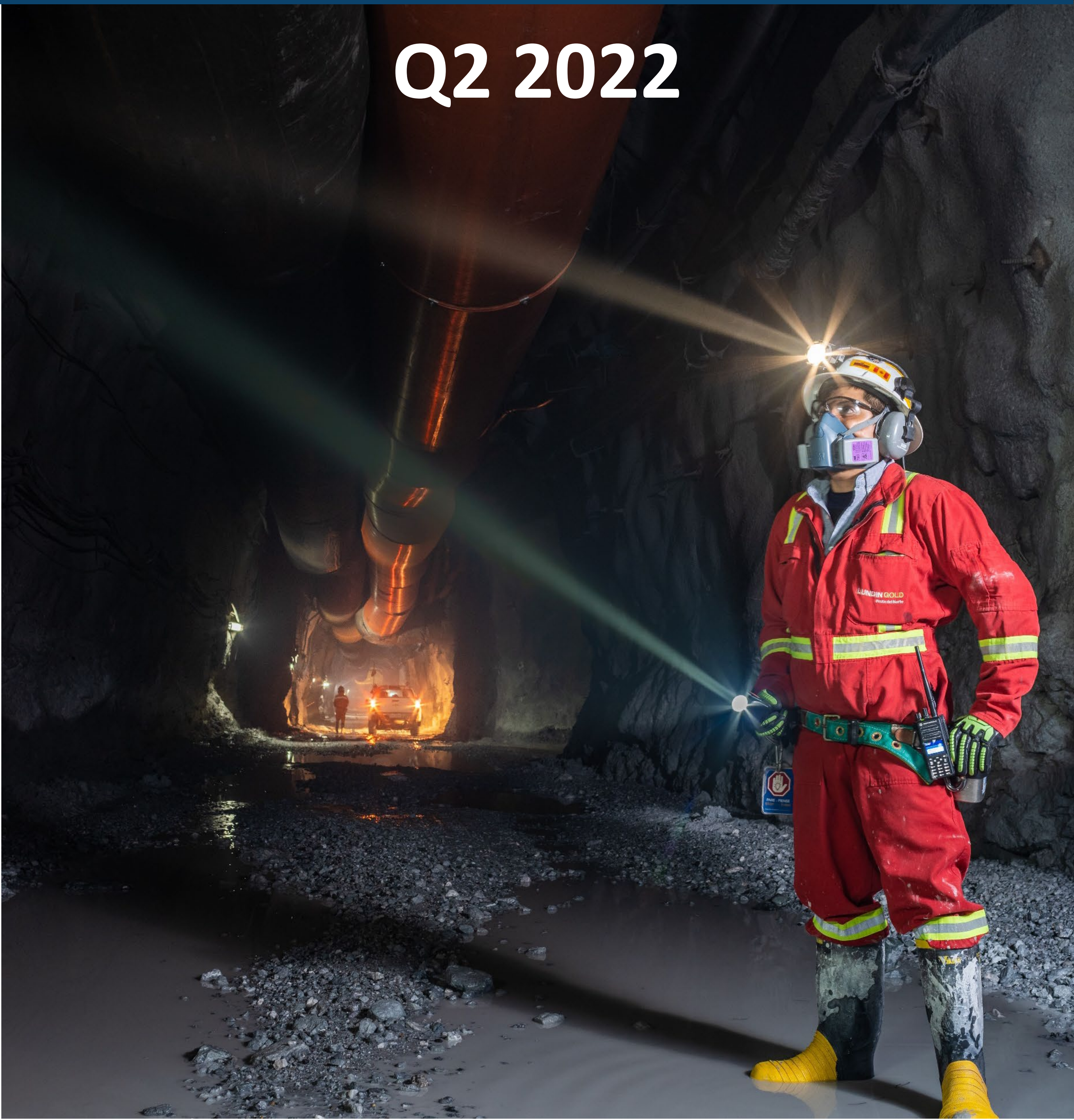
LUNDIN GOLD

Building a leading Gold Company
through responsible mining

Q2 2022



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 and six months ended June 30, 2022 with those of the same period from the previous year.

This MD&A is dated as of August 9, 2022 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes thereto for the three and six months ended June 30, 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. References to the "2022 Period" and "2021 Period" relate to the six months ended June 30, 2022 and June 30, 2021, respectively.

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.

SECOND QUARTER 2022 HIGHLIGHTS AND ACTIVITIES

Operating results were strong again in the second quarter and are highlighted by the production of 111,890 ounces ("oz") of gold and sale of 96,291 oz at a cash operating cost[1] of $702 per oz sold and all-in sustaining cost ("AISC")[1] of $864 per oz sold. From this, net revenues, adjusted earnings[1], and free cash flow[1] of $178 million, $13.5 million, and $21.2 million, respectively, were realized during the quarter resulting in a cash balance of $301 million at quarter end. Our cash balance remains very strong notwithstanding significant senior debt repayments ($48.5 million) and reduced free cash flow in Q2 2022 as a result of the payment of annual income taxes of $29.2 million and profit sharing of $31.5 million for 2021, which were due in April.

Activity on the last remaining construction project, the South Ventilation Raise, continued and is now expected to be completed early in Q4.

The Company's processing throughput was just above the design capacity of 4,200 tonnes per day ("tpd") for the quarter. Sustaining capital expenditures, a figure included in the AISC[1] calculation, accounted for $96 per oz sold and are expected to increase for the remainder of the year as activities continue to ramp up. These include construction of the third tailings dam raise, the most significant cost in 2022, for which completion is expected in Q4 2022.

Based on continuing strong operating results for the first half of 2022, the Company is increasing its production guidance from 405,000 to 445,000 oz to between 430,000 and 460,000 oz and decreasing its AISC[1] guidance from $860 to $930 per oz sold to between $820 and $870 per oz sold.

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

(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)

Also, following the approval of a dividend policy in May 2022, the Company has declared an inaugural dividend of $0.20 per share payable on September 13, 2022 (September 16 for shares trading on Nasdaq Stockholm) based on a record date of August 24, 2022. Under this newly established policy, the Company anticipates paying dividends semi-annually, following the release of second quarter and year end results, respectively.

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

	Three months ended June 30,		**Six months ended June 30,**	
	2022	**2021**	**2022**	**2021**
Tonnes ore mined	369,430	397,640	749,059	763,111
Tonnes ore milled	385,675	346,561	759,082	671,152
Average mill head grade (g/t)	10.3	11.1	10.8	11.2
Average recovery	87.6%	88.2%	88.9%	88.0%
Average mill throughput (tpd)	4,238	3,808	4,194	3,708
Gold ounces produced	111,890	108,799	233,555	212,936
Gold ounces sold	96,291	125,412	215,573	207,217

	Three months ended June 30,		**Six months ended June 30,**	
	2022	**2021**	**2022**	**2021**
Revenues ($'000)	177,808	216,145	394,280	356,136
Income from mining operations ($'000)	82,522	110,604	193,729	174,635
Earnings before interest, taxes, depreciation, and amortization ($'000)[1]	144,697	109,660	243,510	239,626
Adjusted earnings before interest, taxes, depreciation, and amortization ($'000)[1]	104,711	135,259	238,248	213,702
Net income ($'000)	55,962	49,984	79,144	135,964
Free cash flow ($'000)[1]	21,248	102,995	113,054	146,575
Average realized gold price ($/oz sold)[1]	1,907	1,773	1,882	1,770
Cash operating cost ($/oz sold)[1]	702	596	656	626
All-in sustaining costs ($/oz sold)[1]	864	720	771	764
Free cash flow per share ($)[1]	0.09	0.44	0.48	0.63
Adjusted net earnings ($'000)[1]	13,490	74,800	71,040	112,209
Adjusted net earnings per share ($)[1]	0.06	0.32	0.30	0.48

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

The difference between net income and adjusted earnings during the three months ended June 30, 2022 is due to non-cash derivative gains of $40.0 million (six months ended June 30, 2022: $5.3 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 gains (or losses) associated with decreased (or increased) short-term production and anticipated decreasing (or increasing) forward gold prices are recorded in the statement of operations, while non-cash derivative gains (or losses) associated with increasing (or decreasing) 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 Second Quarter of 2022

While production was not affected by a national strike in Ecuador, which ended on June 30th, some gold shipments and sales planned for June were impeded by blockades on some of Ecuador's major highways and thus delayed into July (96,291 oz of gold sold against 111,890 oz produced). This resulted in the deferral of some revenues from Q2 2022 to Q3 2022, thereby affecting the level of income from mining operations, earnings, and cash flow in Q2 2022.

- The mine maintained its strong operating performance during the quarter with 369,430 tonnes mined at an average grade of 11.4 grams per tonne. Mine production was reduced slightly near the end of the quarter to allow the mill to process more tonnes from and reduce the run of mine stockpiles in order to manage the oxidation of the ore, which has been impacting mill recoveries.
- Underground mine development also continued as planned with a total of 2,190 metres completed. Development rates averaged 24.0 metres per day in the second quarter.
- The mill processed 385,675 tonnes of ore at an average throughput rate of 4,238 tpd, just above design capacity.
- The average grade of ore milled was 10.3 grams per tonne with average recovery at 87.6%. Recoveries in the second quarter were impacted by the milling of oxidized ore.
- Gold production was 111,890 oz, comprised of 75,730 oz of concentrate and 36,160 oz of doré. The Company sold a total of 96,291 oz of gold, consisting of 68,598 oz of concentrate and 27,693 oz of doré at an average realized gold price[1] of $1,907 per oz for total gross revenues from gold sales of $184 million. Net of treatment and refining charges, revenues were $178 million.
- Cash operating costs[1] and AISC[1] were $702 and $864 per oz of gold sold, respectively, in line with the lower end of guidance. Sustaining capital is expected to increase in the second half of the year due to the ongoing construction of the third tailings dam raise and ramp up of other activities.
- Income from mining operations was $82.5 million. The Company generated cash flow of $60.7 million from operations and ended the quarter with a cash balance of $301 million. Free cash flow[1] for the quarter was $21.2 million or $0.09 per share. Cash flow in Q2 was impacted by the payment of annual income taxes of $29.2 million and profit sharing of $31.5 million, which were due in April.
- Earnings before interest, taxes, depreciation, and amortization[1] ("EBITDA") and adjusted EBITDA[1] were $145 million and $105 million, respectively.
- Net income was $56.0 million including derivative gains of $40.0 million, corporate, exploration, finance costs, and associated taxes on earnings. Adjusted earnings[1], which exclude derivative gains, were $13.5 million, or $0.06 per share. Net income was impacted by the deferral of gold sales because of a national strike in the second half of June.

Capital Expenditures

South Ventilation Raise ("SVR")

- Work on the SVR continues with completion now expected to occur in early Q4. Progress on the SVR during the quarter was affected by difficulties stemming from a blockage, which has now been cleared, that had stopped slash and lining activities. There is no expected impact on production because of this change in timing.

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

Sustaining Capital

- The third raise of the tailings dam started during the second quarter and construction is anticipated to be completed in Q4.
- Resource expansion/conversion drilling at Fruta del Norte continued to progress with 4,096 metres completed during the quarter focusing on expansion or conversion 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.

Health and Safety and Community

Health and Safety

- Stringent health and safety procedures remain in place to protect our personnel, including minimizing 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 June 30, 2022, 84% had received at least one booster shot.
- During the quarter there was one Lost Time Incident and four Medical Aid Incidents.
- The Total Recordable Incident Rate was 0.57 per 200,000 hours worked during the 2022 Period.

Community

- Various community business 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 Company has also continued or restarted many community initiatives. They include working with Shuar indigenous communities to promote improved agricultural practices and with Junior Achievement Ecuador to prepare local students graduating from high school for the national exit exam (and thus access to post-secondary education), as well as support of after-school activities in the local town of Los Encuentros such as music, soccer, boxing, and English programs.

Exploration

Near Mine Exploration Program

- A recent exploration data review demonstrated a much wider mineralization footprint nearby the FDN deposit. Several targets of interest are essentially untested, with similar geological conditions to those at FDN, and present significant new exploration opportunities. Shortly after quarter end, the Company's announced the start of a near mine program focused on targets within and around the existing FDN operation and exploring sectors in the continuities of the FDN deposit and along the extension of major structures. The program, which is expected to cost $4 million in 2022, is planned to include over 6,000 metres of drilling from both underground and surface, new geophysical surveys, geological mapping, and geochemical sampling.

Regional Exploration Program

- The Company's 2022 regional exploration program continued on the Barbasco and Puenta Princesa targets. Drilling is ongoing with two rigs turning and a third rig now added. During the first half of 2022, 7,240 metres were drilled across nine holes, mainly at Puente-Princesa and Barbasco.
- At Puente-Princesa, a total of 4,723 metres were drilled across six holes.
    - Drilling intersected a major structure, around 50 metres in width, characterized by intervals of quartz veins and hydrothermal carbonate breccias with silica replacement and sulphides hosted in a post mineral volcanic sequence.
    - Initial results returned narrow low-grade gold intervals (hole PCS 2022-16) and suggest further exploration potential toward the north extension, at the Quebrada La Negra target, where anomalous gold and the epithermal pathfinder element arsenic occur in soil over a 1.5 kilometre northeast trend and are associated to the conglomerate of the Suarez Basin.
    - Additional drilling is planned to better understand this target.
- At Barbasco, 1,845 metres were completed across two drill holes.
    - Drilling intersected zones of epithermal related alteration and narrow (< 1 m wide), widely spaced epithermal quartz-carbonate-sulphide veins in the volcanic sequence of the Santiago Formation, containing anomalous values of gold and the epithermal pathfinder elements arsenic and antimony (hole BAR-2022-015). Additional drilling is planned to the east.

  - Drilling also intercepted a thick sequence of finely laminated silica on top of the volcanic rocks in the Santiago Formation, a proximal indicator of epithermal systems (hole BAR-2022-017). Results are pending and additional drilling is underway to test underneath this silica layer.
- A complete table of results received to date can be found in Lundin Gold's press release dated August 4, 2022.

Newcrest Earn-In Agreement

- Early in the second quarter, Newcrest International Pty Ltd. ("Newcrest"), a wholly owned subsidiary of Newcrest Mining Limited, met the first expenditure requirement of $4.0 million under the Earn-In Agreement covering eight of Lundin Gold's early-stage concessions to the north and south of Fruta del Norte. Newcrest exercised its option to proceed to the second stage of the earn-in on May 28, 2022. Through completion of the second stage, which requires the expenditure of a further $6.0 million, Newcrest would earn an initial 25% interest in the eight concessions indirectly through a subsidiary of Lundin Gold. The current program is focused on drill testing priority copper-gold porphyry targets which to date detected low-level porphyry style copper mineralization. Drilling is anticipated to restart in Q4.

<u>Corporate</u>

- The inaugural Climate Change (the "TCFD Report") and the 2021 Sustainability Reports were published. The TCFD Report details Lundin Gold's governance, climate strategy around climate change risks and opportunities, risk management and metrics and how the Company is working towards establishing targets. The 2021 Sustainability Report highlights accomplishments and progress achieved by the Company on several initiatives and programs during its first full year of operations.
- Near the end of Q2 2022, the Company upgraded the trading of common shares in the U.S. to the OTCQX Market under the symbol LUGDF. Shortly after quarter end, its common shares also became eligible for electronic clearing and settlement in the U.S. through the Depository Trust Company simplifying the process of trading with the objective of enhancing the liquidity of Lundin Gold shares in the U.S.
- A number of changes were made to the Company's Board of Directors at its annual shareholders' meeting on May 5, 2022 (the "Meeting"); Messrs. Lukas Lundin and Paul McRae retired from the Board and Mr. Jack Lundin was elected as a director. Following the Meeting, the Board appointed Mr. Jack Lundin as Chairman.
- After the end of the quarter and in line with the effective conclusion of the FDN construction and expansion projects, Mr. Dave Dicaire, the Company's Vice President Projects, departed Lundin Gold.

(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)

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 Q2	2022 Q1	2021 Q4	2021 Q3
Revenues	$ 177,808	$ 216,472	$ 186,440	$ 190,753
Income from mining operations	$ 82,522	$ 111,207	$ 91,646	$ 89,431
Derivative gain (loss) for the period	$ 39,986	$ (34,724)	$ (36,001)	$ (636)
Net income for the period	$ 55,962	$ 23,182	$ 28,789	$ 56,673
Basic income per share	$ 0.24	$ 0.10	$ 0.12	$ 0.24
Diluted income per share	$ 0.24	$ 0.10	$ 0.12	$ 0.24
Weighted-average number of common shares outstanding				
Basic	234,933,975	233,809,773	233,211,843	232,723,880
Diluted	236,847,992	235,774,444	235,376,672	235,017,999
Additions to property, plant and equipment	$ 14,532	$ 9,184	$ 5,266	$ 20,101
Total assets	$ 1,664,030	$ 1,735,223	$ 1,685,113	$ 1,630,830
Long-term debt	$ 645,724	$ 752,482	$ 739,977	$ 748,856
Working capital	$ 253,921	$ 273,680	$ 217,221	$ 136,139

	2021 Q2	2021 Q1	2020 Q4	2020 Q3
Revenues	$ 216,145	$ 139,991	$ 189,250	$ 118,904
Income from mining operations	$ 110,604	$ 64,031	$ 94,857	$ 62,751
Derivative gain (loss) for the period	$ (25,599)	$ 51,523	$ (90,673)	$ (18,010)
Net income (loss) for the period	$ 49,984	$ 85,980	$ (1,233)	$ 27,780
Basic income (loss) per share	$ 0.22	$ 0.37	$ (0.01)	$ 0.12
Diluted income (loss) per share	$ 0.21	$ 0.37	$ (0.01)	$ 0.12
Weighted-average number of common shares outstanding				
Basic	231,998,447	230,751,034	230,039,327	229,936,873
Diluted	234,508,000	233,634,540	230,039,327	233,264,544
Additions to property, plant and equipment	$ 16,157	$ 12,240	$ 23,307	$ 3,790
Total assets	$ 1,590,849	$ 1,502,715	$ 1,505,360	$ 1,452,070
Long-term debt	$ 772,361	$ 776,881	$ 857,094	$ 808,770
Working capital	$ 109,010	$ 57,571	$ 56,603	$ 31,172

Three months ended June 30, 2022 compared to the three months ended June 30, 2021

The Company generated net income of $56.0 million during the second quarter of 2022 compared to $50.0 million during the second quarter of 2021. Net income was generated from the recognition of revenues of $178 million and income from mining operations of $82.5 million as well as a derivative gain of $40.0 million, offset by finance expense of $28.5 million, income tax expense of $32.6 million, and other expenses totalling $5.4 million. During the second quarter of 2021, net income of $50.0 million was generated from the recognition of revenues of $216 million and income from mining operations of $111 million. This was offset by a derivative loss of $25.6 million, finance expense of $11.7 million, income tax expense of $17.2 million, and other expenses totalling $6.1 million.

Income from mining operations

Net income from mining operations decreased compared to the same quarter in 2021 ($82.5 million versus $111 million), driven by a slight increase in production costs and fewer ounces sold. This was partially offset by higher gold prices which helped to generate revenues of $178 million (2021: $216 million). Cost of goods sold of $95.3 million was comprised of operating expenses of $57.5 million; royalties of $10.1 million; and depletion and depreciation of $27.7 million. During the same period in 2021, cost of goods sold was $106 million.

Exploration

Exploration costs were $2.8 million in the quarter (2021: $2.4 million). Activities consisted mainly of drilling at two regional targets, Barbasco and Puente Princesa, where two rigs are mobilized and turning.

Corporate administration

The increase in corporate administration costs between the second quarter of 2022 and 2021 when $3.7 million and $3.0 million were incurred, respectively, was mainly due to an increase in travel following the relaxation of COVID related restrictions, as well as regulatory expenses.

Finance expense

Notwithstanding the progressive repayment of the Company's loans, finance expense was higher in the second quarter of 2022 compared to the same period in 2021 ($28.5 million versus $11.7 million). This higher expense is mainly due to the recording of Finance Charges under the gold prepay and stream credit facilities, which is expected to continue in future periods. Higher LIBOR rates also impacted this cost.

Derivative gain or loss

A derivative gain of $40.0 million was recorded on the statement of operations during the second quarter of 2022 compared to a derivative loss of $25.6 million in the second quarter of 2021. This is largely the result of lower forward gold prices at the end of the relevant quarter compared to the beginning of the same quarter, which in turn causes the change in estimated fair values of the gold prepay, stream, and offtake facilities which are accounted for as financial liabilities measured at fair value and is more fully explained below.

Income taxes

Income taxes of $32.6 million were accrued during the second quarter of 2022 (2021: $17.2 million) which is comprised of current and deferred income tax expenses of $17.2 million and $15.4 million, respectively. 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 ($29.2 million) and profit sharing ($31.5 million) payable to the Government of Ecuador and 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 June 30, 2022 are partially offset by tax credits available for use by the Company.

Deferred income taxes are not comparable between the same periods in 2022 and 2021 as the 2021 amount was reduced by the recording of previously unrecognized deferred tax assets. Full recognition of the deferred tax assets occurred by the end of 2021.

Six months ended June 30, 2022 compared to the six months ended June 30, 2021

The Company generated net income of $79.1 million during the 2022 Period compared to $136 million during the 2021 Period. During the 2022 Period, the recognition of revenues of $394 million generated income from mining operations of $194 million. Derivative gains of $5.3 million were also recorded. This was offset by finance expense of $55.8 million, income tax expense of $49.5 million, and other expenses totalling $14.6 million.

Revenues and income from mining operations were lower for the 2021 Period at $356 million and $175 million, respectively, due mainly to slightly fewer ounces of gold sold and lower realized gold prices. During the 2021 Period, derivative gains of $25.9 million were also recorded, offset by finance expense of $23.7 million, income tax expense of $28.2 million and other expenses totalling $12.6 million.

Income from mining operations

During the 2022 Period, the Company recognized revenues of $394 million from the sale of 215,573 oz of gold. This is offset by cost of goods sold of $201 million which is comprised of operating expenses of $119 million; royalties of $22.7 million; and depletion and depreciation of $59.1 million resulting in income from mining operations of $194 million. During the same period in 2021, revenues of $356 million were recognized from the sale of 207,217 oz of gold resulting in income from mining operations of $175 million.

Corporate administration

Corporate administration costs of $9.6 million were incurred during the 2022 Period compared to $7.7 million during the 2021 Period. This difference is mainly attributable to increased travel following the relaxation of COVID related restrictions, higher regulatory and professional fees incurred on account of corporate matters.

Exploration

Exploration drilling has been a focus of the Company's activities outside of FDN, including planning for a near mine drill program started in Q3, explaining the higher costs in the 2022 Period compared to the 2021 Period when a regional program only started in March 2021.

Finance expense

Finance expense of $55.8 million was incurred during the 2022 Period compared to $23.7 million during the 2021 Period. This higher expense is mainly due to the recording of Finance Charges under the gold prepay and stream credit facilities, which 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 the 2022 Period, the Company made scheduled principal, interest and finance charge repayments totaling $36.9 million (2021: $34.5 million) under its gold prepay facility and $25.9 million (2021: $20.8 million) under its stream facility, based on gold and silver prices at the time of repayment. In addition, a non-cash decrease of these debt obligations of $14.3 million on the balance sheet was recognized due to a change in their estimated fair values between December 31, 2021 and June 30, 2022 (2021: a decrease of $16.1 million between December 31, 2021 and June 30, 2021). This variation is recorded as derivative gains, or losses, 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. The combined net impact of these three factors is a net decrease in the fair value of the gold prepay and stream credit facilities as described more fully below, in addition to the decrease from the scheduled repayments during the period:

- 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 June 30, 2022 were lower compared to December 31, 2021 and as a result, forward prices have followed suit. This has resulted in a decrease in the estimated fair value of the debt obligations at the current balance sheet date and the recognition of derivative gains in the statement of operations for the 2022 Period. The same occurred in the 2021 Period. 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.

- 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, interest rates, 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 the 2022 Period, yields increased resulting in a decrease in the fair value of the gold prepay and stream facilities and the recording of derivative gains in OCI. The tax impact of the derivative gains in other comprehensive income during the 2022 Period must also be recorded. This results in a deferred income tax expense in the statement of operations as an offset to the deferred income tax recovery in other comprehensive income.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2022, the Company had cash of $301 million and a working capital balance of $254 million compared to cash of $263 million and a working capital balance of $217 million at December 31, 2021. The change in cash during the 2022 Period was primarily due to cash generated from operating activities of $188 million and proceeds from the exercise of stock options, warrants, and anti-dilution rights of $9.4 million. This is offset by principal repayments, interest and finance charges, including associated taxes, under the gold prepay and stream credit facilities totalling $67.6 million, interest and principal repayments under the senior debt of $65.8 million, and cash outflows of $25.3 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 decrease in trade receivables as at June 30, 2022 is mainly due to the timing of sales near the end of quarter as a result of national protests in Ecuador 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. A portion of the VAT recoverable has been reclassified as current assets based on the Company's assessment of the estimated time for processing VAT claims during the next twelve months.

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 experienced under the global supply chain. Inventories have increased from December 31, 2021 to June 30, 2022 primarily due to an increase in the value of gold-in-circuit and doré and concentrate inventory due to temporary delays in the shipment and sale of gold concentrate and doré due to national protests in Ecuador in June. This is partially offset by a decrease in the value of the ore stockpile due to slightly lower tonnes in and grade of the stockpile as at June 30, 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 is expected to increase in the second half of the year due to a higher number of 2022 projects, including the TSF third raise.

Liquidity and capital resources

The Company generated strong operating cash flow during the 2022 Period and expects to continue to do so for the remainder of the year based on its revised production and AISC guidance. At current gold prices, this strong operating cash flow will continue to support aggressive debt repayments, regional and near mine exploration, underground expansion drilling at FDN, planned capital expenditures, growth initiatives and regular dividend payments under the dividend policy approved in the second quarter of this year. The Company declared an inaugural dividend of $0.20 per share to be paid in September based on shareholders of record on August 24, 2022.

Monthly payments under the stream facility will continue 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, commenced in 2022 (the "Cash Sweep"). Accordingly, in addition to the scheduled variable quarterly repayments the Company has and will continue to accelerate the repayment of its senior debt based on this Cash Sweep. 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, inclusive of the Cash Sweep.

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 $70.6 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.

(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)

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 always meet its operational needs. 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 June 30, 2022 but not recognized as liabilities are as follows:

		Capital expenditures
12 months ending June 30, 2023	$	15,069
July 1, 2023 onward		-
Total	$	15,069

OFF-BALANCE SHEET ARRANGEMENTS

During the 2022 Period 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 235,165,784 common shares issued and outstanding. There were also stock options outstanding to purchase a total of 4,762,000 common shares, 531,800 restricted share units with a performance criteria, 156,600 restricted share units settled by issuance of shares, and 31,465 deferred share units.

OUTLOOK

Lundin Gold's strong performance in the first six months of 2022 provides a robust foundation for the rest of the year, and as a result, the Company is increasing its production guidance to between 430,000 and 460,000 from 405,000 to 445,000 oz and decreasing its AISC[1] guidance to between $820 and $870 from $860 to $930.

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

Sustaining capital will ramp up substantially in Q3 2022 with construction of the third raise of the TSF anticipated to be completed in Q4 2022. The drilling program at FDN for conversion of Inferred Resources and definition of additional resources is ongoing. Several other capital projects are underway and planned for 2022, contributing to an expected increase in sustaining capital costs during the balance of the year.

(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)

The 16,500 metre regional exploration drill program is continuing with four additional targets of interest identified: Barbasco Norte, Capullo, Puma and Quebrada La Negra. A third rig has been added in order to expand the program with one hole already completed at Barbasco Norte. Results are pending and additional drilling at this target is underway. At Capullo, a first hole was recently started. Drill programs at Puma and Quebrada La Negra are expected to be initiated in the third quarter and fourth quarter, respectively.

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 program was planned in the second quarter and has recently started with a combined anticipated 6,000 metres of drilling both underground and from surface with an expected cost of $4 million to be incurred during the remainder of the year. As of the date of the MD&A two rigs are turning, one underground and one on surface.

Following the approval of the dividend policy in the second quarter of 2022, the Company has declared an inaugural dividend of $0.20 per share to be paid in September 2022 to shareholders of record on August 24, 2022.

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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenues	$ 177,808	$ 216,145	$ 394,280	$ 356,136
Treatment and refining charges	8,186	9,080	16,432	15,914
Less: silver revenues	(2,348)	(2,854)	(4,925)	(5,262)
Gold sales	$ 183,646	$ 222,371	$ 405,787	$ 366,788
Gold oz sold	96,291	125,412	215,573	207,217
Average realized gold price	$ 1,907	$ 1,773	$ 1,882	$ 1,770

(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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Net income for the period	$ 55,962	$ 49,984	$ 79,144	$ 135,964
Adjusted for:				
Finance expense	28,483	11,670	55,759	23,748
Income tax expense	32,569	17,244	49,480	28,166
Depletion and depreciation	27,683	30,762	59,127	51,748
EBITDA	$ 144,697	$ 109,660	$ 243,510	$ 239,626
Derivative loss (gain)	(39,986)	25,599	(5,262)	(25,924)
Adjusted EBITDA	$ 104,711	$ 135,259	$ 238,248	$ 213,702

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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Net income for the period	$ 55,962	$ 49,984	$ 79,144	$ 135,964
Adjusted for:				
Derivative loss (gain)	(39,986)	25,599	(5,262)	(25,924)
Deferred income tax expense	(2,486)	(783)	(2,842)	2,169
Adjusted earnings	$ 13,490	$ 74,800	$ 71,040	$ 112,209
Basic weighted average shares outstanding	234,933,975	231,998,447	234,374,977	231,378,191
Adjusted basic earnings per share	$ 0.06	$ 0.32	$ 0.30	$ 0.48

(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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Operating expenses	$ 57,462	$ 62,140	$ 118,757	$ 108,958
Royalty expenses	10,141	12,639	22,667	20,795
Cash operating costs	$ 67,603	$ 74,779	$ 141,424	$ 129,753
Gold oz sold	96,291	125,412	215,573	207,217
Cash operating cost per oz sold	$ 702	$ 596	$ 656	$ 626

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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Cash operating costs	$ 67,603	$ 74,779	$ 141,424	$ 129,753
Corporate social responsibility	384	276	811	568
Treatment and refining charges	8,186	9,080	16,432	15,914
Accretion of restoration provision	153	26	306	53
Sustaining capital	9,233	8,989	12,173	17,186
Less: silver revenues	(2,348)	(2,854)	(4,925)	(5,262)
All-in sustaining cost	$ 83,211	$ 90,296	$ 166,221	$ 158,212
Gold oz sold	96,291	125,412	215,573	207,217
All-in sustaining cost per oz sold	$ 864	$ 720	$ 771	$ 764

(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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Net cash provided by operating activities	$ 60,686	$ 142,005	$ 188,016	$ 217,088
Net cash used for investing activities	(13,043)	(15,951)	(25,281)	(29,608)
Interest paid	(7,324)	(23,059)	(13,301)	(40,905)
Finance charge paid	(19,071)	-	(36,380)	-
Free cash flow	$ 21,248	$ 102,995	$ 113,054	$ 146,575
Basic weighted average shares outstanding	234,933,975	231,998,447	234,374,977	231,378,191
Free cash flow per share	$ 0.09	$ 0.44	$ 0.48	$ 0.63

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 nine months ended September 30, 2022 is expected to be published on or about November 8, 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 June 30, 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	June 30, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	7	$ 301,032	$ 262,608
Trade receivables and other current assets	3	156,586	167,683
Inventories	4	98,718	84,946
Advance royalty		13,000	13,000
		569,336	528,237
Non-current assets			
VAT recoverable		50,753	54,052
Advance royalty		22,994	29,494
Property, plant and equipment	5	807,937	835,074
Mineral properties	6	195,429	207,146
Deferred income tax asset		17,581	31,110
		$ 1,664,030	$ 1,685,113
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 64,443	$ 67,968
Income taxes payable		34,036	54,847
Other current liabilities	9	1,237	-
Current portion of long-term debt	7	215,699	188,201
		315,415	311,016
Non-current liabilities			
Long-term debt	7	430,025	551,776
Other non-current liabilities	9	-	1,406
Reclamation provisions		6,744	6,438
Deferred income tax liabilities		1,650	-
		753,834	870,636
EQUITY			
Share capital	8	986,851	974,740
Equity-settled share-based payment reserve	9	12,848	13,570
Accumulated other comprehensive income		12,037	6,851
Deficit		(101,540)	(180,684)
		910,196	814,477
		$ 1,664,030	$ 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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenues		$ 177,808	$ 216,145	$ 394,280	$ 356,136
Cost of goods sold					
Operating expenses		57,462	62,140	118,757	108,958
Royalty expenses		10,141	12,639	22,667	20,795
Depletion and depreciation		27,683	30,762	59,127	51,748
		95,286	105,541	200,551	181,501
Income from mining operations		82,522	110,604	193,729	174,635
Other expenses (income)					
Corporate administration	10	3,734	2,981	9,595	7,732
Exploration		2,820	2,377	5,626	3,600
Finance expense	11	28,483	11,670	55,759	23,748
Other expense (income)		(1,060)	749	(613)	1,349
Derivative loss (gain)	7	(39,986)	25,599	(5,262)	(25,924)
		(6,009)	43,376	65,105	10,505
Net income before tax		**88,531**	**67,228**	**128,624**	**164,130**
Income tax expense					
Current income tax expense	13	17,162	18,027	37,143	25,997
Deferred income tax expense	13	15,407	(783)	12,337	2,169
		32,569	17,244	49,480	28,166
Net income for the period		**$ 55,962**	**$ 49,984**	**$ 79,144**	**$ 135,964**
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that may be reclassified to net loss					
Currency translation adjustment		(1,857)	738	(1,036)	1,466
Items that will not be reclassified to net loss					
Derivative gain (loss) related to the Company's own credit risk	7	7,929	3,554	9,064	(9,862)
Deferred income tax on accumulated other comprehensive income	13	(2,486)	(783)	(2,842)	2,169
Comprehensive income		$ 59,548	$ 53,493	$ 84,330	$ 129,737
Income per common share					
Basic		$ 0.24	$ 0.22	$ 0.34	$ 0.59
Diluted		0.24	0.21	0.33	0.58
Weighted-average number of common shares					
Basic		234,933,975	231,998,447	234,374,977	231,378,191
Diluted		236,847,992	234,508,000	236,317,102	233,967,008

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		1,675,850		8,941		(2,892)		-		-		6,049
Vesting of share units		31,500		318		(318)		-		-		-
Exercise of anti-dilution rights	8	743,889		7,432		-		-		-		7,432
Stock-based compensation	9	-		-		1,502		-		-		1,502
Other comprehensive loss		-		-		-		(6,227)		-		(6,227)
Net income for the period		-		-		-		-		135,964		135,964
Balance, June 30, 2021		232,539,576	$	968,416	$	13,024	$	16,284	$	(266,146)	$	731,578
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	477,260		3,918		-		-		-		3,918
Exercise of warrants	9	411,441		2,445		(511)		-		-		1,934
Stock-based compensation	9	-		-		1,982		-		-		1,982
Other comprehensive income		-		-		-		5,186		-		5,186
Net income for the period		-		-		-		-		79,144		79,144
Balance, June 30, 2022		235,165,784	$	986,851	$	12,848	$	12,037	$	(101,540)	$	910,196

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

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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
OPERATING ACTIVITIES					
Net income for the period		$ 55,962	$ 49,984	$ 79,144	$ 135,964
Items not affecting cash:					
Depletion and depreciation		27,690	30,770	59,143	51,765
Stock-based compensation	9	841	868	1,833	1,353
Derivative loss (gain)	16(b)	(39,986)	25,599	(5,262)	(25,924)
Other expense (income)		(986)	485	(561)	1,037
Finance expense		27,930	10,106	54,610	22,045
Deferred income tax expense (recovery)		15,407	(783)	12,337	2,169
		86,858	117,029	201,244	188,409
Changes in non-cash working capital items:					
Trade receivables and other current assets		12,712	(4,388)	15,174	9,011
Inventories		(7,524)	(1,599)	(10,216)	(9,761)
Advance royalty		1,244	3,084	6,500	5,467
Accounts payable and accrued liabilities		7,602	10,072	(4,625)	2,693
Income taxes payable		(40,792)	17,724	(20,811)	21,123
Interest received		586	83	750	146
Net cash provided by operating activities		60,686	142,005	188,016	217,088
FINANCING ACTIVITIES					
Repayments of long-term debt	7	(60,058)	(13,293)	(83,704)	(47,604)
Interest paid	7	(7,324)	(23,059)	(13,301)	(40,905)
Finance charge paid	7	(19,071)	-	(36,380)	-
Proceeds from exercise of stock options		-	855	3,555	6,049
Proceeds from exercise of anti-dilution rights		3,502	7,191	3,918	7,432
Proceeds from exercise of warrants		-	-	1,934	-
Net cash used for financing activities		(82,951)	(28,306)	(123,978)	(75,028)
INVESTING ACTIVITIES					
Acquisition and development of property, plant and equipment		(11,389)	(13,467)	(22,596)	(26,376)
VAT paid on investing activities		(1,654)	(2,484)	(2,685)	(3,232)
Net cash used for investing activities		(13,043)	(15,951)	(25,281)	(29,608)
Effect of foreign exchange rate differences on cash		(599)	94	(333)	156
Net increase (decrease) in cash and cash equivalents		(35,907)	97,842	38,424	112,608
Cash and cash equivalents, beginning of period		336,939	94,358	262,608	79,592
Cash and cash equivalents, end of period		$ 301,032	$ 192,200	$ 301,032	$ 192,200

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" and the OTCQX Best Market under the symbol "LUGDF". 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 August 9, 2022.

3. Trade receivables and other current assets

	June 30, 2022	December 31, 2021
Trade receivables (a)	$ 89,864	$ 96,471
VAT recoverable (b)	54,043	51,838
Prepaid expenses and deposits	12,679	19,374
	$ 156,586	$ 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

	June 30, 2022	December 31, 2021
Ore stockpile	$ 16,463	$ 19,750
Gold in circuit	14,279	3,057
Doré and concentrate	16,264	11,203
Materials and supplies	51,712	50,936
	$ 98,718	$ 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	11,773	8,917	708	1,636	682	23,716
Reclassifications	(15,660)	15,660	-	-	-	-
Cumulative translation adjustment	-	(216)	-	-	-	(216)
Balance, June 30, 2022	$ 23,649	$ 898,459	$ 56,573	$ 24,714	$ 3,367	$ 1,006,762

(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	-	44,970	3,361	2,186	159	50,676
Cumulative translation adjustment	-	(39)	-	-	-	(39)
Balance, June 30, 2022	$ -	$ 159,400	$ 21,854	$ 15,375	$ 2,196	$ 198,825
Net book value						
As at December 31, 2021	$ 27,536	$ 759,629	$ 37,372	$ 9,889	$ 648	$ 835,074
As at June 30, 2022	$ 23,649	$ 739,059	$ 34,719	$ 9,339	$ 1,171	$ 807,937

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	(11,717)
Balance, June 30, 2022	$ 195,429

(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

		June 30, 2022		December 31, 2021
Gold prepay credit facility (a)	$	171,613	$	197,780
Stream loan credit facility (b)		252,618		263,614
Offtake derivative liability (c)		28,011		27,038
Senior debt facility (d)		193,482		251,545
	$	645,724	$	739,977
Less: current portion				
Gold prepay credit facility		64,752		65,030
Stream loan credit facility		47,386		49,087
Offtake derivative liability		4,354		3,539
Senior debt facility		99,207		70,545
Long-term portion	$	430,025	$	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 June 30, 2022.

		Gold prepay credit facility		**Stream loan credit facility**		**Offtake derivative liability**		**Total**
Principal	$	94,737	$	126,092	$	-	$	220,829
Transaction costs		(1,843)		(2,177)		-		(4,020)
Derivative fair value adjustments		78,719		128,703		28,011		235,433
Total	$	171,613	$	252,618	$	28,011	$	452,242

Derivative fair value adjustments reflect the revaluation of the financial instruments at fair value as at June 30, 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 six months ended June 30, 2022, the Company made payments under the Prepay Loan totaling $36.9 million (six months ended June 30, 2021 – $34.5 million) of which $15.8 million (six months ended June 30, 2021 – $15.8 million) was paid on account of principal; $4.0 million (six months ended June 30, 2021 – $18.7 million) for accrued interest; and $17.1 million (six months ended June 30, 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 six months ended June 30, 2022, the Company made payments under the Stream Loan totaling $25.9 million (six months ended June 30, 2021 – $20.8 million) of which $6.5 million (six months ended June 30, 2021 – $5.6 million) was paid on account of principal; $4.9 million (six months ended June 30, 2021 – $15.2 million) for accrued interest; and $14.5 million (six months ended June 30, 2021 – nil) for the Finance Charge (see Note 16). As at June 30, 2022, based on the projected life of mine production and other significant assumptions (see Note 16), the estimated fair value equivalent to 294,216 oz. of gold and 4,951,742 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 June 30, 2022		**Tranche A**		**Tranche B**		**Total**
Principal	$	147,373	$	58,949	$	206,322
Accrued interest		1,254		324		1,578
Transaction costs, net of amortization		(10,739)		(3,679)		(14,418)
Total	$	137,888	$	55,594	$	193,482

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 six months ended June 30, 2022, the Company paid $61.4 million of principal (six months ended June 30, 2021 – $26.3 million) and $4.4 million (six months ended June 30, 2021 – $7.1 million) of interest relating to the Facility. The principal repaid during the six months ended June 30, 2022 includes $35.2 million (six months ended June 30, 2021 – nil) paid on account of the Cash Sweep.

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)	477,260		3,918
Exercise of warrants		411,441		2,445
Balance at June 30, 2022		235,165,784	$	986,851

(a) During the six months ended June 30, 2022, the Company issued 477,260 common shares to Newcrest Mining Limited ("Newcrest") at a weighted average price of CAD$10.50 per share for total proceeds of $3.9 million. During the year ended December 31, 2021, 1,036,027 common shares were issued to Newcrest 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

Under an omnibus incentive plan (the "Omnibus Plan") that allows for the reservation of a maximum 8.5% of the common shares issued and outstanding for issuance at any given time, 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 six months ended June 30, 2022, 772,800 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:

	Six months ended June 30, 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	772,800		9.86	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	4,762,000	$	8.06	4,863,400	$	7.26
Balance exercisable, end of period	3,141,263	$	6.78	3,531,122	$	5.74

(1) The weighted average share price on the exercise date for the stock options exercised during the six months ended June 30, 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 June 30, 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	0.91	$	5.15	1,135,900	0.91	$	5.15
$	5.31 to 10.00	2,009,400	2.73		6.97	1,285,600	1.65		5.38
$	10.01 to 12.60	1,616,700	3.29		11.47	719,763	3.01		11.86
		4,762,000	2.49	$	8.06	3,141,263	1.69	$	6.78

(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:

	June 30, 2022	December 31, 2021
Risk-free interest rate	1.62%	0.39%
Expected stock price volatility	36.51%	36.13%
Expected life	5 years	5 years
Expected dividend yield	-	-
Weighted-average fair value per option granted (CAD)	$3.40	$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 six months ended June 30, 2022, the Company recorded stock-based compensation expense of $1.1 million (six months ended June 30, 2021 – $0.9 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	-	86,800	8,157
Settled	-	-	-	(41,000)	-
Balance at June 30, 2022	148,000	383,800	24,600	156,600	31,465

(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 six months ended June 30, 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 June 30, 2022 and December 31, 2021 with the following weighted-average assumptions:

	June 30, 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	0.65 years	3 years	1.40 years
Expected dividend yield	-	-	-	-
Weighted-average fair value per unit (CAD)	$9.33	$8.99	$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 six months ended June 30, 2022, the Company recorded stock-based compensation expense of $0.3 million (six months ended June 30, 2021 – $0.2 million) relating to Share PSUs and has recorded a liability of $1.0 million to recognize the estimated fair value of the Cash PSUs as at June 30, 2022 (as at December 31, 2021 – $1.2 million).

Restricted share units without performance criteria

During the six months ended June 30, 2022, the Company granted 86,800 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 June 30, 2022 and December 31, 2021 with the following weighted-average assumptions:

	June 30, 2022		December 31, 2021	
	Share RSUs	Cash RSUs	Share RSUs	Cash RSUs
Risk-free interest rate	1.22%	2.48%	0.22%	1.04%
Expected stock price volatility	44.54%	35.21%	53.30%	37.71%
Expected life	1.99 years	0.65 years	1.70 years	1.15 years
Expected dividend yield	-	-	-	-
Weighted-average fair value per unit (CAD)	$12.42	$10.67	$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 six months ended June 30, 2022, the Company recorded stock-based compensation expense of $0.4 million (six months ended June 30, 2021 – $0.2 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 June 30, 2022 (as at December 31, 2021 – $0.2 million).

Deferred share units ("DSUs")

During the six months ended June 30, 2022 and year ended December 31, 2021, the Company granted 8,157 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 six months ended June 30, 2022, the Company recorded stock-based compensation expense of $0.1 million (six months ended June 30, 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 six months ended June 30, 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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Corporate social responsibility	$ 384	$ 276	$ 811	$ 568
Investor relations	68	34	170	80
Office and general	882	529	1,663	1,060
Professional fees	371	326	979	574
Regulatory and transfer agent	174	61	334	297
Salaries and benefits	1,014	887	3,805	3,800
Stock-based compensation	841	868	1,833	1,353
	$ 3,734	$ 2,981	$ 9,595	$ 7,732

11. Finance expense

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Interest expense	$ 7,434	$ 8,690	$ 14,879	$ 17,652
Finance charge	19,071	-	36,380	-
Other finance costs	1,459	1,965	3,050	4,055
Accretion of transaction costs	1,105	1,098	2,200	2,187
Interest income	(586)	(83)	(750)	(146)
	$ 28,483	$ 11,670	$ 55,759	$ 23,748

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 six months ended June 30 is shown below.

	June 30, 2022	June 30, 2021
Salaries, bonuses and benefits	$ 3,305	$ 3,629
Stock-based compensation	1,296	1,359
	$ 4,601	$ 4,988

(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% and dividend withholding taxes levied at a rate of 5% related to earnings distributed from Ecuador, 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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Net income before tax	$ 88,531	$ 67,228	$ 128,624	$ 164,130
Canadian federal and provincial income tax rates	27.00%	27.00%	27.00%	27.00%
Income tax expense based on the above rates	23,903	18,152	34,728	44,315
Increase (decrease) due to:				
Differences in foreign tax rates	7,995	8,310	12,485	12,738
Non-deductible costs	973	1,872	1,906	3,457
Losses and temporary differences for which an income tax asset has not been recognized	(302)	(394)	361	463
Benefits of previously unrecognized deferred income tax assets	-	(10,696)	-	(32,807)
Income tax expense	$ 32,569	$ 17,244	$ 49,480	$ 28,166

14. Supplemental cash flow information

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Income taxes paid	$ 54,376	$ -	$ 54,376	$ -
Change in accounts payable and accrued liabilities related to:				
Acquisition of property, plant and equipment	3,143	2,690	1,120	2,021

(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 June 30, 2022				
Current assets	$ 462,776	$ 7,407	$ 99,153	$ 569,336
Non-current assets	1,093,044	-	-	1,093,044
Total assets	1,555,820	7,407	99,153	1,662,380
Current liabilities	309,478	730	5,207	315,415
Non-current liabilities	435,119	-	1,650	436,769
Total liabilities	744,597	730	6,857	752,184
For the three months ended June 30, 2022				
Revenues	177,808	-	-	177,808
Income from mining operations	82,522	-	-	82,522
Corporate administration	(973)	(48)	(2,713)	(3,734)
Exploration expenditures	-	(2,820)	-	(2,820)
Finance income (expense)	(28,645)	-	162	(28,483)
Other income	22	-	1,038	1,060
Derivative gain	39,986	-	-	39,986
Income tax expense	(27,757)	-	(4,812)	(32,569)
Net income (loss) for the period	65,155	(2,868)	(6,325)	55,962
For the six months ended June 30, 2022				
Revenues	394,280	-	-	394,280
Income from mining operations	193,729	-	-	193,729
Corporate administration	(2,227)	(49)	(7,319)	(9,595)
Exploration expenditures	-	(5,626)	-	(5,626)
Finance income (expense)	(55,958)	-	199	(55,759)
Other income	2	-	611	613
Derivative gain	5,262	-	-	5,262
Income tax expense	(44,668)	-	(4,812)	(49,480)
Net income (loss) for the period	96,140	(5,675)	(11,321)	79,144

(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 June 30, 2021				
Current assets	$ 351,253	$ 1,613	$ 51,989	$ 404,855
Non-current assets	1,185,994	-	-	1,185,994
Total assets	1,537,247	1,613	51,989	1,590,849
Current liabilities	294,513	844	488	295,845
Non-current liabilities	561,901	-	1,525	563,426
Total liabilities	856,414	844	2,013	859,271
For the three months ended June 30, 2021				
Revenues	216,145	-	-	216,145
Income from mining operations	110,604	-	-	110,604
Corporate administration	(706)	(40)	(2,235)	(2,981)
Exploration expenditures	-	(2,377)	-	(2,377)
Finance income (expense)	(11,704)	-	34	(11,670)
Other expense	(129)	-	(620)	(749)
Derivative loss	(25,599)	-	-	(25,599)
Income tax expense	(17,244)	-	-	(17,244)
Net income (loss) for the period	55,222	(2,417)	(2,821)	49,984
For the six months ended June 30, 2021				
Revenues	356,136	-	-	356,136
Income from mining operations	174,635	-	-	174,635
Corporate administration	(1,390)	(42)	(6,300)	(7,732)
Exploration expenditures	-	(3,600)	-	(3,600)
Suspension of operations	-	-	-	-
Finance income (expense)	(23,814)	-	66	(23,748)
Other expense	(191)	-	(1,158)	(1,349)
Derivative gain	25,924	-	-	25,924
Income tax expense	(28,166)	-	-	(28,166)
Net income (loss) for the period	146,998	(3,642)	(7,392)	135,964

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 $70.6 million (2021 - $75.7 million) are measured at fair value using quoted forward market prices (level 2).

(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)

(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.

(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 six months ended June 30, 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	(15,789)	(6,486)	-	(22,275)
Interest paid	(4,015)	(4,863)	-	(8,878)
Interest accrued at stated rate of 7.5%	4,015	4,863	-	8,878
Accretion of transaction costs	307	104	-	411
Derivative fair value adjustments recognized in:				
Derivative loss (gain)	(10,328)	4,093	973	(5,262)
Other comprehensive income	(357)	(8,707)	-	(9,064)
Change in derivative fair values	(10,685)	(4,614)	973	(14,326)
Balance, June 30, 2022	$ 171,613	$ 252,618	$ 28,011	$ 452,242

(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)

(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.

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 June 30, 2022	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Long-term debt	$	452,242	Expected volatility	15% to 34%	An increase or decrease in expected volatility of 5% would increase or decrease fair value by $5.8 million or $6.6 million, respectively
			Risk-adjusted discount rate	13% to 15%	An increase or decrease in risk-adjusted discount rate of 1% would decrease or increase fair value by $12.0 million or $12.6 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 June 30, 2022 but not recognized as liabilities are as follows:

		Capital Expenditures
12 months ending June 30, 2023	$	15,069
July 1, 2023 onward		-
Total	$	15,069

Corporate Information

BOARD OF DIRECTORS
Jack Lundin, Chairman
Vancouver, Canada
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
Bob Thiele
New South Wales, Australia

OFFICERS
Ron F. Hochstein
President & Chief Executive Officer
Alessandro Bitelli
Executive Vice President &
Chief Financial Officer
Sheila Colman
Vice President, Legal
& Corporate Secretary
Nathan Monash
Vice President, Business
Sustainability
Andre Oliveira
Vice President, Exploration
Iliana Rodriguez
Vice President, Human Resources
Chester See
Vice President, Finance

OFFICES
CORPORATE HEAD OFFICE
Lundin Gold Inc.
885 West Georgia Street, Suite 2000
Vancouver, BC V6C 3E8
Telephone: 604-689-7842
Toll Free: 1-888-689-7842
Facsimile: 604-689-4250

REGIONAL HEAD OFFICE
Aurelian Ecuador S.A.,
a subsidiary of Lundin Gold Inc.
Av. Amazonas N37-29 y UNP Edificio
Eurocenter, Piso 5
Quito, Pichincha
Ecuador
Telephone: 593-2-299-6400

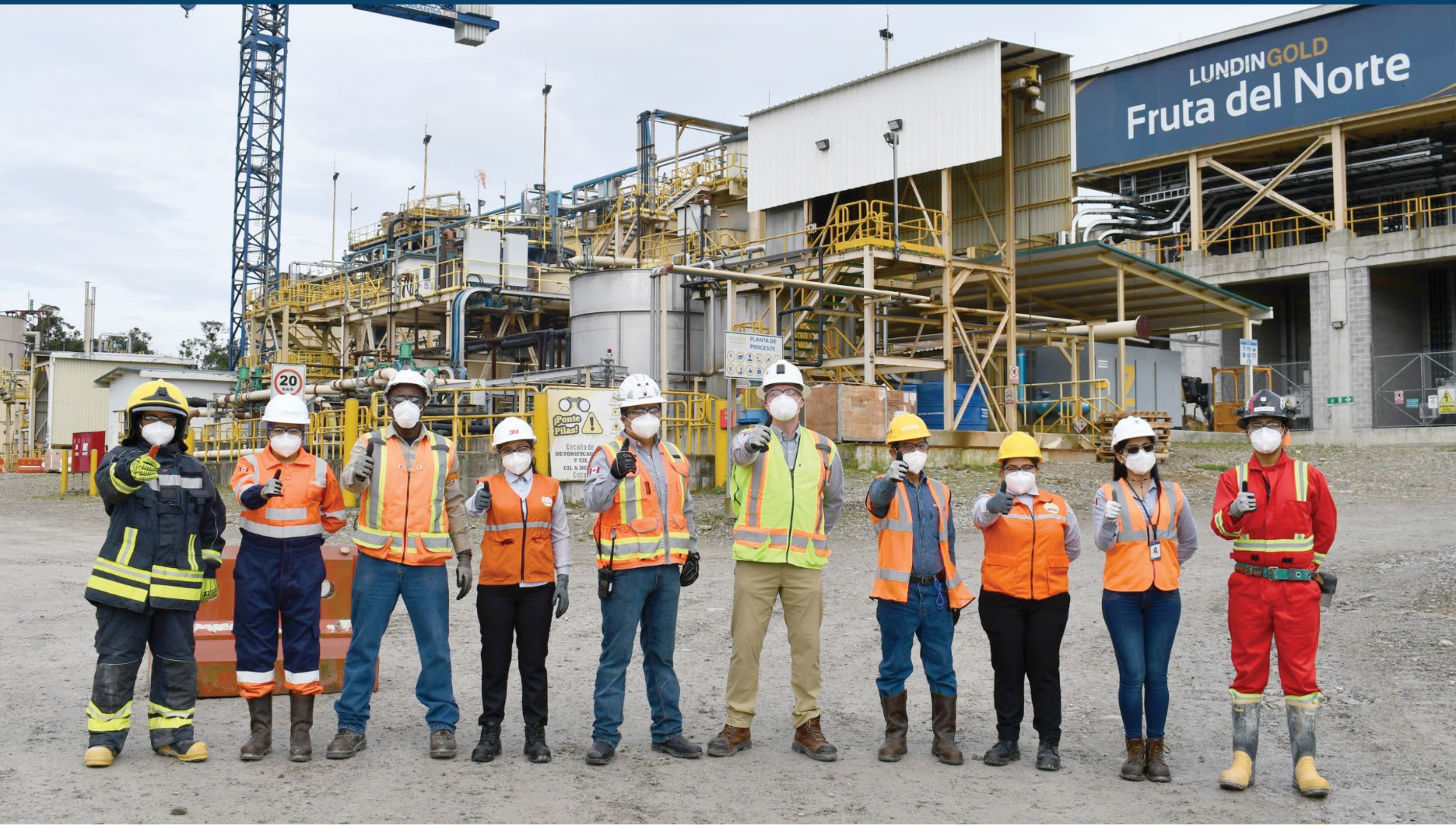
COMMUNITY OFFICE
Calle 1ro de Mayo y 12 de Febrero,
esquina
Los Encuentros, Zamora-Chinchipe,
Ecuador

STOCK EXCHANGE LISTINGS
The Toronto Stock Exchange
Trading Symbol: LUG
Nasdaq Stockholm
Trading Symbol: LUG

SHARE REGISTRAR AND TRANSFER AGENT
Computershare Investor Services Inc.
510 Burrard Street, 3rd Floor
Vancouver, BC V6C 3B9
Telephone: 1-800-564-6253

AUDITOR
PricewaterhouseCoopers LLP
250 Howe St, Suite700
Vancouver, BC V6C 3S7
Telephone: 604-806-7000

ADDITIONAL INFORMATION
Further information about Lundin Gold
is available by contacting:
Finlay Heppenstall
Director, Investor Relations
Telephone: 604-689-7842
Toll Free: 1-888-689-7842
info@lundingold.com



LUNDINGOLD

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

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

Telephone: 604-689-7842
Toll Free: 1-888-689-7842

Telephone: 593-2-299-6400

info@lundingold.com

www.lundingold.com

@LundinGold @LundinGoldEC Lundin Gold Lundin Gold Lundin Gold Ecuador