LUNDIN GOLD

Building a leading Gold Company
through responsible mining

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Lundin Gold Inc. and its subsidiaries (collectively, "Lundin Gold" or the "Company") provides a detailed analysis of the Company's business and compares its financial results for the three and nine months ended September 30, 2023 with those of the same period from the previous year.

This MD&A is dated as of November 8, 2023 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes thereto for the three and nine months ended September 30, 2023, 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, 2022. References to the "2023 Period" and "2022 Period" relate to the nine months ended September 30, 2023 and September 30, 2022, 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.sedarplus.ca.

Lundin Gold, headquartered in Vancouver, Canada, owns 28 metallic mineral concessions and three construction material concessions covering an area of approximately 64,454 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 and are dedicated to operating Fruta del Norte responsibly and pursuing growth. 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 continue to benefit its shareholders, the Government and the citizens of Ecuador.

THIRD QUARTER 2023 HIGHLIGHTS AND ACTIVITIES

Lundin Gold's track record of generating strong free cash flow[1] continued during the third quarter of 2023 with free cash flow[1] of $80.9 million or $0.34 per share achieved resulting in a cash balance of $302 million at September 30, 2023. Given this robust cash balance at quarter end and forecasted cash requirements, the Company has elected to fully repay the remaining principal balance of $70.5 million plus accrued interest under its senior debt facility (the "Senior Facility") on November 14, 2023, well in advance of the original maturity date of June 2026. Upon completion of this repayment, the Company will have extinguished two of its project finance facilities, being the gold prepay credit facility and Senior Facility, which had an original combined principal amount of $500 million, after only three years of operations.

Mill throughput was consistent quarter over quarter at 4,523 tonnes per day ("tpd") resulting in gold production of 112,212 ounces ("oz") and sales of 112,711 oz at an average realized gold price[1] of $1,931 per oz. Cash operating costs[1] were $704 per oz sold and all-in sustaining costs ("AISC")[1] were $907 per oz sold for the quarter, in line with expectations due to increased sustaining capital expenditures. Compared to previous periods, the strong mill throughput was offset by a decrease in average head grade and recoveries. Finely disseminated sulphide minerals in the ore continued to impact the flotation circuit during the quarter, resulting in average recoveries of 86.5%. Notwithstanding this, the Company is firmly on track to meet its revised AISC[1] guidance of $820 to $870 per oz sold and expects to be near the upper end of its revised production guidance of 450,000 to 485,000 oz.

Recovery improvement initiatives remain a focus for the Company with recently completed pilot flotation testing yielding positive results. This new equipment is anticipated to significantly improve recoveries and would be done in conjunction with the contemplated plant expansion to further increase mill throughput to 5,000 tpd. At quarter end, basic engineering for this expansion was completed and detailed engineering was underway.

[1] Refer to "Non-IFRS Measures" section in this MD&A.

(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)

Construction of the fourth tailings dam raise and other sustaining capital programs peaked during the third quarter resulting in increased sustaining capital expenditures, a figure included in the AISC[1] calculation. Completion of the fourth tailings dam raise near the end of the fourth quarter of 2023 remains on track. Other sustaining capital projects are expected to ramp up during the fourth quarter of 2023 with several projects carrying over to 2024.

The following two tables provide an overview of key operating and financial results achieved during the third quarter of 2023 compared to the same period in 2022.

	Three months ended September 30,		Nine months ended September 30,	
	2023	**2022**	**2023**	**2022**
Tonnes ore mined	397,702	377,921	1,229,845	1,126,980
Tonnes ore milled	416,072	379,258	1,226,777	1,138,340
Average mill head grade (g/t)	9.7	11.0	10.9	10.9
Average recovery	86.5%	90.3%	88.5%	89.4%
Average mill throughput (tpd)	4,523	4,122	4,494	4,170
Gold ounces produced	112,212	121,635	381,964	355,190
Gold ounces sold	112,711	134,640	376,360	350,213

	Three months ended September 30,		Nine months ended September 30,	
	2023	**2022**	**2023**	**2022**
Revenues ($'000)	211,172	210,425	711,830	604,705
Income from mining operations ($'000)	99,620	83,930	357,129	277,659
Earnings before interest, taxes, depreciation, and amortization ($'000)[1]	133,170	158,877	426,702	402,403
Adjusted earnings before interest, taxes, depreciation, and amortization ($'000)[1]	121,492	117,039	430,137	355,303
Net income ($'000)	53,782	62,673	168,395	141,817
Basic income per share ($)	0.23	0.27	0.71	0.60
Cash provided by operating activities ($'000)	120,030	104,739	426,821	292,755
Free cash flow ($'000)[1]	80,937	65,202	201,143	178,256
Free cash flow per share ($)[1]	0.34	0.28	0.85	0.76
Average realized gold price ($/oz sold)[1]	1,931	1,618	1,942	1,781
Cash operating cost ($/oz sold)[1]	704	656	662	656
All-in sustaining costs ($/oz sold)[1]	907	807	807	785
Adjusted earnings ($'000)[1]	44,673	20,379	171,074	91,419
Adjusted earnings per share ($)[1]	0.19	0.09	0.72	0.39
Dividends paid per share ($)	0.10	0.20	0.30	0.20

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

The difference between net income and adjusted earnings[1] during the third quarter of 2023 is due to non-cash derivative gains of $11.7 million (nine months ended September 30, 2023: derivative loss of $3.4 million) associated with fair value accounting of the stream facility. This non-cash item is driven by numerous factors including expected production profile, anticipated forward gold and silver prices, and yields. Non-cash derivative gains (or losses) associated with decreased (or increased) short-term production and anticipated decreasing (or increasing) forward gold and silver 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 has and will continue to 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 be repaid when the obligations become due.

Operating and Financial Results During the Third Quarter of 2023

- Mine ore production was 397,702 tonnes at an average grade of 9.3 grams per tonne, a reduction in production compared to previous periods which was planned in order to reduce the ore stockpiled on surface.
- The mill processed 416,072 tonnes of ore at an average throughput rate of 4,523 tpd which is consistent with the throughput rate achieved during the second quarter.
- The average grade of ore milled was 9.7 grams per tonne with average recovery at 86.5%. Recoveries were affected this quarter by processing of ore from sectors that contain higher levels of finely disseminated sulphide minerals which are impacting flotation recovery.
- Gold production was 112,212 oz which was comprised of 71,902 oz in concentrate and 40,310 oz as doré. Gold sales of 112,711 oz of gold, consisting of 70,981 oz in concentrate and 41,730 oz as doré, resulted in gross revenues of $218 million at an average realized gold price[1] of $1,931 per oz. Net of treatment and refining charges, revenues were $211 million.
- Cash operating costs[1] and AISC[1] were $704 and $907 per oz of gold sold, respectively, which are both higher than previous periods albeit in line with expectations. Cash operating costs[1] per oz sold was impacted by lower gold production due to expected lower grade and recoveries partially offset by increased mill throughput, while the higher AISC[1] also reflects the increase in sustaining capital activities during the quarter.
- The Company generated cash from operating activities of $120 million and free cash flow[1] of $80.9 million or $0.34 per share resulting in a cash balance of $302 million at September 30, 2023.
- Earnings before interest, taxes, depreciation, and amortization[1] ("EBITDA") and adjusted EBITDA[1] were $133 million and $121 million, respectively, with the difference resulting from derivative gains recognized in the quarter.
- Net income was $53.8 million including a derivative gain of $11.7 million, and net of corporate, exploration, finance costs, and associated taxes. Adjusted earnings[1], which exclude the derivative gain and related taxes, were $44.7 million, or $0.19 per share.

Capital Expenditures

Sustaining Capital

- Significant progress was made on the construction of the fourth raise of the tailings dam with completion expected in the latter half of the fourth quarter.
- Commissioning of the underground mine maintenance facility has commenced, which is expected to provide additional efficiencies and cost savings.
- Other sustaining capital projects such as extending two underground levels to the south for the 2024 conversion drill program, implementation of a mine dispatch system, upgrades to the sewage treatment plants, purchase of mobile equipment, and other efficiency improvement projects are expected to ramp up during the remainder of the year, with some projects carrying over to 2024.

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

- The 2023 conversion drilling program continued to advance during the third quarter in distinct sectors of the FDN deposit. The program focused on the northern-central and southern extension with approximately 6,203 metres across 46 holes completed. During the nine months ended September 30, 2023, 10,814 metres across 74 holes have been completed.
  - In the southern sector, 27 drill holes were completed and mostly intercepted the mineralized zones associated with manganoan carbonate, chalcedony veins and sulphides.
  - In the north-central sector, 19 drill holes were completed and positive assay results are associated with zones of hydrothermal breccias along the downdip extension of FDN.

  A complete table of results received to date can be found in Lundin Gold's press release dated November 1, 2023.

<u>Health and Safety and Community</u>

Health and Safety

- During the third quarter there were no Lost Time Incidents ("LTI") and no Medical Aid Incidents ("MAI").
- FDN operations has had more than 1 year without an LTI or MAI with over 6.3 million hours worked, since the last LTI, as of September 30, 2023
- The Total Recordable Incident Rate across exploration and operations was 0.0 per 200,000 hours worked for the quarter and 0.05 for the first nine months of 2023.

Community

Various community projects supported by the Company progressed well in the third quarter, including initiatives focused on community health and education. Lundin Gold continued to support an innovative program which provides mental health services to local community members. Education programs sponsored by the Company which improve local student access to higher education continued to show success as a cohort of local students prepare to graduate from university in the coming months, a significant milestone for the Los Encuentros Parish.

Infrastructure investment continues to be a priority for Lundin Gold. In addition to the Company's long-standing commitment to support road maintenance, Lundin Gold co-funded with the Ministry of Education the rehabilitation of the local school, which more than 1,300 children from the Los Encuentros Parish attend. Work on this project was nearing completion at the end of the quarter.

Lundin Gold continued to support local micro businesses in conjunction with the Lundin Foundation during the quarter, including women-led businesses through the program "Soy Emprendadora". Among the supported businesses, the local textile manufacturer, fire extinguisher maintenance company, and pest control/fumigation company all increased their business activity in the quarter with Lundin Gold as an anchor client. Efforts have continued to ensure that local farmers retain access to local, national, and international markets. The Company also continued to engage with local indigenous people, especially the Shuar Federation of Zamora Chinchipe, to jointly implement projects that promote economic opportunities and the Shuar culture.

Following the election of new local authorities, the round table dialogue process restarted during the third quarter, with high participation rates by local community members.

During the quarter, Lundin Gold was recognized for its sustainable business practices by CERES Ecuador, a non-profit organization committed to social responsibility in Ecuador.

<u>Exploration</u>

Near Mine Exploration Program

In the third quarter, the Company completed a total of 9,664 metres across 14 holes from surface and underground. Drilling from underground explored to the east, west and at depth of the FDN deposit, while drilling from surface tested along the extensions of the controlling structures of the FDN deposit.

- The surface drilling program continues along the south extension of the East Fault, where Bonza Sur and the FDN South ("FDNS") targets were identified. During the third quarter, 10 surface drill holes were completed, mostly at Bonza Sur where the drilling program continues to indicate the continuity of the mineralization. Exploratory holes were also completed along the north and south extensions of the FDN deposit. Five surface rigs are currently drilling, two of them exploring Bonza Sur, two along the south and north extensions of FDN respectively, and one at FDN East.

    - At Bonza Sur, located only one kilometre from FDN, seven surface drill holes were completed and continue to expand the recently discovered epithermal system. Drilling continues to record multiple positive intersections which extend along strike and at depth. The mineralized zones are represented by veins/veinlets of quartz and minor chalcedony and manganoan-carbonate associated with the occurrences of sulphides. This new epithermal system has already been identified for more than 700 metres along the north-south strike and for at least 500 metres along the downdip and remain open in all directions.

    - At FDNS, two surface drill holes were completed along the south extension and both intercepted narrow hydrothermal alteration zones with no significant results. This vein system remains open for expansion along the northeastern-southwestern direction and at depth.

    - As part of the exploratory program aiming to explore new sectors within the near mine area, one hole was completed along the north extension of the FDN deposit, which intercepted a narrow hydrothermal alteration zone. Results are pending.

- The underground drilling program continues to explore the continuity of the FDN deposit at depth and beyond the major east and west faults. Four drill holes were completed and all intercepted structures, zones of hydrothermal alteration, and gold mineralization beyond the current limits of the FDN resource boundary. At depth in the north part of FDN, one drill hole confirmed hydrothermal alteration zones related to breccias and veins, below the mineral envelope of FDN. In the central part, another drill hole intercepted hydrothermal alteration zones along the downdip extension. Furthermore, two drill holes completed at the FDN East target intercepted a new mineralized zone represented by breccias, veins and veinlets with sulphides hosted on porphyritic intrusive rocks or in volcanic rocks.

A complete table of results received to date can be found in Lundin Gold's press release dated November 1, 2023.

Regional Exploration Program
The regional drilling program continues to advance in distinct sectors along the southeastern and southwestern borders of the Suarez basin and a total of 2,544 metres across four drill holes were completed in the third quarter. Regional drilling focused on the Crisbel target, where detailed geological interpretation of exploration data and additional surface works identified major structures and zones of hydrothermal alteration.

- At the Crisbel target, three drill holes were completed testing an unexplored geochemical soil anomaly (gold and epithermal pathfinder elements such as Sb, As) along the southwest contact between the Suarez Border and the volcanic sequence. All drill holes intercepted hydrothermal alteration zones with important quantities of sulphides hosted on brecciated volcanic rocks. One drill hole returned low grade values of gold. Results remain pending for the other drill holes.

- At Barbasco SE, one drill hole was completed and tested the extension of the FDN East Fault along the southeastern extension of the Suarez basin. No significant zone of hydrothermal alteration was intercepted. Results remain pending.

Newcrest Earn-In Agreement
On the concessions held by the Company's subsidiary, Surnorte S.A., a second phase of scout drilling has been completed at the Gamora Project, located in southeast Ecuador. This work is being conducted by a subsidiary of Newmont Corporation ("Newmont"), Newcrest Mining Limited ("Newcrest"), as the operator under an earn-in agreement with Lundin Gold pursuant to which Newcrest can earn up to a 50% interest in eight exploration concessions located to the north and south of Fruta del Norte. A total of 3,247 metres of diamond core drilling was completed. The program focused on testing priority copper-gold targets in the Mirador copper porphyry district. The results obtained did not return significant intercepts on any of the copper-gold or epithermal targets that were tested. Newcrest has met the expenditure requirement under the first option of the earn-in agreement and has until early December to exercise its option to acquire 25% of Surnorte S.A.

Corporate

- The Company paid a quarterly dividend of $0.10 per share on September 26, 2023 (September 29, 2023 for shares trading on Nasdaq Stockholm) based on a record date of September 11, 2023, for a total of $23.8 million.
- With the release of its third quarter 2023 results, the Company has declared a cash dividend of $0.10 per share, which is payable on December 22, 2023 (December 29, 2023 for shares trading on Nasdaq Stockholm) to shareholders of record on December 7, 2023.
- Near the end of the quarter, Mr. Nathan Monash, Vice President, Sustainability departed Lundin Gold. Ms. Sheila Colman has taken on the role and is now Vice President, Legal and Sustainability and Corporate Secretary.
- Upon the acquisition of the Company's largest shareholder, Newcrest, by Newmont, on November 6, 2023, the Company appointed two new directors to the Board as Newmont nominees: Ms. Melissa Harmon and Mr. Scott Langley. Ms. Harmon has a mine engineering degree and an MBA. She has been employed with Newmont for over 20 years in increasingly senior roles in operations and is currently Group Head, Non-Managed Operating Joint Ventures. Mr. Langley is currently Vice President, Corporate Development at Newmont and worked in investment banking for more than 15 years prior to joining Newmont. Mr. Craig Jones and Ms. Jill Terry, the former Newcrest nominees, resigned from the Board on the same day.

(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).

	2023 Q3	2023 Q2	2023 Q1	2022 Q4
Revenues	$ 211,172	$ 243,930	$ 256,728	$ 210,961
Income from mining operations	$ 99,620	$ 124,801	$ 132,708	$ 92,095
Derivative gain (loss) for the period	$ 11,678	$ 321	$ (15,434)	$ 29,217
Net income (loss) for the period	$ 53,782	$ 63,148	$ 51,465	$ (68,259)
Basic income (loss) per share	$ 0.23	$ 0.27	$ 0.22	$ (0.29)
Diluted income (loss) per share	$ 0.22	$ 0.26	$ 0.22	$ (0.29)
Weighted-average number of common shares outstanding				
Basic	237,411,813	236,943,432	236,062,529	235,332,039
Diluted	239,583,745	239,190,085	238,123,015	235,332,039
Additions to property, plant and equipment	$ 15,744	$ 13,245	$ 4,384	$ 15,253
Total assets	$ 1,516,866	$ 1,508,831	$ 1,467,040	$ 1,668,865
Long-term debt	$ 361,109	$ 396,588	$ 434,175	$ 667,966
Working capital	$ 313,794	$ 268,095	$ 256,853	$ 194,804

	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Revenues	$ 210,425	$ 177,808	$ 216,472	$ 186,440
Income from mining operations	$ 83,930	$ 82,522	$ 111,207	$ 91,646
Derivative gain (loss) for the period	$ 41,838	$ 39,986	$ (34,724)	$ (36,001)
Net income for the period	$ 62,673	$ 55,962	$ 23,182	$ 28,789
Basic income per share	$ 0.27	$ 0.24	$ 0.10	$ 0.12
Diluted income per share	$ 0.26	$ 0.24	$ 0.10	$ 0.12
Weighted-average number of common shares outstanding				
Basic	235,165,784	234,933,975	233,809,773	233,211,843
Diluted	236,882,976	236,847,992	235,774,444	235,376,672
Additions to property, plant and equipment	$ 15,178	$ 14,532	$ 9,184	$ 5,266
Total assets	$ 1,634,590	$ 1,664,030	$ 1,735,223	$ 1,685,113
Long-term debt	$ 589,919	$ 645,724	$ 752,482	$ 739,977
Working capital	$ 253,673	$ 253,921	$ 273,680	$ 217,221

Three months ended September 30, 2023 compared to the three months ended September 30, 2022

The Company generated net income of $53.8 million during the third quarter of 2023 compared to $62.7 million during the third quarter of 2022. Net income was generated from the recognition of revenues of $211 million and income from mining operations of $99.6 million as well as a derivative gain of $11.7 million and other income of $0.4 million. This is offset by finance expense of $18.2 million, income tax expense of $28.9 million, and other expenses totalling $10.7 million. During the third quarter of 2022, net income was generated from the recognition of revenues of $210 million and income from mining operations of $83.9 million as well as a derivative gain of $41.8 million and other income of $4.9 million, offset by finance expense of $22.2 million, income tax expense of $35.9 million, and other expenses totalling $9.9 million.

Income from mining operations

Revenues during the third quarter of 2023 and third quarter of 2022 are similar as the decrease in oz sold from 134,640 oz in 2022 to 112,711 oz in 2023 was offset by a higher average realized gold price per oz sold[1]. Gold sold during the third quarter of 2022 was positively impacted by the sale of additional oz produced late in the second quarter of 2022 but not shipped and sold until after national strikes in Ecuador ended.

Cost of goods sold of $112 million was comprised of operating expenses of $67.0 million; royalties of $12.4 million; and depletion and depreciation of $32.2 million. During the same period in 2022, cost of goods sold was $126 million. The decrease in cost of goods sold was primarily driven by the decrease in oz sold which was partially offset by the impact of higher average realized gold price per oz sold[1] on royalties.

Net income from mining operations increased to $99.6 million compared to $83.9 million during the same quarter in 2022 which was primarily driven by the decrease in cost of goods sold as explained above.

Exploration

Exploration costs were $6.2 million in the quarter compared to $5.0 million during the same period in 2022. Following positive results to date, the near mine exploration program has continued to expand since its commencement during the third quarter of 2022 resulting in increased exploration expenditures.

Corporate administration

Corporate administration costs decreased from $5.0 million during the third quarter of 2022 to $4.5 million during the third quarter of 2023. This difference is mainly attributable to a decrease in salaries and benefits on account of final compensation paid to a departing executive during the third quarter of 2022.

Finance expense

Finance expense decreased to $18.2 million during the quarter compared to $22.2 million during the same period in 2022. In addition to lower interest expense resulting from a declining balance under the Senior Facility, savings of interest and finance charges were realized after the full repayment of the gold prepay facility in January 2023.

Other income

Other income of $0.4 million was recognized during the quarter compared to $4.9 million in the third quarter of 2022. This is mainly driven by foreign exchange gains which are derived from the quantum of U.S. dollar cash held by Canadian group entities and movements in the foreign exchange rate. As the functional currency of the Canadian entities is the Canadian dollar, a strengthening of the U.S. dollar against the Canadian dollar during the period generates an unrealized gain in terms of Canadian dollars.

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

Derivative gain or loss

A derivative gain of $11.7 million was recorded on the statement of operations during the third quarter of 2023 compared to $41.8 million in the third quarter of 2022. This is largely the result of variations in 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 $28.9 million were accrued during the third quarter of 2023 (three months ended September 30, 2022: $35.9 million) which is comprised of current and deferred income tax expenses of $20.2 million and $8.7 million, respectively. In addition to corporate income taxes in Ecuador which are levied at a rate of 22%, income tax expense includes a 5% Ecuadorean withholding tax on the anticipated portion of net income generated from FDN to be paid in the form of dividends, and 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.

<u>Nine months ended September 30, 2023 compared to the nine months ended September 30, 2022</u>

The Company generated net income of $168 million during the 2023 Period compared to $142 million during the 2022 Period. During the 2023 Period, revenues of $712 million were recognized which generated income from mining operations of $357 million. This was offset by derivative losses of $3.4 million, finance expense of $55.7 million, income tax expense of $97.0 million, and other expenses totalling $32.5 million.

Revenues and income from mining operations were lower for the 2022 Period at $605 million and $278 million, respectively. During the 2022 Period, derivative gains of $47.1 million and other income of $5.5 million were recorded, offset by finance expense of $77.9 million, income tax expense of $85.4 million and other expenses totalling $25.1 million.

Income from mining operations

During the 2023 Period, the Company recognized revenues of $712 million from the sale of 376,360 oz of gold. This is offset by cost of goods sold of $355 million which is comprised of operating expenses of $208 million; royalties of $41.4 million; and depletion and depreciation of $105 million resulting in income from mining operations of $357 million. During the same period in 2022, revenues of $605 million were recognized from the sale of 350,213 oz of gold resulting in income from mining operations of $278 million.

Gold oz. sold during the 2023 Period was higher than the 2022 Period mainly due to an increase in mill throughput which was partially offset by lower recoveries. In addition, higher average realized gold price per oz sold[1] during the 2023 Period compared to the 2022 Period contributed to the increase in revenues and income from mining operations.

Corporate administration

Corporate administration costs of $16.5 million were incurred during the 2023 Period compared to $14.6 million during the 2022 Period. This increase is mainly driven by payments made to certain long-serving employees upon the end of their employment with the Company.

Exploration

Exploration costs were $15.3 million during the 2023 Period compared to $10.6 million during the 2022 Period with the increase being driven by activities under the near-mine program which was only launched during the second half of 2022.

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

Finance expense

Finance expense of $55.7 million was incurred during the 2023 Period compared to $77.9 million during the 2022 Period. The full repayment of the gold prepay facility in January 2023 has resulted in a reduction in interest and finance charges combined with lower interest expense from the declining balance under the Senior Facility.

Derivative gain or loss

Derivative gains and losses in the statement of operations and other comprehensive income are driven by the Company's debt obligations under the stream facility which are classified as financial liabilities at fair value. In 2022, derivative gains and losses were also impacted by the fair value accounting of the gold prepay facility. During the 2023 Period, the Company made scheduled principal, interest, and finance charge repayments totaling $61.2 million (nine months ended September 30, 2022: $39.1 million) under the stream facility, based on gold and silver prices at the time of repayment. This was offset by a non-cash increase of this debt obligation of $20.9 million due to a change in its estimated fair value between December 31, 2022 and September 30, 2023 (2022: a decrease of $57.6 million between December 31, 2021 and September 30, 2022). This variation is recorded as derivative gains or losses, in the statement of operations and other comprehensive income in the applicable period. The fair value calculated under the Company's accounting policies is based on numerous estimates noted below as of the balance sheet date and are, therefore, subject to further future variations until the debt obligation is repaid by the Company.

Fair value is determined using Monte Carlo simulation models. The key inputs used by the Monte Carlo simulation include gold and silver forward prices, the Company's expectation about the gold and silver forward curves, 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 to date.

Key drivers of current fair value are forward gold and silver prices and the Company's risk adjusted discount rate. The combined net impact of these factors is a net increase in the fair value of the stream credit facility as described more fully below, offset by the decrease from scheduled repayments during the period:

- The value of future repayments under the stream credit facility is based on forward gold and silver price estimates at time of repayment. Spot gold prices at September 30, 2023 were higher compared to December 31, 2022 and as a result, forward prices have followed suit. This has resulted in an increase in the estimated fair value of the debt obligation at the current balance sheet date and the recognition of derivative losses in the statement of operations during the 2023 Period. The opposite occurred during the 2022 Period. Fair values at a point in time do not necessarily reflect the amounts that will actually be repaid when the obligation becomes 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 obligation 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 stream credit facility 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 the Company's credit risk must be recorded as a loss or gain in other comprehensive income ("OCI") rather than in the statement of operations.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2023, the Company had cash of $302 million and a working capital balance of $314 million compared to cash of $363 million and a working capital balance of $195 million at December 31, 2022. The change in cash during the 2023 Period was primarily due to the full repayment of the gold prepay credit facility of $208 million; principal repayments, interest and finance charges, including associated taxes, under the stream credit facility totalling $61.2 million; interest and principal repayments under the Senior Facility of $121 million; dividends of $71.1 million; and cash outflows of $39.7 million relating to sustaining capital expenditures. This is offset by cash generated from operating activities of $427 million and proceeds from the exercise of stock options and anti-dilution rights totaling $12.6 million.

The Senior Facility had a principal balance of $70.5 million and accrued interest of $0.9 million as at September 30, 2023. With the strong liquidity position of Lundin Gold, the Company has exercised its right to fully repay this remaining balance on November 14, 2023 leaving the stream credit facility as the last remaining debt on its balance sheet. The Company has the option to repay (i) 50% of the stream facility outstanding on June 30, 2024 for $150 million and / or (ii) the other 50% outstanding on June 30, 2026 for $225 million.

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. Revenues and related trade receivables for concentrate sales are initially recorded at provisional gold prices. Subsequent determination of final gold prices can range from one to four months after shipment depending on the customer. For sales that are provisionally priced at period end, an estimate of the adjustment to the trade receivable is calculated based on the expected month when the final gold price is forecast to be determined and the related forward price of gold at the end of the reporting period. At September 30, 2023, this resulted in an estimated increase of $0.2 million ($6.1 million at December 31, 2022) to trade receivables.

Consistent with industry standards, concentrate sales have relatively long payment terms and are not fully settled until concentrate is received by the customer and related final assays confirmed, generally two to five months after the export sale occurs.

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 being 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. Ore stockpile inventory has decreased primarily due to lower grade stockpiled compared to December 31, 2022. The variations in doré and concentrate are mainly the result of timing of shipments around period end. 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 higher costs of materials and supplies on hand.

Investment activities

Investment activities during the 2023 Period are comprised principally of sustaining capital expenditures for the fourth raise of the tailings dam and other capital projects.

Liquidity and capital resources

The Company generated strong operating cash flow during the 2023 Period and expects to continue to do so for the remainder of the year based on its production and AISC guidance. At current gold prices, this strong operating cash flow will continue to support near mine and regional exploration, planned capital expenditures, further plant expansion, growth initiatives and regular dividend payments under the approved dividend policy.

Monthly payments under the stream facility are based on 7.75% and 100% of gold and silver oz sold, respectively, calculated at the current gold and silver prices at the end of each month, less $404 and $4.04 per oz (the "Base Prices"), respectively. The Base Prices increase by 1% annually in February of each year. The increase in repayments under the stream during the 2023 Period compared to the 2022 Period is driven by the increase in oz. sold and higher spot prices of gold at time of repayment.

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 stream loan credit facility and offtake commitment have been classified as financial liabilities at fair value and the Senior Facility as a financial liability at amortized cost. Further, provisionally priced trade receivables of $98.6 million (December 31, 2022 - $86.4 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.

Concentration of credit risk

Cash and cash equivalents are held with high quality financial institutions. Substantially all of the Company's cash and cash equivalents held with financial institutions exceed government-insured limits. The Company has established a treasury policy that seek to minimize its credit risk by entering into transactions with investment grade credit worthy and reputable financial institutions and by monitoring the credit standing of those financial institutions. The Company seeks to limit the amount of exposure with any one counterparty in accordance with its established treasury policy.

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.

(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 the stream credit facility are impacted by fluctuations of commodity prices.

COMMITMENTS

Significant capital expenditures contracted as at September 30, 2023 but not recognized as liabilities are as follows:

		Capital expenditures
12 months ending September 30, 2024	$	13,024
October 1, 2024 onward		-
Total	$	13,024

OFF-BALANCE SHEET ARRANGEMENTS

During the 2023 Period and the year ended December 31, 2022, 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 237,601,335 common shares issued and outstanding. There were also stock options outstanding to purchase a total of 3,763,569 common shares, 558,290 restricted share units with a performance criteria, 192,202 restricted share units, and 12,688 deferred share units.

OUTLOOK

Operating performance during the 2023 Period puts the Company on track to achieve full year production near the upper end of its revised guidance of 450,000 to 485,000 oz and firmly on track to meet its revised AISC[1] guidance of $820 to $870 per oz sold. Solutions to improve mill recoveries continued to be evaluated. Some operational modifications are being made and detailed engineering is underway for the installation of new flotation technology to deal with the finely disseminated sulphide minerals. The modifications to the flotation circuit are anticipated to be completed within the next 12 months. The Company completed basic engineering at quarter end and is moving forward to detailed engineering for a possible expansion to further increase mill throughput to 5,000 tpd.

[1] Refer to "Non-IFRS Measures" section in this MD&A.

The near mine drilling program is expected to continue to delineate the Bonza Sur target, where the recently discovered epithermal system remains open. Two rigs are expected to continue to be dedicated to the detailing and expansion of the mineralized zones at depth and along strike at this target. The near mine drilling program will also continue to explore the extension of FDN mineralization along the south-southwestern and north directions. The underground drilling program is expected to continue to explore for new discoveries and extensions of the FDN resource envelope.

In light of continued success of the near mine program, the Company has expanded the program twice during the 2023 Period. The near mine program was originally planned for 15,500 metres and was most recently expanded in the third quarter to drill 30,000 metres in 2023. Six rigs (one underground and five on surface) are currently operating on the near-mine program.

The regional drilling program continues to focus on the southern Suarez Basin, advancing along the eastern and western borders of the Basin. A second rig was added to the program to advance on the follow up of numerous target areas identified during previous quarters. The regional drilling program is now expected to complete a minimum of 9,000 metres for the year, with two rigs currently operating.

A minimum of 50,000 metres of drilling is planned across the conversion, near-mine and regional programs in 2023. This represents the largest drill program in the district since FDN's discovery. As a result of improved productivities in the field, the expanded near-mine and regional drilling programs are expected to be completed within the revised total budget of $24.6 million announced earlier this year.

The Company has elected to fully repay the remaining principal balance of $70.5 million plus accrued interest under its Senior Facility on November 14, 2023. The extinguishment of the Senior Facility, which had an original principal amount of $350 million and a maturity date of June 2026, is intended to provide Lundin Gold with improved free cash flow margins and increased capital allocation flexibility for the benefit of the Company and its shareholders.

The Company anticipates continuing to declare quarterly dividends of $0.10 per share, equivalent to approximately $100 million annually, based on currently issued and outstanding shares.

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.

(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)

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 September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenues	$ 211,172	$ 210,425	$ 711,830	$ 604,705
Treatment and refining charges	9,577	9,520	29,105	25,952
Less: silver revenues	(3,142)	(2,095)	(10,033)	(7,020)
Gold sales	$ 217,607	$ 217,850	$ 730,902	$ 623,637
Gold oz sold	112,711	134,640	376,360	350,213
Average realized gold price	$ 1,931	$ 1,618	$ 1,942	$ 1,781

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 September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Net income for the period	$ 53,782	$ 62,673	$ 168,395	$ 141,817
Adjusted for:				
Finance expense	18,242	22,184	55,734	77,943
Income tax expense	28,943	35,909	97,049	85,389
Depletion and depreciation	32,203	38,111	105,524	97,254
EBITDA	$ 133,170	$ 158,877	$ 426,702	$ 402,403
Derivative loss (gain)	(11,678)	(41,838)	3,435	(47,100)
Adjusted EBITDA	$ 121,492	$ 117,039	$ 430,137	$ 355,303

(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)

Adjusted earnings and adjusted basic earnings 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net income for the period	$ 53,782	$ 62,673	$ 168,395	$ 141,817
Adjusted for:				
Derivative loss (gain)	(11,678)	(41,838)	3,435	(47,100)
Deferred income tax expense	2,569	(456)	(756)	(3,298)
Adjusted earnings	$ 44,673	$ 20,379	$ 171,074	$ 91,419
Basic weighted average shares outstanding	237,411,813	235,165,784	236,810,866	234,641,484
Adjusted basic earnings per share	0.19	0.09	$ 0.72	$ 0.39

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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Operating expenses	$ 66,994	$ 75,598	$ 207,804	$ 194,355
Royalty expenses	12,359	12,787	41,400	35,454
Cash operating costs	$ 79,353	$ 88,385	$ 249,204	$ 229,809
Gold oz sold	112,711	134,640	376,360	350,213
Cash operating cost per oz sold	$ 704	$ 656	$ 662	$ 656

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 oz 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.

(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)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cash operating costs	$ 79,353	$ 88,385	$ 249,204	$ 229,809
Corporate social responsibility	542	436	1,688	1,247
Treatment and refining charges	9,577	9,520	29,105	25,952
Accretion of restoration provision	167	152	502	458
Sustaining capital	15,744	12,237	33,373	24,410
Less: silver revenues	(3,142)	(2,095)	(10,033)	(7,020)
All-in sustaining cost	$ 102,241	$ 108,635	$ 303,839	$ 274,856
Gold oz sold	112,711	134,640	376,360	350,213
All-in sustaining cost per oz sold	$ 907	$ 807	$ 807	$ 785

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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net cash provided by operating activities	$ 120,030	$ 104,739	$ 426,821	$ 292,755
Net cash used for investing activities	(19,296)	(19,306)	(39,734)	(44,587)
Interest paid	(4,424)	(7,386)	(16,149)	(20,687)
Finance charge paid	(15,373)	(12,845)	(169,795)	(49,225)
Free cash flow	$ 80,937	$ 65,202	$ 201,143	$ 178,256
Basic weighted average shares outstanding	237,411,813	235,165,784	236,810,866	234,641,484
Free cash flow per share	$ 0.34	$ 0.28	$ 0.85	$ 0.76

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 2022 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. 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 31, 2023 (the "AIF"), which is available on SEDAR+ at www.sedarplus.ca.

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 year ended December 31, 2023 is expected to be published on or about February 23, 2024.

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, 2023 and ending September 30, 2023, 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 2023 production outlook, including estimates of gold production, grades recoveries and AISC; operating plans; expected sales receipts, cash flow forecasts and financing obligations; the benefits to be derived from the repayment of the Senior Facility; its estimated capital costs; expected management changes; the recovery of VAT; benefits of the Company's community programs; 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 estimates of Mineral Resources and Reserves at Fruta del Norte.

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 related to political and economic instability in Ecuador; risks associated with the Company's community relationships; risks related to estimates of production, cash flows and costs; risks inherent to mining operations; shortages of critical supplies; the cost of non-compliance and compliance costs; control of the Company's largest shareholders; volatility in the price of gold; failure of the Company to maintain its obligations under its debt facilities; 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; security risks to the Company, its assets and its personnel; risks related to illegal mining; exploration and development risks; the impacts of a pandemic virus outbreak; risks related to the Company's ability to obtain, maintain or renew regulatory approvals, permits and licenses; uncertainty with and changes to the tax regime in Ecuador; the reliance of the Company on its information systems and the risk of cyber-attacks on those systems; the imprecision of Mineral Reserve and Resource estimates; 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; risks related to the Company's workforce and its labour relations; 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 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; 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.sedarplus.ca.

LUNDIN GOLD INC.

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

	Note		September 30, 2023		December 31, 2022
ASSETS					
Current assets					
Cash and cash equivalents	7, 14	$	302,465	$	363,400
Trade receivables and other current assets	3		164,842		169,134
Inventories	4		88,566		89,787
Advance royalty			12,210		13,000
			568,083		635,321
Non-current assets					
VAT recoverable			50,744		52,244
Advance royalty			5,575		16,494
Property, plant and equipment	5		728,131		781,299
Mineral properties	6		164,333		183,507
		$	1,516,866	$	1,668,865
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		$	58,851	$	71,434
Income taxes payable			71,000		21,445
Other current liabilities	9		-		2,264
Current portion of long-term debt	7		124,438		345,374
			254,289		440,517
Non-current liabilities					
Long-term debt	7		236,671		322,592
Reclamation provisions			7,551		7,049
Deferred income tax liabilities			65,400		46,626
			563,911		816,784
EQUITY					
Share capital	8		1,006,807		989,772
Equity-settled share-based payment reserve	9		13,897		13,856
Accumulated other comprehensive income (loss)			(10,853)		2,612
Deficit			(56,896)		(154,159)
			952,955		852,081
		$	1,516,866	$	1,668,865

Commitments (Note 17)
Subsequent events (Note 18)

Approved by the Board of Directors

/s/ Ron F. Hochstein	*/s/ Ian W. Gibbs*
Ron F. Hochstein	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 September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenues		$ 211,172	$ 210,425	$ 711,830	$ 604,705
Cost of goods sold					
Operating expenses		66,994	75,598	207,804	194,355
Royalty expenses		12,359	12,787	41,400	35,454
Depletion and depreciation		32,199	38,110	105,497	97,237
		111,552	126,495	354,701	327,046
Income from mining operations		99,620	83,930	357,129	277,659
Other expenses (income)					
Corporate administration	10	4,451	4,958	16,538	14,553
Exploration		6,234	4,969	15,273	10,595
Finance expense	11	18,242	22,184	55,734	77,943
Other expense (income)		(354)	(4,925)	705	(5,538)
Derivative loss (gain)	7	(11,678)	(41,838)	3,435	(47,100)
		16,895	(14,652)	91,685	50,453
Net income before tax		**82,725**	**98,582**	**265,444**	**227,206**
Income tax expense					
Current income tax expense	13	20,212	14,614	74,427	51,757
Deferred income tax expense	13	8,731	21,295	22,622	33,632
		28,943	35,909	97,049	85,389
Net income for the period		**$ 53,782**	**$ 62,673**	**$ 168,395**	**$ 141,817**
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that may be reclassified to net income					
Currency translation adjustment		(1,376)	(6,706)	183	(7,742)
Items that will not be reclassified to net income					
Derivative gain (loss) related to the Company's own credit risk		(6,709)	1,454	(17,497)	10,518
Deferred income tax on accumulated other comprehensive income		1,476	(456)	3,849	(3,298)
Comprehensive income		$ 47,173	$ 56,965	$ 154,930	$ 141,295
Income per common share					
Basic		$ 0.23	$ 0.27	0.71	$ 0.60
Diluted		0.22	0.26	0.70	0.60
Weighted-average number of common shares					
Basic		237,411,813	235,165,784	236,810,866	234,641,484
Diluted		239,583,745	236,882,976	238,965,898	236,509,402

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, 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	-		-		3,025		-		-		3,025
Other comprehensive loss		-		-		-		(522)		-		(522)
Net income for the period		-		-		-		-		141,817		141,817
Dividends paid		-		-		-		-		(47,033)		(47,033)
Balance, September 30, 2022		235,165,784	$	986,851	$	13,891	$	6,329	$	(85,900)	$	921,171
Balance, January 1, 2023		235,646,977	$	989,772	$	13,856	$	2,612	$	(154,159)	$	852,081
Exercise of stock options		980,552		5,868		(2,033)		-		-		3,835
Vesting of share units	9	240,753		2,419		(1,212)		-		-		1,207
Exercise of anti-dilution rights	8	725,653		8,748		-		-		-		8,748
Stock-based compensation	9	-		-		3,286		-		-		3,286
Other comprehensive loss		-		-		-		(13,465)		-		(13,465)
Net income for the period		-		-		-		-		168,395		168,395
Dividends paid		-		-		-		-		(71,132)		(71,132)
Balance, September 30, 2023		237,593,935		1,006,807		13,897		(10,853)		(56,896)		952,955

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 September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
OPERATING ACTIVITIES					
Net income for the period		$ 53,782	$ 62,673	$ 168,395	$ 141,817
Items not affecting cash:					
Depletion and depreciation		32,203	38,111	105,524	97,254
Stock-based compensation	9	1,199	1,099	3,274	2,932
Derivative loss (gain)	16(b)	(11,678)	(41,838)	3,435	(47,100)
Other expense (income)		(291)	(5,036)	619	(5,597)
Finance expense		18,069	21,730	54,896	76,340
Deferred income tax expense		8,731	21,295	22,622	33,632
		102,015	98,034	358,765	299,278
Changes in non-cash working capital items:					
Trade receivables and other current assets		(453)	(13,966)	7,765	1,208
Inventories		(938)	2,016	1,390	(8,200)
Advance royalty		5,209	5,324	11,709	11,824
Accounts payable and accrued liabilities		(7,029)	(594)	(9,920)	(5,219)
Income taxes payable		17,576	12,449	49,555	(8,362)
Other non-current liabilities		-	-	(1,045)	-
Interest received		3,650	1,476	8,602	2,226
Net cash provided by operating activities		120,030	104,739	426,821	292,755
FINANCING ACTIVITIES					
Repayments of long-term debt	7	(32,063)	(14,429)	(203,621)	(98,133)
Interest paid	7	(4,424)	(7,386)	(16,149)	(20,687)
Finance charge paid	7	(15,373)	(12,845)	(169,795)	(49,225)
Proceeds from exercise of stock options		618	-	3,835	3,555
Proceeds from exercise of anti-dilution rights		2,141	-	8,748	3,918
Proceeds from exercise of warrants		-	-	-	1,934
Dividends paid		(23,759)	(47,033)	(71,132)	(47,033)
Net cash used for financing activities		(72,860)	(81,693)	(448,114)	(205,671)
INVESTING ACTIVITIES					
Acquisition and development of property, plant and equipment		(17,550)	(17,427)	(36,045)	(40,023)
VAT paid on investing activities		(1,746)	(1,879)	(3,689)	(4,564)
Net cash used for investing activities		(19,296)	(19,306)	(39,734)	(44,587)
Effect of foreign exchange rate differences on cash		(377)	(1,133)	92	(1,466)
Net increase (decrease) in cash and cash equivalents		27,497	2,607	(60,935)	41,031
Cash and cash equivalents, beginning of period		274,968	301,032	363,400	262,608
Cash and cash equivalents, end of period		$ 302,465	$ 303,639	$ 302,465	$ 303,639

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 West 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, 2022.

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, 2022.

These financial statements were approved for issue by the Board of Directors on November 8, 2023.

3. Trade receivables and other current assets

		September 30, 2023		December 31, 2022
Trade receivables (a)	$	98,620	$	86,431
VAT recoverable (b)		24,757		61,883
Prepaid expenses and other (c)		41,465		20,820
	$	164,842	$	169,134

(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 five 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.

Concentrate sales are first recorded based on provisional prices. For sales that are provisionally priced as at September 30, 2023, an adjustment is estimated and recorded using the forward gold price at quarter end for the future month when the final gold price for each individual sale is expected to be determined. This adjustment resulted in an increase of $0.2 million in trade receivables as of September 30, 2023 (December 31, 2022 - $6.1 million increase).

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

3. Trade receivables and other current assets (continued)

(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 are being 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.

(c) Prepaid expenses and other includes credit notes issued by the tax authorities in Ecuador relating to approved VAT claims. These credit notes can be used to offset taxes payable including statutory tax withholdings from payments to vendors.

4. Inventories

	September 30, 2023	December 31, 2022
Ore stockpile	$ 8,940	$ 11,545
Gold in circuit	7,093	5,833
Doré and concentrate	14,876	16,709
Materials and supplies	57,657	55,700
	$ 88,566	$ 89,787

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, 2022	$ 27,536	$ 874,098	$ 55,865	$ 23,078	$ 2,685	$ 983,262
Additions	18,569	29,715	2,202	2,311	1,350	54,147
Disposals and other	-	(1,953)	(3,154)	(795)	(612)	(6,514)
Reclassifications	(46,105)	46,105	-	-	-	-
Cumulative translation adjustment	-	(841)	-	-	(5)	(846)
Balance, December 31, 2022	-	947,124	54,913	24,594	3,418	1,030,049
Additions	-	32,420	182	771	-	33,373
Disposals and other	-	-	(899)	-	-	(899)
Cumulative translation adjustment	-	20	-	-	-	20
Balance, September 30, 2023	$ -	$ 979,564	$ 54,196	$ 25,365	$ 3,418	$ 1,062,543

(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, 2022	$ -	$ 114,469	$ 18,493	$ 13,189	$ 2,037	$ 148,188
Depletion and depreciation	-	92,689	6,640	4,426	264	104,019
Disposals and other		(410)	(1,513)	(748)	(612)	(3,283)
Cumulative translation adjustment	-	(169)	-	-	(5)	(174)
Balance, December 31, 2022	-	206,579	23,620	16,867	1,684	248,750
Depletion and depreciation	-	77,618	4,869	3,097	436	86,020
Disposals and other	-	-	(359)	-	-	(359)
Cumulative translation adjustment	-	1	-	-	-	1
Balance, September 30, 2023	$ -	$ 284,198	$ 28,130	$ 19,964	$ 2,120	$ 334,412
Net book value						
As at December 31, 2022	$ -	$ 740,545	$ 31,293	$ 7,727	$ 1,734	$ 781,299
As at September 30, 2023	$ -	$ 695,366	$ 26,066	$ 5,401	$ 1,298	$ 728,131

6. Mineral properties

Cost	**Fruta del Norte**
Balance, January 1, 2022	$ 207,146
Depletion	(23,639)
Balance, December 31, 2022	183,507
Depletion	(19,174)
Balance, September 30, 2023	$ 164,333

(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

		September 30, 2023		December 31, 2022
Gold prepay credit facility (a)	$	-	$	207,446
Stream loan credit facility (b)		269,279		259,226
Offtake derivative liability (c)		25,853		28,440
Senior debt facility (d)		65,977		172,854
	$	361,109	$	667,966
Less: current portion				
Gold prepay credit facility		-		207,446
Stream loan credit facility		54,517		49,223
Offtake derivative liability		3,944		4,112
Senior debt facility		65,977		84,593
Long-term portion	$	236,671	$	322,592

The 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 September 30, 2023.

		Stream loan credit facility		**Offtake derivative liability**		**Total**
Principal	$	105,021	$	-	$	105,021
Transaction costs		(1,912)		-		(1,912)
Derivative fair value adjustments		166,170		25,853		192,023
Total	$	269,279	$	25,853	$	295,132

Derivative fair value adjustments reflect the revaluation of the financial instruments at fair value as at September 30, 2023. The derivative gain or loss related to the Company’s own credit risk recorded in other comprehensive income 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”)

In late December, as provided under the Prepay Loan, the Company exercised its right to repay in full the Prepay Loan by delivering an irrevocable notice of early repayment of its remaining outstanding obligations effective January 5, 2023. On that day, a payment of $207.5 million was made to extinguish the Prepay Loan, inclusive of interest of $0.1 million accrued between January 1 to January 5, 2023. Repayment was based on a gold price fixed near the end of December and a negotiated amount of equivalent ounces per quarter for the last ten remaining quarters at that time.

(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.

(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)

The Stream Loan is repayable in variable monthly instalments equivalent to the value of 7.75% of gold production less $404 per oz. (the "Gold Base Price") and 100% of the silver production less $4.04 per oz. (the "Silver Base Price") 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% in February of each year. The excess of the monthly repayments over the principal due monthly and the balance of interest accrued to that date, if any, is a variable additional charge (the "Finance Charge").

During the nine months ended September 30, 2023, the Company made payments under the Stream Loan totaling $61.2 million (nine months ended September 30, 2022 – $39.1 million) of which $13.6 million (nine months ended September 30, 2022 – $9.5 million) was paid on account of principal; $6.3 million (nine months ended September 30, 2022 – $7.2 million) for accrued interest; and $41.3 million (nine months ended September 30, 2022 – $22.4 million) for the Finance Charge (see Note 16). As at September 30, 2023, based on the projected life of mine production and other significant assumptions (see Note 16), the estimated fair value equivalent of 245,048 oz of gold and 4,346,101 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 ("First Reduction Option") 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 at fair value through profit or loss.

(c) Offtake commitment (the "Offtake")

The lender of the 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. As at September 30, 2023, based on the projected life of mine production and other significant assumptions (see Note 16), the estimated fair value equivalent of 1,972,981 oz of gold remains outstanding under the Offtake.

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

As at September 30, 2023		**Tranche A**		**Tranche B**		**Total**
Principal	$	50,352	$	20,141	$	70,493
Accrued interest		670		206		876
Transaction costs, net of amortization		(4,016)		(1,376)		(5,392)
Total	$	47,006	$	18,971	$	65,977

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 SOFR 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 as well as accelerated quarterly principal repayments based on 30% of Fruta del Norte's excess cash flow (the "Cash Sweep").

7. Long-term debt (continued)

During the nine months ended September 30, 2023, the Company paid $111.0 million of principal (nine months ended September 30, 2022 – $64.9 million) and $9.7 million (nine months ended September 30, 2022 – $7.6 million) of interest relating to the Facility. The principal repaid during the nine months ended September 30, 2023 includes $69.0 million (nine months ended September 30, 2022 – $35.2 million) 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. Certain covenants, including the minimum cash balance as a debt service reserve balance, will no longer apply after the Company fully repays the remaining principal balance plus accrued interest under its senior debt facility effective November 14, 2023 (Note 18).

8. Share capital

Authorized:

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

During the nine months ended September 30, 2023, the Company issued 725,653 common shares to Newcrest Mining Limited ("Newcrest") at a weighted average price of CAD$16.44 per share for total proceeds of $8.7 million. During the year ended December 31, 2022, 477,260 common shares were issued to Newcrest at a weighted average price of CAD$10.50 per share for total proceeds of $3.9 million. These 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

Under an omnibus incentive plan (the "Omnibus Plan") that allows for the reservation of a maximum 6% 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.

Recipients of share units granted and outstanding on a dividend record date are entitled to receive an award of additional share units equal to the cash dividends declared and paid on the Company's common shares ("Dividend Equivalent"). Dividend Equivalents are calculated in accordance with the Omnibus Plan based on the number of share units held, the dividend per share and the weighted average trading price of the Company's shares on the TSX for the five days preceding the date the dividend was paid. These additional share units are subject to the same terms and conditions as the underlying share units.

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 three or four years from date of grant. No additional stock options can be granted under the Option Plan.

During the nine months ended September 30, 2023, 530,600 stock options were granted under the Omnibus Plan which have an expiry date of five years and vest over a period of three or four 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.

(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 (continued)

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

	Nine months ended September 30, 2023		Year ended December 31, 2022	
	Number of stock options	Weighted average exercise price (CAD)	Number of stock options	Weighted average exercise price (CAD)
Balance, beginning of period	4,237,923	$ 8.35	4,863,400	$ 7.26
Granted	530,600	14.13	772,800	9.86
Forfeited	-	-	(42,884)	10.23
Exercised[1]	(980,552)	5.27	(1,355,393)	5.23
Balance outstanding, end of period	3,787,971	$ 9.96	4,237,923	$ 8.35
Balance exercisable, end of period	2,475,121	$ 9.02	2,693,070	$ 7.10

[1] The weighted average share price on the exercise date for the stock options exercised during the nine months ended September 30, 2023 and year ended December 31, 2022 were CAD$16.00 and CAD$11.62, respectively.

The following table summarizes information concerning outstanding and exercisable options at September 30, 2023:

	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)
$ 5.22 to 5.40	977,300	0.41	$ 5.36	977,300	0.41	$ 5.36
$ 5.41 to 11.00	1,450,071	2.91	10.13	714,417	2.75	10.23
$ 11.01 to 16.12	1,360,600	2.74	13.08	783,404	1.54	12.48
	3,787,971	2.20	$ 9.96	2,475,121	1.44	$ 9.02

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:

	September 30, 2023	December 31, 2022
Risk-free interest rate	3.17%	1.62%
Expected stock price volatility	38.43%	36.51%
Expected life	5 years	5 years
Expected dividends (CAD)	$0.26	-
Weighted-average fair value per option granted (CAD)	$4.57	$3.40

(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 (continued)

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 nine months ended September 30, 2023, the Company recorded stock-based compensation expense of $1.3 million (nine months ended September 30, 2022 – $1.6 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		
	Settled in cash or shares	Settled in shares	Settled in cash	Settled in shares	Deferred share units
Balance at January 1, 2022	148,000	187,300	24,600	110,800	23,308
Granted	-	196,500	-	86,800	10,509
Granted – Dividend Equivalent	4,052	10,506	670	4,271	861
Cancelled	-	(17,054)	-	-	-
Settled	-	-	-	(41,000)	-
Balance at December 31, 2022	152,052	377,252	25,270	160,871	34,678
Granted	-	167,300	-	134,884	8,331
Granted - Dividend Equivalent	-	13,738	-	4,331	504
Cancelled	-	-	(5,752)	(21,164)	-
Settled	(152,052)	-	(19,518)	(86,720)	(30,825)
Balance at September 30, 2023	-	558,290	-	192,202	12,688

Restricted share units with performance criteria ("PSUs")

During the nine months ended September 30, 2023, the Company granted 167,300 PSUs that are settled in shares ("Share PSUs"). In addition, in connection with dividends paid during the nine months ended September 30, 2023, 13,738 Share PSUs were granted as Dividend Equivalents. During the year ended December 31, 2022, the Company granted 196,500 Share PSUs. In addition, in connection with the Company's inaugural dividend paid in 2022, 10,506 Share PSUs and 4,052 PSUs that are settled in cash or common shares, at the recipient's option, ("Cash PSUs") were granted as Dividend Equivalents.

All Cash PSUs were settled through a combination of payment of cash or issuance of shares during the nine months ended September 30, 2023. Share PSUs are 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 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.

(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 (continued)

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 December 31, 2022 with the following weighted-average assumptions:

	September 30, 2023	December 31, 2022	
	Share PSUs	Share PSUs	Cash PSUs
Risk-free interest rate	4.22%	2.20%	N/A
Average expected volatility of the Company and its peer group	45.64%	50.54%	N/A
Expected life	3 years	3 years	0.15 years
Expected dividends (CAD)	$0.26	-	$0.26
Weighted-average fair value per unit (CAD)	$12.38	$9.33	$13.23

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 nine months ended September 30, 2023, the Company recorded stock-based compensation expense of $1.0 million (nine months ended September 30, 2022 – $0.7 million) relating to Share PSUs.

Restricted share units without performance criteria ("RSUs")

During the nine months ended September 30, 2023, the Company granted 134,884 RSUs that are settled in shares ("Share RSUs"). In addition, in connection with dividends paid during the nine months ended September 30, 2023, 4,331 Share RSUs were granted as Dividend Equivalents. During the year ended December 31, 2022, the Company granted 86,800 Share RSUs. In addition, in connection with the Company's inaugural dividend paid in 2022, 4,271 Share RSUs and 670 RSUs that are settled in cash ("Cash RSUs") were granted as Dividend Equivalents.

All Cash RSUs were settled in cash during the nine months ended September 30, 2023. Share RSUs are 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 of one common share.

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 December 31, 2022 with the following weighted-average assumptions:

	September 30, 2023	December 31, 2022	
	Share RSUs	Share RSUs	Cash RSUs
Risk-free interest rate	3.88%	1.22%	3.86%
Expected stock price volatility	39.36%	44.54%	39.27%
Expected life	1.96 years	1.99 years	0.15 years
Expected dividends (CAD)	$0.26	-	$0.26
Weighted-average fair value per unit (CAD)	$17.33	$12.42	$13.86

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 nine months ended September 30, 2023, the Company recorded stock-based compensation expense of $0.7 million (nine months ended September 30, 2022 – $0.7 million) relating to Share RSUs.

(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 (continued)

Deferred share units ("DSUs")

During the nine months ended September 30, 2023 and year ended December 31, 2022, the Company granted 8,331 DSUs and 10,509 DSUs, respectively, to non-employee directors. In addition, in connection with dividends paid by the Company during the nine months ended September 30, 2023 and year ended December 31 2022, 504 DSUs and 861 DSUs, respectively, were granted as Dividend Equivalents. 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 nine months ended September 30, 2023, the Company recorded stock-based compensation expense of $0.2 million (nine months ended September 30, 2022 – $0.1 million) relating to DSUs.

10. Administration

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Corporate social responsibility	$ 542	$ 436	$ 1,688	$ 1,247
Investor relations	108	135	297	305
Office and general	755	841	2,270	2,315
Professional fees	375	568	1,593	1,547
Regulatory and transfer	50	36	390	370
Salaries and benefits	1,260	1,771	6,607	5,576
Stock-based compensation	1,199	1,099	3,274	2,932
Travel	162	72	419	261
	$ 4,451	$ 4,958	$ 16,538	$ 14,553

11. Finance expense

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Interest expense	$ 4,107	$ 7,279	$ 14,928	$ 22,158
Finance charge	15,373	12,845	41,296	49,225
Other finance costs	540	1,513	2,559	4,563
Accretion of transaction	1,872	2,023	5,553	4,223
Interest income	(3,650)	(1,476)	(8,602)	(2,226)
	$ 18,242	$ 22,184	$ 55,734	$ 77,943

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

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 nine months ended September 30 is shown below.

	September 30, 2023	September 30, 2022
Salaries, bonuses and benefits	$ 5,921	$ 4,927
Stock-based compensation	2,592	2,168
	$ 8,513	$ 7,095

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 the anticipated portion of net income 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 income before tax. These differences result from the following items:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net income before tax	$ 82,725	$ 98,582	$ 265,444	$ 227,206
Canadian federal and provincial income tax rates	27.00%	27.00%	27.00%	27.00%
Income tax expense based on the above rates	22,336	26,617	71,670	61,346
Increase due to:				
Differences in foreign tax rates	2,834	3,696	13,049	13,019
Non-deductible costs	1,304	476	4,020	2,382
Withholding taxes (current and deferred)	2,134	6,109	5,925	9,270
Losses and temporary differences for which an income tax asset has not been recognized	335	(989)	2,385	(628)
Income tax expense	$ 28,943	$ 35,909	$ 97,049	$ 85,389

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

14. Supplemental cash flow information

Cash and cash equivalents are comprised of the following:

		September 30, 2023		December 31, 2022
Cash	$	114,371	$	283,596
Short-term investments		188,094		79,804
	$	302,465	$	363,400

Other supplemental cash information:

	Three months ended September 30,				Nine months ended September 30,			
		2023		2022		2023		2022
Income taxes paid	$	-	$	-	$	21,017	$	54,376
Change in accounts payable and accrued liabilities related to:								
Acquisition of property, plant and equipment	$	(1,806)	$	(684)	$	(2,672)	$	436

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.

(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)

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	Exploration activities	Corporate and other	Total
As at September 30, 2023				
Current assets	$ 483,077	$ 13,641	$ 71,365	$ 568,083
Non-current assets	948,783	-	-	948,783
Total assets	1,431,860	13,641	71,365	1,516,866
Current liabilities	252,702	702	885	254,289
Non-current liabilities	301,122	-	8,500	309,622
Total liabilities	553,824	702	9,385	563,911
For the three months ended September 30, 2023				
Revenues	211,172	-	-	211,172
Income from mining operations	99,620	-	-	99,620
Corporate administration	(1,089)	(33)	(3,329)	(4,451)
Exploration expenditures	-	(6,234)	-	(6,234)
Finance income (expense)	(19,060)	-	818	(18,242)
Other income (expense)	(528)	-	882	354
Derivative gain	11,678	-	-	11,678
Income tax expense	(26,809)	-	(2,134)	(28,943)
Net income (loss) for the period	63,812	(6,267)	(3,763)	53,782
For the nine months ended September 30, 2023				
Revenues	711,830	-	-	711,830
Income from mining operations	357,129	-	-	357,129
Corporate administration	(3,750)	(120)	(12,668)	(16,538)
Exploration expenditures	-	(15,273)	-	(15,273)
Finance income (expense)	(58,594)	-	2,860	(55,734)
Other income (expense)	(504)	2	(203)	(705)
Derivative loss	(3,435)	-	-	(3,435)
Income tax expense	(91,124)	-	(5,925)	(97,049)
Net income (loss) for the period	199,722	(15,391)	(15,936)	168,395

(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	Exploration activities	Corporate and other	Total
As at September 30, 2022				
Current assets	$ 484,163	$ 8,345	$ 87,958	$ 580,466
Non-current assets	1,054,124	-	-	1,054,124
Total assets	1,538,287	8,345	87,958	1,634,590
Current liabilities	317,843	1,762	7,188	326,793
Non-current liabilities	382,626	-	4,000	386,626
Total liabilities	700,469	1,762	11,188	713,419
For the three months ended September 30, 2022				
Revenues	210,425	-	-	210,425
Income from mining operations	83,930	-	-	83,930
Corporate administration	(1,452)	(17)	(3,489)	(4,958)
Exploration expenditures	-	(4,969)	-	(4,969)
Finance income (expense)	(22,495)	-	311	(22,184)
Other income (expense)	(192)	-	5,117	4,925
Derivative gain	41,838	-	-	41,838
Income tax expense	(31,451)	-	(4,458)	(35,909)
Net income (loss) for the period	70,178	(4,986)	(2,519)	62,673
For the nine months ended September 30, 2022				
Revenues	604,705	-	-	604,705
Income from mining operations	277,659	-	-	277,659
Corporate administration	(3,679)	(66)	(10,808)	(14,553)
Exploration expenditures	-	(10,595)	-	(10,595)
Finance income (expense)	(78,453)	-	510	(77,943)
Other income (expense)	(190)	-	5,728	5,538
Derivative gain	47,100	-	-	47,100
Income tax expense	(76,119)	-	(9,270)	(85,389)
Net income (loss) for the period	166,318	(10,661)	(13,840)	141,817

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 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 $96.4 million (December 31, 2022 - $86.4 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 nine months ended September 30, 2023 and year ended December 31, 2022. Each of these financial instruments are classified as Level 3 as their valuation includes significant unobservable inputs.

	Stream loan credit facility	Offtake derivative liability	Total
Balance, December 31, 2021	$ 263,614	$ 27,038	$ 488,432
Principal paid	(13,933)	-	(13,933)
Interest paid	(9,545)	-	(9,545)
Interest accrued at stated rate of 7.5%	9,545	-	9,545
Accretion of transaction costs	212	-	212
Derivative fair value adjustments recognized in:			
Net income	20,608	1,402	22,010
Other comprehensive income	(11,275)	-	(11,275)
Change in derivative fair values	9,333	1,402	10,735
Balance, December 31, 2022	$ 259,226	$ 28,440	$ 287,666
Principal paid	(13,626)	-	(13,626)
Interest paid	(6,319)	-	(6,319)
Interest accrued at stated rate of 7.5%	6,319	-	6,319
Accretion of transaction costs	160	-	160
Derivative fair value adjustments recognized in:			
Net income	6,022	(2,587)	3,435
Other comprehensive income	17,497	-	17,497
Change in derivative fair values	23,519	(2,587)	20,932
Balance, September 30, 2023	$ 269,279	$ 25,853	$ 295,132

(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 and silver forward prices, gold and silver price volatility, the risk-free rate of return, risk-adjusted discount rates, and the projected life of mine production schedule.

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 September 30, 2023	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Stream Loan and Offtake	$	295,132	Expected volatility	10% to 30%	An increase or decrease in expected volatility of 5% would increase or decrease fair value by $5.8 million or $5.7 million, respectively
			Risk-adjusted discount rate	10% to 13%	An increase or decrease in risk-adjusted discount rate of 1% would decrease or increase fair value by $7.0 million or $6.9 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 Senior Vice President, Finance of the Company. Discussions of valuation processes and results are reported to the audit committee at least once every three months, in line with the Company's quarterly reporting periods.

(e) Financial risk management

Concentration of credit risk

Cash and cash equivalents are held with high quality financial institutions. Substantially all of the Company's cash and cash equivalents held with financial institutions exceed government-insured limits. The Company has established a treasury policy that seeks to minimize its credit risk by entering into transactions with investment grade creditworthy and reputable financial institutions and by monitoring the credit standing of those financial institutions. The Company seeks to limit the amount of exposure with any one counterparty in accordance with its established treasury policy.

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17. Commitments

Significant capital expenditures contracted as at September 30, 2023 but not recognized as liabilities are as follows:

		Capital Expenditures
12 months ending September 30, 2024	$	13,024
October 1, 2024 onward		-
Total	$	13,024

18. Subsequent events

In early November 2023, the Company gave notice of its intent to fully repay the remaining principal balance of $70.5 million and accrued interest of $1.7 million under the Facility on November 14, 2023. The full prepayment is being completed in accordance with the terms of the Facility without any fees or penalties due to the senior lenders.

Corporate Information

BOARD OF DIRECTORS
Jack Lundin, Chairman
Vancouver, Canada
Carmel Daniele
London, United Kingdom
Gillian Davidson
Edinburgh, United Kingdom
Ian Gibbs
Vancouver, Canada
Ashley Heppenstall
London, United Kingdom
Melissa Harmon
Denver, USA
Ron F. Hochstein
Vancouver, Canada
Scott Langley
Toronto, Canada
Angelina Mehta
Toronto, Canada

OFFICERS
Ron F. Hochstein
President & Chief Executive Officer
Christopher Kololian
Chief Financial Officer
Terry Smith
Chief Operating Officer
Chester See
Senior Vice President, Finance
Sheila Colman
Vice President, Legal and Sustainability & Corporate Secretary
Andre Oliveira
Vice President, Exploration

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Trading Symbol: LUG
Nasdaq Stockholm
Trading Symbol: LUG

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