LUNDIN GOLD

Building a leading Gold Company
through responsible mining

Q4 2022

INTRODUCTION

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

This MD&A is dated as of February 23, 2023 and should be read in conjunction with the Company's audited consolidated financial statements and related notes thereto for the fiscal years ended December 31, 2022 and 2021. The audited consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). References to the "2022 Year" and "2021 Year" relate to the years ended December 31, 2022 and December 31, 2021, respectively.

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

Lundin Gold, headquartered in Vancouver, Canada, owns 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 benefit its shareholders, the Government and the citizens of Ecuador.

HIGHLIGHTS

With annual production of 476,329 ounces ("oz") of gold and sales of 470,103 oz, at a low cash operating cost[1] of $671 per oz sold and all-in sustaining cost ("AISC")[1] of $805 per oz sold in 2022, Fruta del Norte has proved that it is a world-class operating gold mine. In the 2022 Year, the Company realized revenues of $816 million, adjusted earnings[1] of $125 million, and free cash flow[1] of $269 million, resulting in a cash balance of $363 million at year end.

In a short two and a half years of operations, the Company increased throughput at Fruta del Norte from an initial design capacity of 3,500 tonnes per day ("tpd") to 4,272 tpd in 2022 which includes the achievement of 4,574 tpd in Q4. Recoveries have also improved since operations began, averaging almost 90% in the 2022 Year.

In late December, the Company exercised its right to repay in full the gold prepay facility effective January 5, 2023 by making a payment of $207.5 million, inclusive of applicable taxes, from its treasury. This strategic transaction is expected to result in increased net cash flows, to provide the Company with greater exposure to the positive outlook on gold price and to give Lundin Gold greater flexibility in its capital structure to pursue operational and corporate opportunities for the benefit of the Company and its shareholders.

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

[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)

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Tonnes ore mined	365,250	412,081	1,492,230	1,557,859
Tonnes ore milled	420,838	379,166	1,559,178	1,415,634
Average mill head grade (g/t)	10.0	9.9	10.6	10.6
Average recovery	89.6%	89.7%	89.5%	88.6%
Average mill throughput (tpd)	4,574	4,121	4,272	3,878
Gold ounces produced	121,139	107,915	476,329	428,514
Gold ounces sold	119,890	108,476	470,103	427,298

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Revenues ($'000)	210,961	186,440	815,666	733,329
Income from mining operations ($'000)	92,095	91,646	369,754	355,712
Earnings before interest, taxes, depreciation, and amortization ($'000)[1]	141,274	63,113	543,660	415,588
Adjusted earnings before interest, taxes, depreciation, and amortization ($'000)[1]	112,057	108,819	467,343	436,006
Net income (loss) ($'000)	(68,259)	28,789	73,558	221,426
Cash provided by operating activities	133,390	108,006	426,145	417,752
Free cash flow ($'000)[1]	91,179	74,681	269,435	268,370
Average realized gold price ($/oz sold)[1]	1,814	1,779	1,789	1,772
Cash operating cost ($/oz sold)[1]	713	625	671	632
All-in sustaining costs ($/oz sold)[1]	865	715	805	762
Free cash flow per share ($)[1]	0.39	0.32	1.15	1.16
Adjusted net earnings ($'000)[1]	33,584	77,902	125,003	248,907
Adjusted net earnings per share ($)[1]	0.14	0.33	0.53	1.07

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

The difference between net income and adjusted earnings[1] for the fourth quarter and the 2022 Year is due to the non-recurring accrual of a finance charge of $128 million associated with the repayment of the gold prepay facility and non-cash derivative gains of $29.2 million and $76.3 million for the fourth quarter and the 2022 Year, respectively, associated with the fair value accounting of the gold prepay and stream facilities. The non-cash derivative gain is driven by numerous factors including the early repayment of the gold prepay facility and, for the stream facility, FDN's expected future production profile, anticipated forward gold and silver prices, and yields. Non-cash derivative losses (or gains) associated with increased (or decreased) short-term production and anticipated increasing (or decreasing) forward gold and silver prices are recorded in the statement of operations, while non-cash derivative losses (or gains) associated with decreasing (or increasing) yields are recorded in the statement of other comprehensive income. These non-cash gains or losses are the result of accounting for the gold prepay and the stream facilities at fair value and complex valuation modelling which are explained in more detail later in this MD&A. Going forward, the periodic revaluation of the remaining stream obligations may result in considerable period-to-period volatility in the Company's net income, comprehensive income, and current and long-term liabilities. It does not necessarily reflect the amounts that will actually be repaid when these obligations become due.

Gold Prepay Facility

- In late December, as provided under the loan facility, the Company exercised its right to repay in full the gold prepay facility by delivering an irrevocable notice of early repayment of its remaining outstanding obligations effective January 5, 2023. The total payment made to repay the facility was $207.5 million, inclusive of applicable taxes of $16.2 million and interest of $0.1 million accrued between December 31, 2022 and January 5, 2023.
- The repayment amount of the gold prepay facility was the product of (a) the gold price on a pre-determined date in late December 2022, and (b) an amount of equivalent gold ounces, which was a negotiated number between 9,775 and 11,500 oz per quarter for the last ten remaining quarters to maturity of the facility, plus applicable taxes.
- While the early repayment of the gold prepay facility resulted in the one-time accrual of a finance charge of $128 million in the 2022 Year, no future payments at the then-applicable gold prices will be due under this facility going forward, including interest and finance charges that would have been incurred over the next ten quarters until its originally scheduled maturity.
- The payment was made early in the first quarter of 2023, from the Company's strong treasury of $363 million at year end, which had progressively accumulated as a result of the positive operating cash flows in the first two and a half years of operations at FDN. This strategic transaction is expected to result in increased net cash flows, to provide the Company with greater exposure to the positive outlook on gold price and to give Lundin Gold greater flexibility in its capital structure to pursue operational and corporate opportunities for the benefit of the Company and its shareholders.

Year ended December 31, 2022

- Gold production was 476,329 oz, comprised of 314,694 oz in concentrate and 161,635 oz as doré. This represents an 11% increase over 2021.
- A total of 1,492,230 and 1,559,178 tonnes of ore were mined and processed, respectively. Ore inventory management to minimize oxidation is the primary reason for the difference between ore mined and processed.
- The average grade of ore milled was 10.6 grams per tonne (g/t) with average recovery at 89.5%.
- The Company sold a total of 470,103 oz of gold, consisting of 310,231 oz in concentrate and 159,872 oz as doré at an average realized gold price[1] of $1,789 per oz for total revenues from gold sales of $841 million. Net of treatment and refining charges, revenues for the 2022 Year were $816 million.
- Cash operating costs[1] and AISC[1] for the 2022 Year were $671 and $805 per oz of gold sold, respectively.
- Income from mining operations was $370 million, and the Company generated free cash flow[1] of $269 million, or $1.15 per share.
- The Company recorded net income of $73.6 million in the 2022 Year, after deducting finance, corporate, exploration and other costs of $192 million, net of derivative gains of $76.3 million, and income taxes of $103.7 million from income from mining operations. Net income was impacted by the early repayment of the gold prepay facility on January 5, 2023, which resulted in the recording of a significant one-time finance charge and derivative gain. Net income was also affected by a one-time adjustment to deferred income taxes of $24.1 million relating to a revised interpretation of the application of certain tax laws in Ecuador.

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

- Adjusted earnings[1], which excludes the accrued, one-time finance charge on the repayment of the gold prepay facility and derivative gains, were $125 million, or $0.67 per share.

Fourth quarter of 2022

- Gold production was 121,139 oz, comprised of 78,756 oz in concentrate and 42,383 oz as doré.
- During the fourth quarter, the mine delivered 365,250 tonnes of ore to the stockpile and mill. The mining rate was reduced during the fourth quarter to better manage ore stockpiles and reduce the impact of oxidation on mill recoveries.
- The mill processed 420,838 tonnes of ore at an average throughput of 4,574 tpd during the quarter, its highest throughput since the beginning of operations.
- The average ore grade milled was 10.0 grams per tonne with average recovery at 89.6%.
- During the fourth quarter, the Company sold a total of 119,890 oz of gold, consisting of 77,622 oz in concentrate and 42,268 oz as doré at an average realized gold price[1] of $1,814 per oz sold for total gross revenues from gold sales of $217 million. Net of treatment and refining charges, revenues for the quarter were $211 million.
- Cash operating costs[1] and AISC[1] for the quarter were $713 and $865 per oz of gold sold, respectively.
- Income from mining operations was $92.1 million and the Company generated free cash flow[1] of $91.2 million from operations, or $0.39 per share.
- Results for the quarter were impacted by a significant one-time accrued finance charge and the deferred income tax adjustment described above, partially offset by a related derivative gain due to the repayment of the gold prepay facility. As a result, the Company incurred a loss of $68.3 million, after deducting corporate, exploration and finance costs of $142 million, net of derivative gains of $29.2 million, and an income tax expense of $18.3 million.
- Adjusted earnings[1] for the quarter, which exclude the accrued, one-time finance charge on the repayment of the gold prepay facility and derivative gains, were $66.2 million, or $0.28 per share.

Capital Expenditures

South Ventilation Raise ("SVR")

- The SVR was completed and fully commissioned in the fourth quarter, bringing the last element of FDN's original construction project to its conclusion. As a result, ventilation in the mine has increased significantly resulting in improved efficiencies and enabling mining activities on all levels.

Sustaining Capital

- The third raise of the tailings dam was completed during the fourth quarter at a cost of approximately $19.9 million.
- The 2022 conversion drilling program at Fruta del Norte was completed during the third quarter, and final assay results have been received. This conversion drilling campaign provided additional data for an updated geological model. The Company anticipates announcing an updated estimate of Mineral Resources and Reserves for FDN and filing a technical report prepared in accordance with National Instrument 43-101 ("NI_43-101") before the end of Q1 2023. Based on the new geological model, further conversion drilling targets will be defined for 2023 and 2024.
- Other sustaining capital projects, such as construction of a new warehouse and improvements in the sewage treatment plants, were initiated in 2022 and will continue in 2023.

Health, Safety and Community

Health and Safety

During the fourth quarter there were no Lost Time Incidents ("LTIs") or Medical Aid Incidents ("MAIs") and for the 2022 Year, the Company recorded two LTIs and four MAIs. The Total Recordable Incident Rate for the 2022 Year was a very low 0.24 per 200,000 hours worked.

As a result of the Company's success in facilitating the provision of COVID-19 vaccines to its workforce and subcontractor personnel, including booster shots, COVID-19 protocols were essentially eliminated as the 2022 Year progressed.

Community
Various community projects supported by the Company have progressed over the course of the 2022 Year. Several new micro businesses have been established by local entrepreneurs and supported to facilitate the process of becoming a supplier to FDN. A local textile manufacturer, fire extinguisher maintenance company, and pest control / fumigation company have all secured contracts with Lundin Gold. Additional efforts to promote the integration of local farmers into the FDN supply chain are also in place to create local benefits.

Longstanding projects such as road maintenance, educational support to promote access to higher education, improving the efficiency of the agricultural sector and addressing infrastructure challenges also progressed through the year.

The Company continues to engage with local indigenous peoples, especially the Shuar Federation of Zamora Chinchipe, to jointly implement projects that promote economic opportunities and the Shuar culture.

<u>Exploration</u>

Near-Mine Program
The near-mine exploration program commenced in the third quarter of 2022 and has focused on expanding the FDN mineral resource envelope and testing several unexplored sectors near the mine site. In 2022, approximately 8,600 metres were drilled across 16 holes, from surface and underground.

- The surface drilling program completed nine drill holes in 2022. Its objective is to explore sectors along the two main controlling structures of the FDN deposit, the East and West faults. Along the southern extension of the East fault a new mineralized zone has been intercepted. Initial promising results suggest continuity of the epithermal system in this southern direction as most of the drill holes intercepted wide hydrothermal alteration zones of similar characteristics to those found at FDN deposit. This zone remains open at depth, along strike to the north and to the south. The 2023 surface drilling program has already started, with two rigs drilling on this new zone.

- The underground drilling program focused on the continuity of the FDN deposit and west structure at depth. A total of seven drill holes were completed under the southern portion of the FDN mineral resource envelope. Most of the results obtained from underground drilling exhibit the same mineral hydrothermal alteration to that related to mineralization in the southern extension of FDN's Mineral Resource and confirm the continuity of the deposit at depth, below the current resource. Underground drilling is being expanded in 2023 to continue to explore at depth. The initial focus will be to the north-central sector, with one rig currently drilling, below the highest-grade portion of the mineral deposit, where the mine is currently operating.

Regional Program
A total of 17,600 metres across 25 drill holes were drilled under the 2022 regional program, of which approximately 4,490 metres across seven holes were drilled in the fourth quarter. The program has successfully advanced in the identification of important indicators that point toward the presence of buried epithermal deposits in the southern basin. Through a detailed geological interpretation of exploration data and additional surface works, several targets of interest have been identified, tested and resulted in locating new potentially mineralized structures. They include:

- Along the southwestern basin border, the Quebrada La Negra and Puente Princesa targets were investigated with a total 6,987 metres drilled across nine holes. At Quebrada La Negra, the drilling program identified a new structure associated to the west border, represented by wide hydrothermal alteration zones with breccias and/or veins and disseminated sulfides. The program also drilled an arsenic soil anomaly, where drilling intercepted a major structure with quartz veins, hydrothermal carbonate-silica breccias and sulfides hosted in the Santiago formation, which is also the FDN hosting sequence. This hydrothermal alteration zone possibly represents the north continuity of the Puente Princesa structure, defined in the second quarter and located one kilometre (km) further south. All results are pending.

- Four drill holes were completed at Barbasco Norte for a total of 2,123 metres to test a continuous geochemical gold soil anomaly at the eastern edge of the Suarez Basin. The drilling program intercepted low grade values of gold and the epithermal pathfinder element arsenic in narrow hydrothermal alteration zones of similar composition to that found in epithermal systems like Fruta del Norte. The obtained geological data suggests an increase of the hydrothermal alteration toward the east, close to the basin border and where additional drilling is being planned in 2023.

- At Barbasco, the program explored for several indicators of epithermal systems in distinct sectors of the target. Nine drill holes for a total of 6,351 metres were completed. Drilling only intercepted few and limited zones of hydrothermal alteration at depth and the current interpretation suggests additional drilling is required to explore untested sectors located further east.

Newcrest Earn-In Agreement
Early in the second quarter, Newcrest International Pty Ltd. ("Newcrest"), a wholly owned subsidiary of Newcrest Mining Limited, met the first expenditure requirement of $4.0 million under the Earn-In Agreement covering eight of Lundin Gold's early-stage concessions to the north and south of Fruta del Norte. Newcrest exercised its option to proceed to the second stage of the earn-in on May 28, 2022. Through completion of the second stage, which requires the expenditure of a further $6.0 million, Newcrest would earn an initial 25% interest in the eight concessions indirectly through a subsidiary of Lundin Gold. To date, drill testing of two copper-gold porphyry targets has detected low-level porphyry style copper mineralization. This work is being conducted by Newcrest as the operator under the earn-in agreement. The next phase of drilling will focus on testing priority copper-gold porphyry targets starting in the first quarter of 2023.

<u>Corporate</u>

- The Company paid an inaugural dividend of $0.20 per share on September 13, 2022 for a total of $47.0 million under its newly established dividend policy.
- With the release of its 2022 year end results, the Company has declared a cash dividend of $0.10 per share which is payable on March 31, 2023 (April 4, 2023 for shares trading on Nasdaq Stockholm) to shareholders of record on March 13, 2023. The Company anticipates declaring quarterly dividends of at least $0.10 per share, equivalent to approximately USD$100 million annually, based on currently issued and outstanding shares.
- Near the end of Q2 2022, the Company upgraded the trading of common shares in the U.S. to the OTCQX Market under the symbol LUGDF. In Q3 2022, its common shares also became eligible for electronic clearing and settlement in the U.S. through the Depository Trust Company simplifying the process of trading with the objective of enhancing the liquidity of Lundin Gold shares.
- During the 2022 Year and in line with the conclusion of the FDN construction and expansion projects, Mr. Dave Dicaire, the Company's Vice President Projects, departed Lundin Gold. After the end of the year, Iliana Rodriguez, Vice President Human Resources, also left the Company.

SELECTED ANNUAL FINANCIAL INFORMATION

(Expressed in thousands of U.S. dollars, except share and per share amounts)		2022		2021		2020
Revenues	$	815,666	$	733,329	$	358,156
Income from mining operations		369,754		355,712		172,386
Derivative gain (loss) for the year		76,317		(10,713)		(136,984)
Net income (loss) for the year		73,558		221,426		(47,158)
Basic income (loss) per share	$	0.31	$	0.95	$	(0.21)
Diluted income (loss) per share		0.31		0.94		(0.21)
Weighted-average number of common shares outstanding						
Basic		234,815,536		232,179,557		227,500,029
Diluted		236,704,760		234,576,889		227,500,029
Total assets	$	1,668,865	$	1,685,113	$	1,505,360
Long-term debt (current and long-term)		667,966		739,977		857,094
Working capital		194,804		217,221		56,603

Year ended December 31, 2022 compared to the year ended December 31, 2021

During the 2022 Year, net income of $73.6 million was generated compared to a net income of $221 million during the 2021 Year. The decrease in net income is principally attributable to the accrual of a finance charge of $128 million due to the repayment of the gold prepay facility and a one-time adjustment to deferred income taxes of $24.1 million due to a revised interpretation of certain tax laws in Ecuador.

Income from mining operations

The 2022 Year marked record volumes of gold ounces produced (476,329 oz) and sold (470,103 oz) from operations at Fruta del Norte, which resulted in revenues of $816 million and income from mining operations of $370 million. By comparison, in the 2021 Year, revenues of $733 million from sales of 427,298 oz of gold and income from mining operations of $356 million were recognized. The percentage increase in year-over-year gold ounces sold did not fully translate into an equivalent increase in income from mining operations due to inflationary pressures affecting operating costs.

Corporate administration

The decrease in corporate administration costs in the 2022 Year is mainly attributable to the expensing in full of $9.7 million in the 2021 Year on account of a special one-time levy enacted in November 2021 to fund Ecuador's COVID-19 response. Payable in two annual instalments, the first instalment was paid in 2022 and the second and final instalment is payable in 2023. Partially offsetting this reduction were higher community and social responsibility costs and compensation costs incurred in the 2022 Year.

It should also be noted that share-based compensation ($5.0 million in the 2022 Year compared to $3.0 million in the 2021 Year) is a non-cash cost which reflects the revaluation and amortization of the estimated fair value of equity compensation such as share options over their vesting period. The fair value of equity awards is calculated using complex economic models which rely heavily on the Company's share price, the performance of its peer group, and historical share price volatility. The actual future value to the holders of equity awards may differ materially from these estimates as it depends on the trading price of the Company's shares if and when they are exercised and vesting of some of the equity awards is performance based. In addition, as the granting of equity awards and their vesting is at the discretion of the Board, the related expense is unlikely to be uniform across quarters or financial years.

Exploration

Exploration became a focus of the Company's activities in 2022 and included both a regional program and a near mine program which started in the third quarter. A total of approximately 26,200 metres were drilled in 2022 compared to 11,136 metres in 2021, explaining the higher expense in the 2022 Year compared to the 2021 Year.

Finance expense

Finance expense during the 2022 Year includes interest incurred on the senior debt and the gold prepay and stream facilities ($30.0 million) and finance charges under the gold and stream facilities ($197 million), which were largely attributable to the repayment of the gold prepay facility. Finance expense in the 2021 Year included interest on the same three debt facilities ($34.2 million) and only minimal finance charges under the gold and stream facilities ($1.1 million).

The finance charges in 2022 include two distinct elements:

- Finance charges of $68.8 million paid under the gold prepay and stream facilities during 2022. They are calculated on their scheduled repayment dates as the difference between the total amounts paid and sum of the principal due and balance of cumulative interest accrued at each repayment date. Finance charges only commenced in late 2021 once the Company fully repaid accumulated interest accrued on the gold prepay and stream facilities since inception of these facilities in 2017. Finance charges under the stream facility are expected to continue in future periods.
- The accrual of a finance charge of $128 million as a result of the repayment of the gold prepay facility on January 5, 2023 following delivery of an irrevocable notice of early repayment in December 2022. It reflects the difference between the total amount paid and the remaining outstanding principal on the gold prepay facility at December 31, 2022, plus related applicable taxes. Had the gold prepay facility been repaid progressively to maturity over its remaining life, quarterly interest at 7.5% per annum and finance charges would have continued for the next ten quarters.

Interest decreased in 2022 because of the decreasing principal amounts of the debt, partially offset by the increase in the LIBOR rate during 2022. Finance expenses in the 2022 Year and 2021 Year also include the amortization of deferred transaction costs relating to debt facilities, $2.2 million in 2022 relating to the early extinguishment of the gold prepay facility and $3.7 million in 2021 relating to the cost overrun facility which expired unutilized with achievement of completion in December 2021 as defined under the senior debt. As a result, these costs were expensed directly to the Company's statement of income.

Derivative gains or losses

Derivative gains and losses in the statement of operations and other comprehensive income are driven by the Company's gold prepay and stream facilities debt obligations that are classified as financial liabilities measured at fair value. During the 2022 Year, the Company made scheduled principal, interest and finance charge payments totaling $75.3 million under its gold prepay facility and $56.0 million under its stream facility and accrued a finance charge of $128 million on the gold prepay facility as a result of its repayment in full on January 5, 2023, all based on gold and silver prices at the time of repayment. In addition, an increase or reduction of these debt obligations on the balance sheet was recognized due to a change in their estimated fair values since December 31, 2021. The variations in fair values of these debt facilities are recorded as derivative gains or losses in the statement of operations and other comprehensive income in the applicable period. The fair values calculated under the Company's accounting policies are based on numerous factors noted below as of the balance sheet date and will be subject to further future variations until the debt obligations are repaid by the Company.

Fair value of the gold prepay facility is based on the amount paid to fully repay this debt on January 5, 2023. In addition to the accrual of a finance charge at December 31, 2022, this early repayment also resulted in the recognition of a derivative gain of $71.1 million which effectively reverses the accumulated derivative losses recorded on the gold prepay facility since its inception in 2017. These cumulative derivative losses were the result of an increase in the gold price and of changes in other variables previously applied in determining the gold prepay facility's fair value using Monte Carlo simulation valuation models.

The stream facility is valued using Monte Carlo simulation valuation models. Key drivers of current fair values under the Monte Carlo simulation are forward gold and silver prices, the Company's expected production schedule as well as its risk adjusted discount rate. The combined net impact of these three factors is an increase in the fair value of the stream credit facility as described more fully below, partially offsetting the decrease from the scheduled repayments in the year. This also resulted in the recognition of a derivative loss on the stream facility for the 2022 Year, offsetting in part the derivative gain on the gold prepay facility.

- The value of future repayments under the stream credit facility is based on forward gold and silver price estimates at time of repayment. Although spot gold prices at December 31, 2022 are comparable to December 31, 2021, they have been trending up as 2022 came to a close and forward prices reflect this increasing trend. This has resulted in an increase in the estimated fair value of the remaining stream obligations at the end of 2022 and a related derivative loss in the statement of operations for the 2022 Year. This does not necessarily reflect the amounts that will actually be repaid when the obligations become progressively due after December 31, 2022. While significant derivative gains or losses will continue to be recognized at each reporting period, the potentially more significant impact of the same change in forward gold and silver prices on the value of future production and revenue forecasts to be generated during the same periods when the debt obligations will be repaid cannot be recognized because of the inherent uncertainty and risks associated with actually realizing such production and sales.

- The timing of future gold and silver production impacts the fair value of the stream credit facility as short-term production holds greater value than long-term production on a present value basis. Therefore, if gold production is moved forward, the value of the stream will increase resulting in the recognition of derivative losses in the statement of operations. The inverse occurs should production be moved later in the mine life. The Company's revised life of mine plan reflects an overall increase in gold and silver production in the next three years, which resulted in a higher fair value of the stream credit facility and the recognition of a derivative loss in the statement of operations.

- 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, economic conditions, both local and industry specific, and other factors outside of the Company's control. During the 2022 Year, yields and credit risk have increased resulting in a decrease in the fair value of the stream credit facility. The decrease in fair value due to a change in credit risk must be recorded as a gain in other comprehensive income rather than in the statement of operations. The tax impact of the derivative gain in other comprehensive income during the 2022 Year must also be recorded. This results in a deferred income tax recovery in the statement of operations as an offset to the deferred income tax expense recorded in other comprehensive income.

(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 over the past eight quarters (unaudited).

	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Revenues	$ 210,961	$ 210,425	$ 177,808	$ 216,472
Income from mining operations	$ 92,095	$ 83,930	$ 82,522	$ 111,207
Derivative gain (loss) for the period	$ 29,217	$ 41,838	$ 39,986	$ (34,724)
Net income (loss) for the period	$ (68,259)	$ 62,673	$ 55,962	$ 23,182
Basic income (loss) per share	$ (0.29)	$ 0.27	$ 0.24	$ 0.10
Diluted income (loss) per share	$ (0.29)	$ 0.26	$ 0.24	$ 0.10
Weighted-average number of common shares outstanding				
Basic	235,332,039	235,165,784	234,933,975	233,809,773
Diluted	235,332,039	236,882,976	236,847,992	235,774,444
Additions to property, plant and equipment	$ 15,253	$ 15,178	$ 14,532	$ 9,184
Total assets	$ 1,668,865	$ 1,634,590	$ 1,664,030	$ 1,735,223
Long-term debt (current and long-term)	$ 667,966	$ 589,919	$ 645,724	$ 752,482
Working capital	$ 194,804	$ 253,673	$ 253,921	$ 273,680

	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Revenues	$ 186,440	$ 190,753	$ 216,145	$ 139,991
Income from mining operations	$ 91,646	$ 89,431	$ 110,604	$ 64,031
Derivative gain (loss) for the period	$ (36,001)	$ (636)	$ (25,599)	$ 51,523
Net income for the period	$ 28,789	$ 56,673	$ 49,984	$ 85,980
Basic income per share	$ 0.12	$ 0.24	$ 0.22	$ 0.37
Diluted income per share	$ 0.12	$ 0.24	$ 0.21	$ 0.37
Weighted-average number of common shares outstanding				
Basic	233,211,843	232,723,880	231,998,447	230,751,034
Diluted	235,376,672	235,017,999	234,508,000	233,634,540
Additions to property, plant and equipment	$ 5,266	$ 20,101	$ 16,157	$ 12,240
Total assets	$ 1,685,113	$ 1,630,830	$ 1,590,849	$ 1,502,715
Long-term debt (current and long-term)	$ 739,977	$ 748,856	$ 772,361	$ 776,881
Working capital	$ 217,221	$ 136,139	$ 109,010	$ 57,571

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

During the fourth quarter of 2022, the Company incurred a loss of $68.3 million compared to a net income of $28.8 million during the same quarter in 2021. The loss is principally attributable to the accrual of a finance charge of $128 million due to the early repayment of the gold prepay facility and deferred income tax adjustment described above.

Income from mining operations

The Company generated revenues of $211 million from the sale of 119,890 oz of gold and income from mining operations of $92.1 million. This compares to revenues of $186.4 million from the sale of 108,476 oz of gold and income from mining operations of $91.6 million in the same quarter in 2021. The percentage increase in year-over-year gold ounces sold did not fully translate into an equivalent increase in income from mining operations due to inflationary pressures affecting operating costs.

Corporate administration

Corporate administration costs decreased from $14.7 million during the fourth quarter of 2021 to $4.9 million during the fourth quarter of 2022. This decrease is mainly attributable to a one-time special levy of $9.7 million incurred in 2021 (refer to the same caption under "Year ended December 31, 2022 compared to the year ended December 31, 2021" earlier in the MD&A for a full description of this expense).

Exploration expense

Exploration costs were $4.9 million in the fourth quarter of 2022 compared to $3.0 million during the fourth quarter of 2021. Activities consisted of drilling on two programs, the regional program and the recently initiated near-mine program. The Company is placing an increased focus on exploration consistent with its long-term objective to find new resources on its very prospective concessions within the basin that hosts FDN.

Finance expense

Finance expense in the fourth quarter of 2022 is not comparable to the same quarter in 2021 due principally to finance charges on the gold prepay and stream facilities (refer to the same caption under "Year ended December 31, 2022 compared to the year ended December 31, 2021" earlier in the MD&A for a full description of this expense).

Derivative gain

A derivative gain of $29.2 million was recorded during the fourth quarter of 2022 compared to a derivative loss of $36.0 million in the fourth quarter of 2021 (refer to the same caption under "Year ended December 31, 2022 compared to the year ended December 31, 2021" earlier in the MD&A for an explanation derivative gains and losses).

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2022, the Company had cash of $363 million and a working capital balance of $195 million compared to cash of $263 million and a working capital balance of $217 million at December 31, 2021.

The increase in cash during the 2022 Year was primarily due to cash generated from operating activities of $426 million and proceeds from the exercise of stock options, warrants and anti-dilution rights of $11.2 million. This is offset by scheduled principal, interest and finance charges paid under the loan facilities totalling $228 million, dividends of $47 million, and cash outflows of $60.1 million for capital expenditures which include sustaining capital of $35.5 million and costs for completion of the SVR.

The decrease in working capital is due to the recording of the gold prepay facility ($207.5 million) as a current liability, a result of the Company exercising its option, in December 2022, to deliver an irrevocable notice to repay this facility in full on January 5, 2023. The gold prepay facility, a current liability at year end, was comprised of a principal balance of $78.9 million and an accrued finance charge of $128 million. The completion of this sizeable transaction, funded from treasury after only two and a half years of operations, is a testament to the strength of the Company's operations at FDN and is expected to result in increased net cash flows going forward and to give Lundin Gold greater flexibility in its capital structure to pursue operational and corporate opportunities for the benefit of the Company and its shareholders.

Trade receivables

The majority of trade receivables represent the value of concentrate and doré sold as at year 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 year 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 December 31, 2022, this resulted in an estimated increase of $6.1 million ($nil at December 31, 2021) to revenues and 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 four 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 expected to be refunded or applied, based on the level of export sales in any given month, as a credit against other taxes payable. A portion of the VAT recoverable has been reclassified as current assets based on the Company's assessment of the estimated time for processing VAT claims during the next twelve months.

Advanced royalties

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

Inventories

Gold inventory is recognized in the ore stockpiles and in production inventory, comprised principally of concentrate and doré at site or in transit to port or to the refinery, with a component of gold-in-circuit. Ore stockpile inventory has decreased primarily due to a lower volume of material compared to December 31, 2021. The variations in doré and concentrate are mainly the result of timing of shipments around year 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 the increase in delivery times of the global supply chain.

Investment activities

Investment activities during the 2022 Year are comprised principally of costs for the SVR and sustaining capital at FDN. Sustaining capital included the costs of the TSF third raise, conversion drilling, construction of a new warehouse, improvements in a sewage treatment plant and other capital projects.

Liquidity and capital resources

The Company generated strong operating cash flow during 2022 and expects to continue to do so in 2023 based on its production and AISC guidance. This strong operating cash flow will support regional and near-mine exploration drilling programs, planned capital expenditures, debt repayments, dividends, and growth initiatives.

The senior debt is repayable in variable quarterly instalments and matures in June 2026. Additional quarterly principal repayments based on 30% of Fruta del Norte's excess cash flow (the "Cash Sweep") started in 2022 with the achievement of completion in the fourth quarter 2021 and are expected to accelerate the full repayment of this debt to some time in 2024. An estimate of the Cash Sweep for 2023 is included in the current portion of long-term debt. Monthly payments under the stream facility will be based on 7.75% and 100% of gold and silver ounces sold, respectively, calculated at the current gold and silver prices at the end of each month, less $400 and $4 per oz (the "Base Prices"), respectively. The Base Prices increase by 1% annually in February of each year. 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.

FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, cash equivalents and certain receivables, which are categorized as financial assets at amortized cost, and accounts payable and accrued liabilities, which are categorized as financial liabilities at amortized cost. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. In addition, the gold prepay credit facility; stream loan credit facility; and offtake commitment have been classified as financial liabilities measured at fair value and the senior debt facility as a financial liability at amortized cost. Further, provisionally priced trade receivables of $86.4 million (December 31, 2021 - $75.7 million) are measured at fair value using quoted forward market prices.

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

Currency risk

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

Credit risk

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

Interest rate risk

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

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.

(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)

Commodity price risk

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

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

COMMITMENTS

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

		Capital expenditures
2023	$	3,436
2024		-
2025		-
Total	$	3,436

The Company's sales are subject to a 5% net smelter royalty payable to the Government of Ecuador and a 1% net revenue royalty payable to third parties.

OFF-BALANCE SHEET ARRANGEMENTS

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

OUTSTANDING SHARE DATA

As at the date of this MD&A, there were 235,999,595 common shares issued and outstanding. There were also stock options outstanding to purchase a total of 3,919,923 common shares, 529,304 restricted share units with a performance criteria, 112,488 restricted share units settled by issuance of shares, and 34,678 deferred share units.

OUTLOOK

Consistent with previously announced guidance, gold production at Fruta del Norte for 2023 is estimated to be between 425,000 to 475,000 oz based on an average throughput rate of 4,400 tpd, an increase from the average throughput of 4,274 tpd achieved in 2022. The head grade is estimated to average 9.67 g/t, with fluctuations expected during the year as different sections of the ore body are mined. Average mill recovery for the year is estimated at 90%.

Cash operating costs[1] are estimated to range between $700 and $760 per oz of gold sold in 2023, with variability expected during the year. Sustaining capital for 2023 is estimated at $45 to $55 million and AISC[1] is expected to range between $870 and $940 per oz of gold sold, based on an assumed gold price of $1,650 per oz and silver price of $18.50 per oz. The projected increase in AISC[1] in 2023 can be attributed principally to higher unit costs compared to 2022 due to mining and milling ore with lower grade, inflationary pressures resulting in increased costs of consumables and transportation, higher maintenance requirements as equipment ages and higher sustaining capital expenditures.

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

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The early repayment of the gold prepay facility is expected to result in increased net cash flows, providing Lundin Gold with greater flexibility to pursue operational and corporate opportunities for the benefit of the Company and its shareholders.

The Company is also continuing its regional and near mine exploration drilling programs with a total of 28,000 metres of drilling planned for 2023. The near-mine program will include underground and surface drilling to further investigate the significant potential for the extension of FDN Mineral Resources. At depth, the initial focus will be below the north-central sector of the FDN deposit, the highest-grade portion of the mineral deposit. Surface drilling will continue to investigate a potential extension of FDN to the east, west and south of the current mineral resource envelope. The 2023 near-mine program is targeting at least 15,500 metres of drilling with an estimated cost of $9.4 million. The regional drilling program will consist of approximately 12,500 of drilling with an estimated cost of $11.7 million and focus on the southern basin, advancing toward the east and west border sectors. Its objective is to follow up on the numerous target areas identified during the 2022 program and test new and unexplored targets.

In 2023, dividends of at least $0.10 per share are expected to be declared on a quarterly basis totalling approximately $100 million for the year. The first quarterly dividend in 2023 is payable on March 31, 2023 (April 4, 2023 for shares trading on Nasdaq Stockholm) based on record date of March 13, 2023.

The Company anticipates updating its estimates of Mineral Resources and Reserves and filing a technical report prepared in accordance with NI 43-101 before the end of Q1 2023.

NON-IFRS MEASURES

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

Average realized gold price per oz sold

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

	Three months ended December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
Revenues	$ 210,961	$ 186,440	$ 815,666	$ 733,329
Treatment and refining charges	8,995	9,065	34,947	34,616
Less: silver revenues	(2,461)	(2,509)	(9,481)	(10,768)
Gold sales	$ 217,495	$ 192,996	$ 841,132	$ 757,177
Gold oz sold	119,890	108,476	470,103	427,298
Average realized gold price	$ 1,814	$ 1,779	$ 1,789	$ 1,772

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

EBITDA and Adjusted EBITDA

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

	Three months ended December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
Net income (loss) for the period	$ (68,259)	$ 28,789	$ 73,558	$ 221,426
Adjusted for:				
Finance expense	157,768	15,748	235,711	50,928
Income tax expense (recovery)	18,327	(8,441)	103,716	35,675
Depletion and depreciation	33,438	27,017	130,675	107,559
EBITDA	$ 141,274	$ 63,113	$ 543,660	$ 415,588
Special government levy	-	9,705	-	9,705
Derivative loss (gain)	(29,217)	36,001	(76,317)	10,713
Adjusted EBITDA	$ 112,057	$ 108,819	$ 467,343	$ 436,006

Adjusted Earnings and adjusted basic earning per share

Adjusted earnings and adjusted basic earnings per share can be used to measure and may assist in evaluating operating earning trends in comparison with results from prior periods by excluding specific items that are significant, but not reflective of the underlying and ongoing 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; and for the fourth quarter of 2022 and the 2022 Year, they also include the accrued finance charge on early prepayment of the gold prepay facility. 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 December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
Net income for the period	$ (68,259)	$ 28,789	$ 73,558	$ 221,426
Adjusted for:				
Special government levy	-	9,705	-	9,705
Finance charge on early prepayment of gold prepay	128,499	-	128,499	-
Derivative loss (gain)	(29,217)	36,001	(76,317)	10,713
Income tax expense (recovery) from accumulated other comprehensive income	2,561	3,407	(737)	7,063
Adjusted earnings	$ 33,584	$ 77,902	$ 125,003	$ 248,907
Basic weighted average shares outstanding	235,332,039	233,211,843	234,815,536	232,179,557
Adjusted basic earnings per share	$ 0.14	$ 0.33	$ 0.53	$ 1.07

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

Cash operating cost per oz

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

	Three months ended December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
Operating expenses	$ 74,461	$ 57,013	$ 268,816	$ 227,436
Royalty expenses	11,004	10,773	46,458	42,657
Cash operating costs	$ 85,465	$ 67,786	$ 315,274	$ 270,093
Gold oz sold	119,890	108,476	470,103	427,298
Cash operating cost per oz sold	$ 713	$ 625	$ 671	$ 632

All-in sustaining cost

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

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

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

	Three months ended December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
Cash operating costs	$ 85,465	$ 67,786	$ 315,274	$ 270,093
Corporate social responsibility	480	239	1,727	1,170
Treatment and refining charges	8,995	9,065	34,947	34,616
Accretion of restoration provision	153	26	611	106
Sustaining capital	11,132	2,967	35,542	30,299
Less: silver revenues	(2,461)	(2,509)	(9,481)	(10,768)
All-in sustaining cost	$ 103,764	$ 77,574	$ 378,620	$ 325,516
Gold oz sold	119,890	108,476	470,103	427,298
All-in sustaining cost per oz sold	$ 865	$ 715	$ 805	$ 762

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

Free cash flow and free cash flow per share

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

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Net cash provided by operating activities	$ 133,390	$ 108,006	$ 426,145	$ 417,752
Net cash used for investing activities	(15,481)	(8,786)	(60,068)	(63,109)
Interest paid	(7,188)	(23,477)	(27,875)	(85,211)
Finance charge paid	(19,542)	(1,062)	(68,767)	(1,062)
Free cash flow	$ 91,179	$ 74,681	$ 269,435	$ 268,370
Basic weighted average shares outstanding	235,332,039	233,211,843	234,815,536	232,179,557
Free cash flow per share	$ 0.39	$ 0.32	$ 1.15	$ 1.16

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are presented in Note 3 in the Notes to the audited consolidated financial statements for the year ended December 31, 2022.

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the event that the actual results differ from assumptions made, relate to, but are not limited to, the following:

Mineral reserves and resources

The Company estimates its mineral reserves and resources based on information compiled and reviewed by qualified persons as defined in accordance with NI 43-101 requirements. The estimation of mineral reserves and resources requires judgment to interpret geological data and metallurgical testing, design of appropriate mining methods, recovery methods and establishment of a life of mine production schedule. The estimation of recoverable reserves is also based on assumptions such as capital costs, operating costs and metal pricing. New geological data or changes in the above assumptions may change the economic viability of reserves and may, ultimately, result in the reserves being revised. Changes in the reserve or resource estimates may impact the fair value of financial instruments, the valuation of property, plant and equipment and mineral properties, the depletion and depreciation of property, plant and equipment and mineral properties, utilization of tax losses and decommissioning and site restoration provisions.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Company uses its judgment to select a variety of methods and makes significant assumptions that are mainly based on market conditions existing at initial recognition and at the end of each reporting period. Refer to Note 19 of the audited consolidated financial statements for the year ended December 31, 2022 for further details on the methods and assumptions utilized.

Assessment of impairment indicators

Management applies significant judgement in assessing whether indicators of impairment exist for a cash generating unit which would necessitate impairment testing. Internal and external factors such as significant changes in the use of the asset, commodity prices, foreign exchange rates, capital and production forecasts, mineral reserve and resource quantities, and discount rates are used by management in determining whether there are any indicators. As at December 31, 2022, management did not identify any impairment indicators on the Company's mineral properties, property, plant and equipment.

Deferred taxes

Deferred tax provisions are calculated by the Company while the actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities. Judgment is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet, in interpreting applicable tax laws, and what tax rate is expected to be applied in the year when the related temporary differences reverse. Deferred tax liabilities arising from temporary differences are recognized unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future production and sales volumes, gold prices, reserves and resources, operating costs, decommissioning and restoration costs, capital expenditures, dividends and other capital management transactions. These estimates and judgments are subject to risk and uncertainty and could result in an adjustment to the deferred tax provision and a corresponding credit or charge to profit.

Decommissioning and site restoration provisions

The Company has obligations for site restoration and decommissioning related to Fruta del Norte. The future obligations for decommissioning and site restoration activities are estimated by the Company using mine closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. The provision for decommissioning and site restoration is remeasured at the end of each reporting period for changes in estimates or circumstances. Changes in estimates or circumstances include changes in legal or regulatory requirements, increased obligations arising from additional mining and exploration activities, changes to cost estimates, and changes to risk-free interest rates.

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 three months ended March 31, 2023 is expected to be published on or about May 10, 2023.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

Disclosure controls and procedures are designed 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 and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. As of December 31, 2022, the Chief Executive Officer and Chief Financial Officer have each concluded that the Company's disclosure controls and procedures, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

Internal controls over financial reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. 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.

The Company's internal controls over financial reporting include policies and procedures that: pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting. As of December 31, 2022, the Chief Executive Officer and Chief Financial Officer have each concluded that the Company's internal controls over financial reporting, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

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.

RISK FACTORS

There are a number of factors that could negatively affect Lundin Gold's business and the value of its common shares, including the factors listed below. The following information pertains to the outlook and conditions currently known to Lundin Gold that could have a material impact on the financial condition of the Company. Other factors may arise that are not currently foreseen by management of Lundin Gold that may present additional risks in the future. Current and prospective security holders of Lundin Gold should carefully consider these risk factors.

Instability in Ecuador

The Company is subject to certain risks and possible political and economic instability specific to Ecuador, arising from change of government, political unrest, labour disputes, invalidation of government orders, permits or property rights, legal proceedings and referendums seeking to suspend mining activities, unsupportive local and regional governments, risk of corruption, military repression, war, civil disturbances, criminal and terrorist acts, hostage taking, changes in laws, expropriation, nationalization, renegotiation or nullification of existing concessions, agreements, licenses or permits and changes to monetary or taxation policies. The occurrence of any of these risks may adversely affect the mining industry, mineral exploration and mining activities generally or the Company and could result in the impairment or loss of mineral concessions or other mineral rights.

Shifts in political attitudes or changes in laws that may result in, among other things, significant changes to mining laws or any laws, regulations or policies are beyond the control of Lundin Gold and may adversely affect its business. The Company faces the risk that governments or courts may adopt substantially different policies or interpretation of laws, which might extend to the expropriation of assets or increased government participation in the mining sector. In addition, changes in resource development or investment policies, increases in taxation rates, higher mining fees and royalty payments, revocation or cancellation of mining concession rights or shifts in political attitudes in Ecuador may adversely affect Lundin Gold's business.

Ecuador is entering a period of political instability. Guillermo Lasso, from the CREO party, was elected President of Ecuador in 2021. CREO holds a minority position in the National Assembly, which is dominated by left-of-centre parties. President Lasso's CREO administration was further weakened in February 2023 as candidates aligned to opposing parties defeated CREO aligned candidates in regional elections and all eight-government sponsored referendum questions were defeated. Without sufficient political support, it is uncertain that reforms and regulatory initiatives proposed by President Lasso's administration in areas that are important to the Company's business, such as tax, labour and mining-related matters, will advance. There is also a risk that a period of political instability and unrest could ensue as political parties and other interest groups compete for popular support.

Exploration, development or operations may also be affected to varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration, development and production, price controls, export controls, income taxes, labour and immigration, and by delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, high rates of inflation, increased financing costs and site safety. In addition, recent decisions of the Constitutional Court of Ecuador have created significant uncertainty regarding ability to permit exploration activity near protected forests and the need to carry out consultation activities prior to the start of any activities. These factors may affect both Lundin Gold's ability to undertake exploration and development activities in respect of future properties in the manner contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date.

Community Relations

The Company's relationships with communities near where it operates and other stakeholders are critical to ensure the future success of Fruta del Norte and the exploration and development of the Company's other concessions. The Company's mineral concessions, including Fruta del Norte, are located near rural communities, some of which contain groups that have been opposed to mining activities from time to time in the past, which may affect the operations at Fruta del Norte and its exploration and development activities on its other concessions in the short and long term. Furthermore, local communities may be influenced by external entities, groups or organizations opposed to mining activities. In recent years, anti-mining nongovernmental organization ("NGO") and indigenous group activities in

Ecuador have increased. These communities, NGOs and indigenous groups have taken such actions as civil unrest, road closures, work stoppages and legal challenges. Such actions may have a material adverse effect on Lundin Gold's operations at Fruta del Norte and on its exploration activities and on its financial position, cash flow and results of operations. While the Company is committed to operating in a socially responsible manner, there can be no assurance that the Company's efforts in this respect will mitigate against this potential risk.

Forecasts relating to production, cash flow and costs

Lundin Gold provides estimates of future production (including production rate, gold grade and milling recovery estimates), future cash flow (including free cash flow estimates) and future costs for Fruta del Norte, including AISC estimates. No assurance can be given that production-related and financial-related estimates will be achieved. Estimates are based on, among other things: the accuracy of Mineral Reserve and Mineral Resource estimates and related information, analyses and interpretations (including with respect to any updates or anticipated updates); the accuracy of assumptions, including assumptions about Lundin Gold's business and operations and that no significant event will occur outside of normal course of business and operations and assumptions about commodity prices (including the price of gold); ore grades and recovery rates, ground conditions, metallurgical characteristics; the accuracy of estimated rates and costs of mining and processing and mill availability; the completion of the south ventilation raise; the receipt and maintenance of permits; and estimates of capital expenditures.

Failure to achieve production, gold grade, cash flow and cost estimates could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. The Company's economic performance forecasts, including cash flow forecasts, operating costs and AISC, may be impacted by the production outlook. Failure to meet these production targets will have an adverse effect on cash flows, earnings and the Company's overall financial condition. Actual production, production rate, gold grade, milling recovery, cash flow and costs may vary from estimates for a variety of reasons, including, among other things: actual ore mined varying from estimates of grade, tonnage, dilution, metallurgical and other characteristics; short-term operating factors relating to the Mineral Reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; changes in commodity prices (primarily the price of gold); mine or equipment failures, risk and hazards associated with mining; natural phenomena, such as extreme weather conditions, underground floods, earthquakes, ground control issues, rock bursts and cave-ins; encountering unusual or unexpected geological conditions; shortages of principal supplies needed for mining and milling operations, including explosives, fuels, chemical reagents, water, power, equipment parts and lubricants; plant and equipment failure; and other risks which impact operations and financial performance outlined in these "Risk Factors".

Mining Operations

The Company's operations can be subject to risks and hazards that are inherent in the mining industry, including, but not limited to, unanticipated variations in grade and other geological problems, underground conditions, backfill quality or availability, metallurgy, ore hardness and other processing issues, critical equipment or process failure, the lack of availability of input materials and equipment, disruption to power supply, geotechnical incidents such as ground subsidence or landslides, accidents, labour force disruptions, supply chain/logistics disruptions, force majeure events, , unanticipated transportation disruptions or costs, consumable prices or availability and weather conditions, any of which can materially and adversely affect, among other things, the safety of personnel, production quantities and rates, costs and expenditures, contractual obligations and financial covenants.

Consequently, there is a risk that Fruta del Norte may encounter problems or be subject to delays or suspensions resulting from these operating risks which could occur and which may have material adverse consequences for Lundin Gold, including its operating results, cash flow and financial condition.

Shortages of Critical Resources

Disruptions in the supply of products or services required for the Company's activities could adversely affect the Company's operations, financial condition and results of operations. This may be the result of industry-wide shortages of certain goods or services, interruption in supplier operations or in transportation methods of certain goods, interruptions in international logistics, the risk of failure of certain long-lead items or the failure to obtain necessary permits for the supply of regulated goods. The Company's costs may also be affected by the prices of commodities and other inputs it consumes or uses in its operations. The prices and availability of such commodities and inputs are influenced by supply and demand trends and logistics issues affecting the mining industry in general and other factors outside the Company's control. Increases in the price for materials consumed in the Company's mining and production activities could materially adversely affect the Company's results of operations and financial condition.

Control of Lundin Gold

As at the date hereof, Newcrest and the Lundin Family Trust are control persons of Lundin Gold. As long as these shareholders maintain their significant positions in Lundin Gold, they will have the ability to exercise influence with respect to the affairs of Lundin Gold and significantly affect the outcome of matters upon which shareholders are entitled to vote. In addition to being a control person of Lundin Gold, Newcrest is also a secured lender of the Company, as the stream facility lender. As such, Newcrest has additional influence over Lundin Gold's business.

As a result of the holdings in the Company of control persons, there is a risk that the Company's securities are less liquid and trade at a relative discount compared to circumstances where these persons did not have the ability to influence or determine matters affecting Lundin Gold. Additionally, there is a risk that their significant interests in Lundin Gold discourages transactions involving a change of control of Lundin Gold, including transactions in which an investor, as a holder of the Company's securities, would otherwise receive a premium for its Company's securities over the then-current market price.

Gold Price

The Company's earnings, cash flow, ability to pay dividends and financial condition are subject to risk due to fluctuations in the market price of gold. Gold prices have historically fluctuated widely. The price of gold is affected by numerous factors beyond Lundin Gold's control, including levels of supply and demand, global or regional consumptive patterns, level of investment activity, purchases or sales by government central banks, increased production due to new mine developments and improved mining and production methods, speculative activities related to the sale of metals, availability and costs of investment substitutes, international economic and political conditions, interest rates, currency values and inflation.

A dramatic decline in the gold price could cause Fruta del Norte operations to be uneconomic. Depending on the price of gold, the Company's cash flow may be insufficient to meet its operating needs, debt obligations and capital expenditures, and as a result the Company could experience financial difficulties and may suspend some or all of mining activities or otherwise revise its mine plan and exploration and development plans. In addition, there is a time lag between the shipment of gold and final pricing, and changes in pricing can impact the Company's revenue and working capital position. Any of these factors could result in a material adverse effect on the Company's results of operations and financial condition.

The estimation of economically viable identified Mineral Reserves requires certain assumptions, including gold price. A revised estimate of identified Mineral Reserves due to a substantial decline in the gold price could result in the decrease in the estimates of the Company's Mineral Reserves, subsequent write downs and negative impact on mine life.

Ability to Comply with Terms of Debt Financing Agreements

Lundin Gold is subject to restrictive covenants under its debt financing agreements, including without limitation the stream facility and the senior debt facility. The Company's project financing is secured by a first ranking charge over the assets of the operating subsidiaries, by a pledge of the shares of the operating subsidiaries, by limited recourse guarantee from Lundin Gold and guarantees of the operating subsidiaries. In addition, Lundin Gold may from time to time enter into other arrangements to borrow money to fund its operations at Fruta del Norte, the exploration and development activities on its other concessions or to acquire and develop other projects in the future, and such arrangements may include covenants that have similar obligations or that restrict its business in some way.

Events may occur in the future, including events out of Lundin Gold's control, that could cause Lundin Gold to fail to satisfy its obligations under the stream facility, the senior debt facility or other debt instruments that may arise. In such circumstances, amounts drawn under Lundin Gold's debt agreements may become due and payable before the agreed maturity date, and Lundin Gold may not have the financial resources to repay such amounts when due. If Lundin Gold were to default on its obligations under either the stream facility or the senior debt facility or other secured debt instruments in the future, the lender(s) under such debt instruments could enforce their security and seize Lundin Gold's assets.

Environmental Compliance

All of Lundin Gold's exploration, development and production activities are subject to extensive environmental regulation. These regulations address, among other things, the emissions into the air, discharges into water, management of waste, management of tailings, management and shipment of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations.

Some laws and regulations may impose penalties for environmental contamination, which could subject the Company to liability for the conduct of others or for its own actions that followed all applicable laws at the time such actions were taken. Environmental legislation is evolving in a manner that will result in stricter standards and enforcement, increased fines and penalties for non-compliance, potential for a temporary shutdown of a portion or all of the operations at Fruta del Norte until non-compliance is corrected, more stringent environmental assessments of proposed projects and mine closure plans and a heightened degree of responsibility for companies and their officers, directors and employees. Any future changes in environmental regulation could adversely affect the Company's ability to conduct its operations.

The Company may need to address contamination at Fruta del Norte or its exploration properties in the future, either for existing environmental conditions or for leaks or discharges that may arise from the Company's ongoing operations and activities or from those of third parties, such as contractors, artisanal miners or others accessing Lundin Gold's properties. Contamination from hazardous substances at any of Lundin Gold's properties may subject it to material liability for the investigation or remediation of contamination, as well as for claims seeking to recover for related property damage, personal injury or damage to natural resources.

Infrastructure

Mining operations, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, ports and power sources are important elements of infrastructure, which affect capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay or otherwise adversely impact the Company's exploration, development or operating activities. If adequate infrastructure is not available in a timely manner, there is a risk that (i) the operations at Fruta del Norte will not achieve anticipated production, (ii) the operating costs associated with Fruta del Norte will be higher than anticipated, or (iii) the Company's exploration and development activities will be not carried out as anticipated, or at all. Furthermore, unusual or infrequent weather phenomena, sabotage, community uprisings, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect the operations at Fruta del Norte, cash flow and Lundin Gold's financial position.

Dependence on Single Mine

The only material property interest of the Company is Fruta del Norte. Unless the Company acquires additional projects, property interests or advances its exploration properties, any adverse developments affecting Fruta del Norte could have a material adverse effect upon the Company and would materially and adversely affect the profitability, financial performance and results of operations of the Company. While the Company may seek to acquire and develop additional projects and mineral properties that are consistent with its business objectives, there can be no assurance that Lundin Gold will be able to identify or develop suitable additional projects or mineral properties or, if it does identify suitable opportunities, that it will have sufficient financial resources to acquire and develop such projects or properties or that such projects or properties will be available on terms acceptable to the Company or at all.

Security

The Company is exposed to various levels of safety and security risks which could result in injury or death, theft or damage to property, work stoppages, or blockades of its mining operations. Risks and uncertainties include, but are not limited to, terrorism, hostage taking, gang activities, military repression, labour unrest and war or civil unrest. Opposition to mining could arise and such opposition may be violent. Resistance or unrest in Ecuador could have a material adverse effect on the Company's operations and profitability.

Illegal Mining

Mining by illegal miners occurs on and near some of Lundin Gold's mineral concessions in Ecuador. While the Company monitors illegal mining activity, it relies on the various levels of government to control and police illegal operations. Illegal mining activity has increased in Ecuador recently due to a variety of factors, including a rise in poverty and unemployment, an increase in organized crime and the lack of effective government action. The operations illegal miners could interfere with Lundin Gold's activities, which may result in disputes and conflicts. These potential activities could cause damage and disruption to Fruta del Norte or the Company's other concessions, including road blockages, pollution, environmental damage or personal injury or death, for which Lundin Gold could potentially be held responsible. Illegal mining can also result in a suspension of operations and could have a material adverse effect on Lundin Gold's results of operations or financial condition.

Exploration and Development Risks

The Company has the rights to mineral concessions targeted for exploration in Ecuador, outside of Fruta del Norte. The exploration for, and development of, new mineral deposits involves significant risks which, even with a combination of careful evaluation, experience and knowledge, may not be eliminated. Few exploration properties are ultimately developed into producing mines. Whether a mineral deposit will be commercially viable depends on a number of factors, including but not limited to: the particular attributes of the deposit, such as quantity and quality of the minerals, metallurgy and proximity to infrastructure and labour; mineral prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, legal proceedings and environmental protection. There is a risk that the exploration and development efforts and expenditures made by Lundin Gold will not result in any new discoveries of other mineral occurrences or new estimates of Mineral Resources or Mineral Reserves.

Pandemics, Epidemics or Infectious Disease Outbreak

Disruptions caused by pandemics, epidemics or infectious disease outbreaks, such as the COVID-19 pandemic, in locations where Lundin Gold operates or globally could materially adversely affect the Company's business, operations, financial results and forward-looking expectations. Possible impacts of caused by pandemics, epidemics or infectious disease outbreaks may include mandated or voluntary closures of operations, illness among the Company's workforce, restricted mobility of personnel, interruptions in the Company's logistics and supply chain, delay at or closure of the Company's refining and smelting service providers and global travel restrictions, all of which could disrupt the Company's operations and negatively impact its financial performance of the value of its common shares. The ultimate economic viability of the Company's business is impacted by its ability to operate Fruta del Norte and/or to maintain adequate liquidity through potential sources of financing.

Disruptions related to pandemics, epidemics or infectious disease outbreaks could have the effect of heightening many of the other risks outlined in these "Risk Factors".

Government or Regulatory Approvals

Lundin Gold's exploration and development activities and its operations depend on its ability to obtain, maintain or renew various mineral rights, licenses, permits, authorizations and regulatory approvals (collectively, **Rights** and individually a **Right**) from various governmental and quasi-governmental authorities. Government work stoppages may also impact the Company's ability to obtain, maintain or renew certain Rights. Lundin Gold's ability to obtain, maintain or renew such Rights on acceptable terms and on a timely basis is subject to changes in regulations and policies and to the discretion of the applicable governmental and quasi-governmental bodies. Lundin Gold may not be able to obtain, maintain or renew its Rights or its Rights may not be obtainable on reasonable terms or on a timely basis. It is possible that previously issued Rights may become suspended or revoked for a variety of reasons, including through government or court action. A delay in obtaining any such Rights, the imposition of unfavourable terms or conditions on any Rights or the denial of any Right may have a material adverse effect on Lundin Gold's business, financial condition, results of operations and prospects and, in particular, the development and operations of Fruta del Norte.

Tax Changes in Ecuador

Tax regimes in Ecuador may be subject to differing interpretations and are subject to change without notice. The Company's interpretation of tax law as applied to its transactions and activities may not coincide with that of the tax authorities and may be disputed, notwithstanding the economic stability provided to Lundin Gold under its exploitation and investment protection agreements. As a result, the taxation applicable to transactions and operations may be challenged or revised by the tax authorities, which could result in significant additional taxes, penalties and/or interest and could impact the Company's cash flow forecasts, operating costs, and AISC.

There is a risk that restrictions on the repatriation of earnings from Ecuador to foreign entities will be imposed in the future and Lundin Gold has no control over withholding tax rates. In addition, there is a risk that laws and regulations in Ecuador may result in a capital gains tax on profits derived from the sale of shares, ownership interests and other rights, such as exploration rights, of companies with permanent establishments in the country. It is unknown at this time what, if any, liability the Company or its subsidiaries may be subject to as a result of the application of this law. There is a risk that the Company's access to financing may be limited as a result of the indirect taxation.

The Company's operating subsidiary pays VAT on goods and services required for Fruta del Norte and is eligible to receive a credit against future VAT payable. There is a risk that the tax authority in Ecuador may deny the Company's VAT claims or unduly delay the processing of VAT refunds, which could have a material adverse effect on Lundin Gold's financial position or cash flow.

Information Systems and Cyber Security

The Company depends upon information systems and other digital technologies for controlling operations, processing transactions and summarizing and reporting results of operations (IT systems). The secure processing, maintenance and transmission of information is critical to the Company's operations. These IT systems or those of Lundin Gold's suppliers could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as disruptions resulting from incidents such as cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in IT system failures, delays and/or increase in capital expenses. The failure of IT systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Cybersecurity risks have increased in recent years as a result of the proliferation of new technologies and the increased sophistication of cyber-attacks and data security breaches, as well as due to international and domestic political factors including geopolitical tensions, armed hostilities, war, civil unrest, sabotage and terrorism. Human error can also contribute to a cyber incident, and cyber-attacks can be internal as well as external and occur at any point in the Company's supply chain. Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Mineral Reserve and Resource Estimates

Mineral Reserve and Mineral Resource figures are estimates, and there is a risk that any of the Mineral Resources and Mineral Reserves identified at Fruta del Norte to date will not be realized. Until a deposit is actually mined and processed, the quantity of Mineral Resources and Mineral Reserves and grades must be considered as estimates only. In addition, the quantity of Mineral Resources and Mineral Reserves may vary depending on, among other things, precious metal prices and operating costs. Any material change in quantity of Mineral Resources, Mineral Reserves or percent extraction of those Mineral Reserves recoverable by underground mining techniques may affect the economic viability of any project undertaken by Lundin Gold. In addition, there is a risk that metal recoveries during production do not reach anticipated rates.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability, and there is a risk that they will never be mined or processed profitably. Further, there is a risk that Inferred Mineral Resources may not ever be converted to Proven or Probable Mineral Reserves as a result of continued exploration.

Fluctuations in gold prices and operating costs, results of drilling, metallurgical testing and preparation and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of Mineral Reserves could have a material adverse effect on Lundin Gold's results of operations and financial condition.

Title Matters and Surface Rights and Access

There is a risk that title to the mining concessions, the surface rights and access rights comprising Fruta del Norte and its related infrastructure or the concessions and access rights relating to Lundin Gold's exploration concessions may be deficient or subject to dispute. The procurement or enforcement of such rights can be costly and time consuming. In areas where there are local populations or landowners, it may be necessary, as a practical matter, to negotiate or enforce surface access. In addition, in circumstances where such access is denied, or no agreement can be reached, Lundin Gold may need to rely on the assistance of local officials or the courts in such jurisdictions, which may delay or impact exploration or mining activities as planned.

There is also a risk that the Company's exploration, development and mining authorizations and surface rights may be challenged or impugned. Finally, there is a risk that developing laws and movements respecting the acquisition of lands and other rights of indigenous communities may alter the arrangements made by prior owners of the lands where Fruta del Norte is located. Future laws and actions could have a material adverse effect on Lundin Gold's operations at Fruta del Norte or on its financial position, cash flow and results of operations.

Health and Safety

Exploration and mining development and operating activities represent inherent safety hazards and maintaining the health and safety of the Company's employees and contractors is of paramount importance to the Company. Health and safety hazard assessments are carried out regularly throughout the lifecycle of the Company's activities, and robust policies, procedures and controls are in place. Notwithstanding continued efforts to adhere to the Company's "zero harm" policy, safety incidents may still occur. Significant potential risks include, but are not limited to, surface or underground fires, rock falls underground, blasting accidents, vehicle accidents, unsafe road conditions or events, fall from heights, contact with energized sources, and exposure to infectious or occupational disease. Employees involved in activities in remote areas may also be exposed to attacks by individuals or violent opposition by local communities that may place the employees at risk of harm. Any incident resulting in serious injury or death could result in litigation and/or regulatory action (including, but not limited to suspension of development activities and/or fines and penalties), or otherwise adversely affect the Company's reputation and ability to meet its objectives.

Availability of Workforce and Labour Relations

The Company's gold production and its exploration and development activities depend upon the efforts of Lundin Gold's employees and contractors. The Company competes with mining and other companies on a global basis to attract and retain employees at all levels with appropriate technical skills and operating experience necessary to operate its mines. The conduct of the Company's operations is dependent on access to skilled labour. Access to skilled labour may prove particularly challenging for Lundin Gold given the remote location of Fruta del Norte and local laws which impose thresholds for the representation of certain groups of people on Lundin Gold's workforce in Ecuador and the ability of foreign skilled labour to obtain visas to work in Ecuador. Shortages of suitably qualified personnel could have a material adverse effect on the Company's business and results of operations.

Lundin Gold's operations at Fruta del Norte depend upon the efforts of its employees, and the Company's operations would be adversely affected if it failed to maintain satisfactory labour relations. The Company's labour force is not unionized, and the introduction of a labour union could result in a disruption to production and/or higher costs and reduced flexibility. In addition, relations between the Company and its employees may be affected by changes in labour and employment laws. Changes in such legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's business, results of operations, financial condition or prospects.

Key Talent Recruitment and Retention

Recruiting and retaining qualified personnel is critical to Lundin Gold's success. Lundin Gold is dependent on the services of key executives, including its President and Chief Executive Officer, and other highly skilled and experienced executives and personnel focused on managing Lundin Gold's interests. The number of persons skilled in the financing, development, operations and management of mining properties is limited and competition for such persons is intense. The inability of Lundin Gold to successfully attract and retain highly skilled and experienced executives and personnel could have a material adverse effect on Lundin Gold's business, financial condition and results of operations.

Market Price of the Company's Common Shares

Securities of mineral companies have always experienced substantial volatility, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries or sectors. The price of the Company's common shares is also likely to be significantly affected by short-term changes in gold price, currency exchange fluctuations, or its financial condition, dividend policy or results of operations and exploration activities on its projects. Other factors unrelated to the performance of the Company that may have an effect on the price of the Company's common shares include: the extent of analyst coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Company's common shares may affect an investor's ability to trade significant numbers of common shares; the size of the Company's free float and whether it is included in market indices may limit the ability of some institutions to invest in the Company's common shares; and the evaluation of the Company's performance and practices by third party rating agencies on environmental, social, and governance matters, which may limit the ability of some institutions or other investors to invest in the Company's common shares. If an active market for the common shares does not continue, the liquidity of an investor's investment may be limited, and the price of the Company's common shares may decline. If an active market does not exist, investors may lose their entire investment in the Company. As a result of any of these factors, the market price of the Company's common shares at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Measures to Protect Endangered Species and Critical Habitats

Ecuador is a country with a diverse and fragile ecosystem and the national government, regional governments, indigenous groups and NGOs are vigilant in their protection of endangered species and critical habitats. The existence or discovery of an endangered species or critical habitats at Fruta del Norte or any of its exploration concessions may have a number of adverse consequences to the Company's plans and operations. For instance, the presence of an endangered species could require the Company to take additional measures to protect the species or to cease its activities at Fruta del Norte temporarily or permanently, which would impact production from Fruta del Norte and would have an adverse economic impact on the Company, which could be material. The existence or discovery of an endangered species or critical habitat at Fruta del Norte or the Company's exploration concessions could also ignite NGO and local community opposition to the Company's activities, which could impact its plans and operations and the Company's financial condition and global reputation.

Social Media and Reputation

As a result of the increased usage and the speed and global reach of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users and organization of opposition, companies today are at much greater risk of losing control over how they are perceived in the marketplace. Damage to reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity (for example, with respect to handling of environmental matters or Lundin Gold's dealings with community groups), whether true or not. The Company places a great emphasis on protecting its image and reputation but does not ultimately have direct control over how it is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community relations, maintaining a positive relationship with government authorities, decreased investor confidence and an impediment to the overall success of Fruta del Norte in Ecuador, thereby having a material adverse impact on financial performance, cash flows and growth prospects.

Non-Compliance with Laws and Regulations and Compliance Costs

Lundin Gold, its subsidiaries, its business and its operations are subject to various laws and regulations. The costs associated with compliance with such laws and regulations may cause substantial delays and require significant cash and financial expenditure, which may have a material adverse effect on the Company or the operation of Fruta del Norte.

There is a risk that the Company may fail to comply with a legal or regulatory requirement, which may lead to the revocation of certain rights or to penalties or fees and in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. In addition, the Company may be required to compensate those suffering loss or damage arising from its non-compliant activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights could result in loss, reduction or expropriation of entitlements. Any of the foregoing may have a material adverse effect on the Company or the operation of Fruta del Norte.

Insurance and Uninsured Risks

Exploration, development and production operations on mineral properties involve numerous risks including, but not limited to, unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, landslides, earthquakes and other environmental occurrences, risks relating to the transportation of dangerous goods to site, risks relating to the storage and shipment of precious metal concentrates or doré bars, and political and social instability. Such occurrences could result in damage to mineral properties, damage to underground development, damage to production or infrastructure facilities, personal injury or death, environmental damage to Lundin Gold's properties or the properties of others, delays in the ability to undertake exploration and development, monetary losses and possible legal liability. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs and a decline in the value of the Company's common shares.

Although Lundin Gold maintains insurance to protect against certain risks in such amounts as it considers reasonable and commercially available, its insurance policies do not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not always be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration, development and production may not be available to the Company on acceptable terms. Lundin Gold might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons.

Insurance limits currently in place may also not be sufficient to cover losses arising from insured events. Losses from any of the above events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Dividends

The Company commenced paying dividends on its common shares in 2022. Any payments of dividends on the common shares will depend upon the financial requirements of the Company to finance future growth, the financial condition of the Company, restrictions under stream facility and the senior debt facility, and other factors which the Board may consider appropriate in the circumstance. There can be no assurance that Lundin Gold will continue to pay dividends in the future.

Reclamation Obligations

Reclamation requirements are designed to minimize long-term effects of mining exploitation and exploration disturbance by requiring the operating company to control possible deleterious effluents and to re-establish to some degree pre-disturbance land forms and vegetation. Lundin Gold is subject to such requirements in connection with its activities at Fruta del Norte and may be liable for actions and activities and disturbances caused by artisanal and illegal miners on the Company's property. Any significant environmental issues that may arise, however, could lead to increased reclamation expenditures and could have a material adverse impact on Lundin Gold's financial resources. Furthermore, environmental hazards may exist on the properties in which Lundin Gold holds interests which are unknown to Lundin Gold at present and which have been caused by previous or existing owners or operators of the properties.

There can also be no assurance that closure estimates prove to be accurate. The amounts recorded for reclamation costs are estimates unique to a property based on estimates provided by independent consulting engineers and Lundin Gold's assessment of the anticipated timing of future reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred in future periods could differ from amounts estimated. Additionally, future changes to environmental laws and regulations could affect the extent of reclamation and remediation work required to be performed by Lundin Gold. Any such changes in future costs could materially impact the amounts charged to operations for reclamation and remediation. Finally, the timing of the funding of such closure costs may be impacted by changes in laws and regulations and adversely affect the financial condition of the Company.

Violation of Anti-Bribery and Corruption Laws

The Company's operations are governed by, and involve interactions with, many levels of government in numerous countries. The Company is required to comply with anti-corruption and anti-bribery laws, including the Canadian and Ecuadorian *Criminal Codes*, the Canadian *Corruption of Foreign Public Officials Act* and the U.S. *Foreign Corrupt Practices Act*, as well as similar laws in Ecuador and other countries in which Lundin Gold conducts its business. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations not only by its employees, but also by its contractors and third-party agents. Although Lundin Gold has adopted steps to mitigate such risks, such measures may not always be effective in ensuring that the Company, its employees, contractors and third-party agents will comply strictly with such laws. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company resulting in a material adverse effect on the Company's reputation and results of its operations.

Climate Change

Changes in climate conditions could adversely affect Lundin Gold's business and operations through the impact of (i) more extreme temperatures, precipitation levels and other weather events; (ii) changes to laws and regulations related to climate change; and (iii) changes in the price or availability of goods and services required in its business.

Physical risks related to climate change may include more extreme temperatures, precipitation levels and other weather events. Extreme high or low temperatures could impact the operation of equipment and the safety of personnel at Fruta del Norte, which could result in damage to equipment, injury to personnel and production disruptions. Increased in precipitation levels or extreme weather events, such as severe storms or floods, which may be more probable and more extreme due to climate change, may damage critical infrastructure such as public roads, bridges and ports, negatively impact operations, disrupt production, lead to water management challenges, landslides or breach of containment facilities. Significant capital investment may be required to address these occurrences and to adapt to changes in average operating conditions caused by these changes to the climate.

Increased environmental regulation and/or the use of fiscal policy by regulators in response to concerns over climate change and other environmental impacts, such as additional taxes levied on activities deemed harmful to the environment, could have a material adverse effect on Lundin Gold's financial condition or results of operations.

The impacts of climate change may lead to changes in the price and availability of goods and services required for Fruta del Norte's operations, which depend on the regular supply of consumables such as diesel, electricity, sodium cyanide and other supplies to operate efficiently. The Company's operations also depend on service providers to transport these consumables and other goods to Fruta del Norte and to transport doré and concentrate produced by the Company to refiners and smelters, respectively. The effects of extreme weather described above and changes in legislation and regulation on the Company's suppliers and their industries may cause limited availability or higher price for these goods and services, which could result in higher costs or production disruptions.

The Company is working towards implementing the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), the purpose of which is to provide a framework to assess and disclose climate resilience. Even after completing this undertaking, the Company cannot be certain that it will have adequately assessed the risks of climate change on its business or that its efforts to mitigate the risks of climate change will be adequate or effective.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can only provide reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Claims and Legal Proceedings

Lundin Gold may be subject to claims or legal proceedings in multiple jurisdictions covering a wide range of matters that arise in the ordinary course of its current business or the Company's previous business activities which could materially adversely impact Lundin Gold.

Conflicts of Interest

Certain directors and officers of Lundin Gold are or may become associated with other mining and/or mineral exploration and development companies, which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve such a contract. In addition, directors and officers are required to act honestly and in good faith with a view to the best interests of the Company. Some of the directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and, accordingly, the Company will not be the only business enterprise of these directors and officers. Further, any failure of the directors or officers of the Company to address these conflicts in an appropriate manner or to allocate opportunities that they become aware of to the Company could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

FORWARD LOOKING STATEMENTS

Certain of the information and statements in this press release are considered "forward-looking information" or "forward-looking statements" as those terms are defined under Canadian securities laws (collectively referred to as "forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "believes", "anticipates", "expects", "is expected", "scheduled", "estimates", "pending", "intends", "plans", "forecasts", "targets", or "hopes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "will", "should" "might", "will be taken", or "occur" and similar expressions) are not statements of historical fact and may be forward-looking statements. By their nature, forward-looking statements and information involve assumptions, inherent risks and uncertainties, many of which are difficult to predict, and are usually beyond the control of management, that could cause actual results to be materially different from those expressed by these forward-looking statements and information. Lundin Gold believes that the expectations reflected in this forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct. Forward-looking information should not be unduly relied upon. This information speaks only as of the date of this press release, and the Company will not necessarily update this information, unless required to do so by securities laws.

This MD&A contains forward-looking information in a number of places, such as in statements relating to the Company's 2023 production outlook, including estimates of gold production, grade recoveries, and AISC; expected sales receipts, cash flow forecasts and financing obligations; the benefits to be derived from the early repayment of the gold prepay facility; recovery of VAT; the benefits of increased ventilation in the mine; 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; plans to update estimates of mineral resources and reserves at Fruta del Norte; the benefits from its community investment; and the Company's efforts to protect its workforce from COVID-19. There can be no assurance that such statements will prove to be accurate, as Lundin Gold's actual results and future events could differ materially from those anticipated in this forward-looking information as a result of the factors discussed in the "Risk Factors" section.

Lundin Gold's actual results could differ materially from those anticipated. Factors that could cause actual results to differ materially from any forward-looking statement or that could have a material impact on the Company or the trading price of its shares include: risks 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; 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 cost of non-compliance and compliance costs; 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.

Independent auditor's report

To the Shareholders of Lundin Gold Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Lundin Gold Inc. and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of income and comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
Fair value of the stream loan credit facility and offtake derivative liability *Refer to note 3 – Summary of significant accounting policies, note 9 – Long-term debt and note 19 – Financial instruments and risk management to the consolidated financial statements.* The Company has a stream loan credit facility and an offtake derivative liability (together, fair value financial liabilities), which management measured as financial liabilities at fair value through profit or loss. As at December 31, 2022, these fair value financial liabilities were valued at $259 million and $28 million, respectively, and management recorded a combined change in fair values of these liabilities of $21 million and $11 million during the year in net income and other comprehensive income, respectively. Management used Monte Carlo simulation valuation models to determine the fair values of these fair value financial liabilities. The significant assumptions used in the Monte Carlo simulation valuation models include: the gold forward prices, gold price volatility, the risk-free rate of return, risk-adjusted discount rates and the projected life of mine production schedule. In addition, in valuing the stream loan credit facility, the silver forward prices, silver price volatility and the gold/silver price correlation were also used as significant assumptions by management. The Monte Carlo simulation valuation models were prepared by an independent valuation specialist and the projected life of mine production schedule was based on information compiled and reviewed by qualified persons (together, management's experts).	Our approach to addressing the matter included the following procedures, among others: • With the assistance of professionals with specialized skill and knowledge in the field of financial instrument valuation, developed an independent point estimate of the fair values of the stream loan credit facility and offtake derivative liability, which included: – Independently developing expectations related to the gold forward prices, gold price volatility, the risk-free rate of return, the risk-adjusted discount rates, the silver forward prices, silver price volatility and the gold/silver price correlation based on external market and industry data. – Comparing the independent point estimates to management's estimates to evaluate the reasonableness of management's estimates. • Developing the independent point estimates also involved assessing the reasonableness of the projected life of mine production schedule, which involved: – Comparing gold and silver production volumes used to determine repayments of the stream loan credit liability up to December 31, 2022 to actual production volumes.

Key audit matter	How our audit addressed the key audit matter
We considered this a key audit matter due to (i) the significant judgments made by management, including the use of management's experts, when developing the key assumptions used in the valuation of the fair value financial liabilities; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures related to the significant assumptions; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.	– Comparing the future production volumes included in the projected life of mine production schedule on a total basis to the available quantities of recoverable reserves and resources. The work of qualified persons was used in performing the procedures to evaluate the reasonableness of the available quantity of recoverable reserves and resources included in the projected life of mine production schedule. As a basis for using this work, the competence, capabilities and objectivity of the qualified persons were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by the qualified persons, tests of the data used by the qualified persons and an evaluation of their findings. • Tested the disclosures, including the sensitivity analysis, made in the consolidated financial statements with regards to the estimate of the fair value financial liabilities.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Eric Talbot.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
February 23, 2023

LUNDIN GOLD INC.

Consolidated Statements of Financial Position
(Expressed in thousands of U.S. Dollars)

	Note	December 31, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	9, 17	$ 363,400	$ 262,608
Trade receivables and other current assets	4	169,134	167,683
Inventories	5	89,787	84,946
Advance royalty		13,000	13,000
		635,321	528,237
Non-current assets			
VAT recoverable	4	52,244	54,052
Advance royalty		16,494	29,494
Property, plant and equipment	6	781,299	835,074
Mineral properties	7	183,507	207,146
Deferred income tax asset		-	31,110
		$ 1,668,865	$ 1,685,113
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	$ 71,434	$ 67,968
Income taxes payable	16	21,445	54,847
Other current liabilities	12	2,264	-
Current portion of long-term debt	9	345,374	188,201
		440,517	311,016
Non-current liabilities			
Long-term debt	9	322,592	551,776
Other non-current liabilities	12	-	1,406
Reclamation provisions	10	7,049	6,438
Deferred income tax liabilities		46,626	-
		816,784	870,636
EQUITY			
Share capital	11	989,772	974,740
Equity-settled share-based payment reserve	12	13,856	13,570
Accumulated other comprehensive income		2,612	6,851
Deficit		(154,159)	(180,684)
		852,081	814,477
		$ 1,668,865	$ 1,685,113

Commitments (Note 21)

Approved by the Board of Directors

/s/ Ron F. Hochstein
Ron F. Hochstein

/s/ Ian W. Gibbs
Ian W. Gibbs

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

LUNDIN GOLD INC.

Consolidated Statements of Income and Comprehensive Income
(Expressed in thousands of U.S. Dollars, except share and per share amounts)

	Note	Years Ended December 31, 2022	2021
Revenues	6(b)	$ 815,666	$ 733,329
Cost of goods sold			
Operating expenses		268,816	227,436
Royalty expenses		46,458	42,657
Depletion and depreciation		130,638	107,524
		445,912	377,617
Income from mining operations		369,754	355,712
Other expenses			
Corporate administration	13	19,405	25,495
Exploration		15,450	9,065
Finance expense	14	235,711	50,928
Other expense (income)		(1,769)	2,410
Derivative loss (gain)	19(b)	(76,317)	10,713
		192,480	98,611
Net income before tax		**177,274**	**257,101**
Income tax expense (recovery)			
Current income tax expense	16	26,717	59,722
Deferred income tax expense (recovery)	16	76,999	(24,047)
		103,716	35,675
Net income for the year		**$ 73,558**	**$ 221,426**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to net income			
Currency translation adjustment		(6,436)	108
Items that will not be reclassified to net income			
Derivative gain (loss) related to the Company's own credit risk	19(b)	2,352	(22,521)
Deferred income tax expense on accumulated other comprehensive income	16	(737)	7,063
Other		582	(310)
Comprehensive income for the year		$ 69,319	$ 205,766
Income per common share			
Basic		$ 0.31	$ 0.95
Diluted		0.31	0.94
Weighted-average number of common shares outstanding			
Basic		234,815,536	232,179,557
Diluted		236,704,760	234,576,889

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

LUNDIN GOLD INC.

Consolidated Statements of Changes in Equity
(Expressed in thousands of U.S. Dollars, except number of common shares)

	Note	Number of common shares	Share capital	Equity-settled share-based payment reserve	Other reserves	Deficit	Total
Balance, January 1, 2021		230,088,337	$ 951,725	$ 14,732	$ 22,511	$ (402,110)	$ 586,858
Exercise of stock options	12	2,189,250	12,435	(3,972)	-	-	8,463
Vesting of share units	11	48,269	463	(463)	-	-	-
Exercise of anti-dilution rights	11	1,036,027	10,117	-	-	-	10,117
Stock-based compensation	12	-	-	3,273	-	-	3,273
Other comprehensive loss		-	-	-	(15,660)	-	(15,660)
Net income for the year		-	-	-	-	221,426	221,426
Balance, December 31, 2021		233,361,883	974,740	13,570	6,851	(180,684)	814,477
Exercise of stock options	12	1,355,393	8,263	(2,819)	-	-	5,444
Vesting of share units	11	41,000	406	(406)	-	-	-
Exercise of anti-dilution rights	11	477,260	3,918	-	-	-	3,918
Exercise of warrants	11	411,441	2,445	(511)	-	-	1,934
Stock-based compensation	12	-	-	4,022	-	-	4,022
Other comprehensive loss		-	-	-	(4,239)	-	(4,239)
Net income for the year		-	-	-	-	73,558	73,558
Dividends paid		-	-	-	-	(47,033)	(47,033)
Balance, December 31, 2022		235,646,977	$ 989,772	$ 13,856	$ 2,612	$ (154,159)	$ 852,081

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

LUNDIN GOLD INC.

Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. Dollars)

	Note	Years Ended December 31, 2022	2021
OPERATING ACTIVITIES			
Net income for the year		$ 73,558	$ 221,426
Items not affecting cash:			
Depletion and depreciation		130,675	107,559
Stock-based compensation	12	5,008	3,038
Derivative loss (gain)	19(b)	(76,317)	10,713
Other expense (income)		(940)	1,555
Finance expense		233,660	46,490
Deferred income tax expense (recovery)		76,999	(24,047)
		442,643	366,734
Changes in non-cash working capital items:			
Trade receivables and other current assets		2,630	(14,646)
Inventories		(7,253)	(18,889)
Advance royalty		13,000	11,967
Accounts payable and accrued liabilities		3,439	17,386
Income taxes payable		(33,402)	54,847
Interest received		5,088	353
Net cash provided by operating activities		426,145	417,752
FINANCING ACTIVITIES			
Repayments of long-term debt	9	(131,720)	(103,733)
Interest paid	9	(27,875)	(85,211)
Finance charge paid	9	(68,767)	(1,062)
Proceeds from exercise of stock options		5,444	8,463
Proceeds from exercise of anti-dilution rights	11	3,918	10,117
Proceeds from exercise of warrants		1,934	-
Dividends paid		(47,033)	-
Net cash used for financing activities		(264,099)	(171,426)
INVESTING ACTIVITIES			
Acquisition and development of property, plant and equipment, net of sales	6	(54,020)	(56,991)
VAT paid on investing activities		(6,048)	(6,118)
Net cash used for investing activities		(60,068)	(63,109)
Effect of foreign exchange rate differences on cash		(1,186)	(201)
Net increase in cash and cash equivalents		100,792	183,016
Cash and cash equivalents, beginning of year		262,608	79,592
Cash and cash equivalents, end of year		$ 363,400	$ 262,608

Supplemental cash information (Note 17)

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

(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)

1. Nature of operations

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

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

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

2. Basis of preparation

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below and have been consistently applied to all the periods presented.

These consolidated financial statements were approved for issue by the Board of Directors on February 23, 2023.

The following entities are included in these consolidated financial statements:

		Ordinary shares held	
	Country of incorporation	December 31, 2022	December 31, 2021
Aurelian Resources Inc.	Canada	100%	100%
Aurelian Resources Corporation Ltd.	Canada	100%	100%
Aurelian Exploration Inc.	Canada	100%	100%
Aurelian Menor Inc.	Canada	100%	100%
Condor Finance Corp.	Canada	100%	100%
Aurelian Ecuador S.A.	Ecuador	100%	100%
AurelianEcuador Holding S.A.	Ecuador	100%	100%
Ecoaurelian Agricola S.A.	Ecuador	100%	100%
Aurelianmenor S.A.	Ecuador	100%	100%
SurNorte Ventures Pte. Ltd.	Singapore	100%	100%
SurNorte Holdings I Pte. Ltd.	Singapore	100%	100%
SurNorte Holdings II Pte. Ltd.	Singapore	100%	100%
SurNorte S.A.	Ecuador	100%	100%

The proportion of the voting rights held directly by the parent company does not differ from the proportion of ordinary shares held.

3. Summary of significant accounting policies

The Company's principal accounting policies are outlined below:

(a) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

(b) Foreign currency translation

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the statement of income.

Group companies

The functional currency of the significant subsidiary of the Company, Aurelian Ecuador S.A., and certain other entities is U.S. dollars. Other entities which have a functional currency different from the presentation currency, including Lundin Gold Inc. whose functional currency is CAD, are translated into the presentation currency as follows:

i. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
ii. Income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
iii. All resulting exchange differences are recognized in other comprehensive loss as cumulative translation adjustments.

(c) Critical accounting estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the event that the actual results differ from assumptions made, relate to, but are not limited to, the following:

3. Summary of significant accounting policies (continued)

Mineral reserves and resources – The Company estimates its mineral reserves and resources based on information compiled and reviewed by qualified persons as defined in accordance with NI 43-101 requirements. The estimation of mineral reserves and resources requires judgment to interpret geological data and metallurgical testing, design of appropriate mining methods, recovery methods and establishment of a life of mine production schedule. The estimation of recoverable reserves is also based on assumptions such as capital costs, operating costs and metal pricing. New geological data or changes in the above assumptions may change the economic viability of reserves and may, ultimately, result in the reserves being revised. Changes in the reserve or resource estimates may impact the fair value of financial instruments, the valuation of property, plant and equipment and mineral properties, the depletion and depreciation of property, plant and equipment and mineral properties, utilization of tax losses and decommissioning and site restoration provisions.

Fair value of financial instruments – The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Company uses its judgment to select a variety of methods and makes significant assumptions that are mainly based on market conditions existing at initial recognition and at the end of each reporting period. Refer to Note 19 for further details on the methods and significant assumptions used.

Assessment of impairment indicators – Management applies significant judgement in assessing whether indicators of impairment exist for a cash generating unit which would necessitate impairment testing. Internal and external factors such as significant changes in the use of the asset, commodity prices, foreign exchange rates, capital and production forecasts, mineral reserve and resource quantities, and discount rates are used by management in determining whether there are any indicators. As at December 31, 2022, management did not identify any impairment indicators on the Company's mineral properties, property, plant, and equipment.

Deferred taxes – Deferred tax provisions are calculated by the Company while the actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities. Judgment is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet, in interpreting applicable tax laws, and what tax rate is expected to be applied in the year when the related temporary differences reverse. Deferred tax liabilities arising from temporary differences are recognized unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future production and sales volumes, gold prices, reserves and resources, operating costs, decommissioning and restoration costs, capital expenditures, dividends and other capital management transactions. These estimates and judgments are subject to risk and uncertainty and could result in an adjustment to the deferred tax provision and a corresponding credit or charge to profit.

Decommissioning and site restoration provisions – The Company has obligations for site restoration and decommissioning related to Fruta del Norte. The future obligations for decommissioning and site restoration activities are estimated by the Company using mine closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. The provision for decommissioning and site restoration is remeasured at the end of each reporting period for changes in estimates or circumstances. Changes in estimates or circumstances include changes in legal or regulatory requirements, increased obligations arising from additional mining and exploration activities, changes to cost estimates, and changes to risk-free interest rates.

3. Summary of significant accounting policies (continued)

(d) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in the statement of income.

Financial assets

The Company classifies its financial assets according to the following measurement categories:

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost.

ii. Fair value through other comprehensive loss ("FVOCI")

Assets that are held for both collection of contractual cash flows and future potential sale, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive loss.

iii. Fair value through profit or loss ("FVPL")

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company assesses the expected credit losses associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3. Summary of significant accounting policies (continued)

Financial liabilities

The Company classifies its financial liabilities according to the following measurement categories:

i. FVPL

Liabilities that are (i) held for trading or (ii) designated as FVPL, are measured at FVPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company may manage together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability that is not a financial liability held for trading may be designated as FVPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or liabilities or both, which is managed and its performance is evaluated on a fair value basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as FVPL.

The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income. The remaining amount of change in the fair value of liability is recognised in the statement of income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to the statement of income; instead, they are transferred to retained earnings upon derecognition of the financial liability.

ii. Amortized cost

Liabilities not measured at FVPL are measured subsequently at amortized cost using the effective interest method.

Financial liabilities are derecognized when, and only when, the Company's obligations are discharged, cancelled or have expired.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held with banks, which are readily convertible into known amounts of cash and which mature within 90 days from the original dates of acquisition.

(f) Inventories

Ore stockpiles, in-circuit and finished metal inventory are valued at the lower of weighted average production cost and net realizable value. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and applicable depreciation and depletion of mineral properties, plant and equipment. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and long-term metal prices less estimated future production costs to convert the inventories into saleable form and estimated costs to sell.

3. Summary of significant accounting policies (continued)

Ore stockpile inventory represents ore on the surface that has been extracted from the mine and is available for further processing. In-circuit inventory represents material in the mill circuit that is in the process of being converted into a saleable form. Finished metal inventory represents doré and concentrate located at the mine, in transit to and at port and doré at refineries.

Materials and supplies inventories are valued at the lower of weighted average cost and net realizable value with a provision recorded for obsolete or slow-moving inventory. Replacement costs of materials and spare parts are generally used as the best estimate of net realizable value.

Any write-downs of inventory to net realizable value are recorded within cost of sales in the statement of income. If there is a subsequent increase in the value of inventory, the previous write-downs to net realizable value are reversed up to cost to the extent that the related inventory has not been sold.

(g) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. The cost of an asset consists of its purchase price, any directly attributable costs of bringing the asset to its present working condition and location for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation of a majority of asset classes is calculated using the straight-line method to allocate its cost less its residual value over its estimated useful life. Mine and plant facilities are depleted using a unit of production method over the total recoverable reserves. The estimated useful lives of property, plant and equipment are as follows:

Buildings	15 to 20 years
Machinery and equipment	10 years
Vehicles	5 years
Furniture and office equipment	3 to 10 years
Mine and plant facilities	based on total recoverable reserves on a unit of production basis

Depreciation methods and estimated useful lives and residual values are reviewed annually and when facts and circumstances require a re-estimate.

The Company reviews the estimated total recoverable reserves annually and when events and circumstances indicate that such a review should be made. Changes to estimated total recoverable reserves are accounted for prospectively.

Expenditures on major maintenance or repairs, including the cost of the replacement of parts of assets and overhaul costs or where an asset or part of an asset is replaced, the expenditure is capitalized and the remaining carrying amount of the item repaired, overhauled or replaced is derecognized when it is probable that future economic benefits associated with the item will be available to the Company. All other costs are expensed as incurred.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any related gain or loss is determined as the difference between the net disposal proceeds or residual value, as applicable, and the carrying amount of the asset, and is recognized in the statement of income.

3. Summary of significant accounting policies (continued)

(h) Exploration and evaluation ("E&E") expenditures and mineral properties

Exploration and evaluation expenditures are those costs required to find a mineral property and determine commercial viability. E&E costs include costs to establish an initial mineral resource and determine whether Inferred mineral resources can be upgraded to Measured and Indicated mineral resources and whether Measured and Indicated mineral resources can be converted to Proven and Probable reserves.

E&E costs consist of, but are not limited to:

- gathering exploration data through topographical and geological studies;
- exploratory drilling, trenching and sampling;
- determining the volume and grade of the resource;
- test work on geology, metallurgy, mining, geotechnical and environmental; and
- conducting engineering, marketing and financial studies.

Project costs in relation to these activities are expensed as incurred until such time that the project demonstrates technical feasibility and commercial viability. Technical feasibility and commercial viability generally coincides with the establishment of Proven and Probable mineral reserves. Upon demonstrating technical feasibility and commercial viability, and subject to an impairment analysis, any such future costs, including costs incurred to increase Proven and Probable reserves, are capitalized as development costs within mineral properties.

After initial recognition, mineral properties are valued at cost less accumulated depletion and any impairment losses. Costs associated with acquiring a mineral property are capitalized as incurred. Upon commencement of commercial production, mineral properties are depleted based on total recoverable reserves on a unit of production basis.

The Company reviews the estimated total recoverable reserves annually and when events and circumstances indicate that such a review should be made. Changes to estimated total recoverable reserves are accounted for prospectively.

(i) Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recorded immediately if the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Fair value is the price that would be received from selling an asset or cash generating unit in an orderly transaction between market participants at the measurement date. Costs to sell are incremental costs directly attributable to the disposal of an asset or cash generating unit. Fair value less costs to sell is measured by estimating future after tax cash flows using estimated future prices, mineral reserves and resources and operating and capital costs. All inputs used are those that an independent market participant would consider appropriate.

Value in use is determined as the present value of the future cash flows expected to be derived from continuing use of an asset or cash generating unit in its present form. These estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit for which estimates of future cash flows have not been adjusted.

Non-financial assets that have been impaired in prior periods are reviewed for possible reversal of the impairment at each reporting date. When identified, a reversal of an impairment loss is recognized in the statement of income immediately.

3. Summary of significant accounting policies (continued)

(j) Provisions

Asset retirement obligations

The Company recognizes a liability for an asset retirement obligation on long-lived assets when a present legal or constructive obligation exists, as a result of past events and the amount of the liability is reasonably determinable. Asset retirement obligations are initially recognized and recorded as a liability based on estimated future cash flows discounted at a risk-free rate. This is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the risk-free discount rate. Corresponding amounts and adjustments are added to the carrying value of the related long-lived asset and amortized or depleted to operations over the life of the related asset.

(k) Current and deferred income tax

Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

i. Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted on the statement of financial position date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(l) Share capital

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

3. Summary of significant accounting policies (continued)

(m) Stock-based compensation

The Company has a stock-based compensation plan, under which the entity receives services from employees and non-employees as consideration for equity instruments (options and share units) of the Company.

Stock options and share units granted to employees are measured on the grant date. Stock options granted to non-employees are measured on the date that the goods or services are received.

The fair value of the employee and non-employee services received in exchange for the grant of the options and share units are recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the stock options and share units granted and the vesting periods. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The cash subscribed for the shares issued when the options are exercised is credited to share capital, net of any directly attributable transaction costs.

(n) Earnings per share

Basic earnings per share is computed by dividing the net income available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(o) Comprehensive income

Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as derivative gains (losses) related to the Company's own credit risk on designated financial liabilities measured at fair value through profit or loss. The Company's comprehensive income, components of other comprehensive income (loss) and cumulative translation adjustments are presented in the consolidated statements of income and comprehensive income and the statements of changes in equity.

(p) Revenue recognition

Revenues are recognized when all of the following criteria are met:

- Control has been transferred to the customer;
- Neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;
- The amount of revenue can be reliably measured;
- It is probable that the economic benefits associated with the sale will flow to the Company; and
- The costs incurred or to be incurred in respect of the sale can be reliably measured.

These conditions are generally satisfied when title passes to the customer.

Doré sales

Revenues are recorded at the time of physical delivery, which is also the date that title of the gold and silver passes to the customer. For gold, the sales price is determined in accordance with the terms of the offtake commitment (Note 9). For silver, the sales price is fixed on the date of sale based on the silver spot price.

(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)

3. Summary of significant accounting policies (continued)

Concentrate sales

Based on the terms of concentrate sales contracts with independent smelting companies, revenues are recorded when the concentrate is loaded on vessels for shipment to the customers, which is also the date that title passes to the customer. Sales prices are provisionally set at that time based on the then market 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 year 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.

4. Trade receivables and other current assets

	December 31, 2022	December 31, 2021
Trade receivables (a)	$ 86,431	$ 96,471
VAT recoverable (b)	61,883	51,838
Prepaid expenses and deposits	20,820	19,374
	$ 169,134	$ 167,683

(a) Trade receivables represent the value of concentrate sold as at period end for which the funds are not yet received. Consistent with industry standards, these sales generally have relatively long payment terms and are not settled until two to 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 December 31, 2022, an adjustment is estimated and recorded using the forward gold price at year 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 $6.1 million in trade receivables and revenues as of December 31, 2022 (December 31, 2021- nil).

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

5. Inventories

	December 31, 2022	December 31, 2021
Ore stockpile	$ 11,545	$ 19,750
Gold in circuit	5,833	3,057
Doré and concentrate	16,709	11,203
Materials and supplies	55,700	50,936
	$ 89,787	$ 84,946

During the year ended December 31, 2022, the Company recorded a provision associated obsolete or slow-moving material & supplies inventory of $5 million (December 31, 2021 - nil). The provision was recorded within cost of sales in the statement of income.

(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)

6. Property, plant and equipment

Cost	Construction-in-progress	Mine and plant facilities	Machinery and equipment	Vehicles	Furniture and office equipment	Total
Balance, January 1, 2021	$ 6,099	$ 846,018	$ 54,881	$ 22,018	$ 2,641	$ 931,657
Additions	49,591	1,129	1,009	1,917	118	53,764
Disposals and other	-	(1,260)	(25)	(857)	(74)	(2,216)
Reclassifications	(28,154)	28,154	-	-	-	-
Cumulative translation adjustment	-	57	-	-	-	57
Balance, December 31, 2021	27,536	874,098	55,865	23,078	2,685	983,262
Additions	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

Accumulated depletion and depreciation	Construction-in-progress	Mine and plant facilities	Machinery and equipment	Vehicles	Furniture and office equipment	Total
Balance, January 1, 2021	$ -	$ 36,713	$ 11,775	$ 9,349	$ 1,672	$ 59,509
Depletion and depreciation	-	77,753	6,718	4,348	439	89,258
Disposals and other	-	-	-	(508)	(74)	(582)
Cumulative translation adjustment	-	3	-	-	-	3
Balance, December 31, 2021	-	114,469	18,493	13,189	2,037	148,188
Depletion and depreciation	-	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
Net book value						
As at December 31, 2021	$ 27,536	$ 759,629	$ 37,372	$ 9,889	$ 648	$ 835,074
As at December 31, 2022	$ -	$ 740,545	$ 31,293	$ 7,727	$ 1,734	$ 781,299

(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)

7. Mineral properties

Cost		**Fruta del Norte**
Balance, January 1, 2021	$	231,097
Adjustments to restoration asset		376
Depletion		(24,327)
Balance, December 31, 2021		207,146
Depletion		(23,639)
Balance, December 31, 2022	$	183,507

8. Accounts payable and accrued liabilities

		December 31, 2022		December 31, 2021
Accounts payable	$	14,259	$	13,575
Accrued liabilities		57,175		54,393
	$	71,434	$	67,968

9. Long-term debt

		December 31, 2022		December 31, 2021
Gold prepay credit facility (a)	$	207,446	$	197,780
Stream loan credit facility (b)		259,226		263,614
Offtake derivative liability (c)		28,440		27,038
Senior debt facility (d)		172,854		251,545
	$	667,966	$	739,977
Less: current portion				
Gold prepay credit facility		207,446		65,030
Stream loan credit facility		49,223		49,087
Offtake derivative liability		4,112		3,539
Senior debt facility		84,593		70,545
Long-term portion	$	322,592	$	551,776

(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)

9. Long-term debt (continued)

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

	Gold prepay credit facility	Stream loan credit facility	Offtake derivative liability	Total
Principal	$ 78,947	$ 118,646	$ -	$ 197,593
Accrued finance charge	128,499	-	-	128,499
Transaction costs	-	(2,071)	-	(2,071)
Derivative fair value adjustments	-	142,651	28,440	171,091
Total	$ 207,446	$ 259,226	$ 28,440	$ 495,112

Derivative fair value adjustments reflect the revaluation of the financial instruments at fair value as at December 31, 2022. 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 19).

(a) Gold prepay credit facility

The Prepay Loan is a secured loan facility with a stated interest rate of 7.5% per annum with interest accruing based upon the outstanding balance. Under its scheduled quarterly repayments to maturity on June 30, 2025, payments have been applied first to principal, then to the balance of interest accrued to that date, with the excess, if any, treated as a variable additional charge (the "Finance Charge").

During the year ended December 31, 2022, the Company made payments under the Prepay Loan totaling $75.3 million (2021 – $69.3 million) of which $31.6 million (2021 – $31.6 million) was paid on account of principal; $7.5 million (2021 – $37.1 million) for accrued interest; and $36.2 million (2021 – $0.6 million) for the Finance Charge (see Note 19).

In late December, as provided under the loan facility, the Company exercised its right to terminate 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. It 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. The fair value of the Prepay Loan at December 31, 2022 was determined to be $207.4 million, comprised of the remaining unamortized principal balance and an accrued Finance Charge of $128.5 million, and was classified as part of the current portion of long-term debt.

(b) Stream loan credit facility

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

The Stream Loan is repayable in variable monthly instalments equivalent to the value of 7.75% of gold production less $400 per oz. (the "Gold Base Price") and 100% of the silver production less $4 per oz. (the "Silver Base Price") upon the start of commercial production at Fruta del Norte, up to a maximum of 350,000 oz. of gold and six million oz. of silver. The Gold Base Price and Silver Base Price will increase by 1% per annum starting in February 2023. The excess of the monthly repayments over the principal due monthly and the balance of interest accrued to that date, if any, will be a Finance Charge.

(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)

9. Long-term debt (continued)

During the year ended December 31, 2022, the Company made payments under the Stream Loan totaling $56.0 million (2021 – $47.3 million) of which $13.9 million (2021 – $12.7 million) was paid on account of principal; $9.5 million (2021 – $34.4 million) for accrued interest; and $32.6 million (2021 – $0.2 million) for the Finance Charge (see Note 19). As at December 31, 2022, based on the projected life of mine production and other significant assumptions (see Note 19), the estimated fair value equivalent to 276,841 oz. of gold and 4,618,292 oz. of silver remains outstanding under the Stream Loan.

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

(c) Offtake Commitment

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

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

(d) Senior debt facility

		Tranche A		**Tranche B**		**Total**
Principal	$	129,673	$	51,869	$	181,542
Accrued interest		1,613		483		2,096
Transaction costs		(8,032)		(2,752)		(10,784)
Total	$	123,254	$	49,600	$	172,854

The Facility is a senior secured loan comprised of two tranches: a senior commercial facility (“Tranche A”) and a senior covered facility under a raw material guarantee (“Tranche B”). The annual interest rate is the three or six-month LIBOR plus an average margin of approximately 5.02% for Tranche A and 2.50% for Tranche B. Starting in 2024, SOFR will replace LIBOR in the determination of the annual interest rate. Tranche A and Tranche B are subject to risk mitigation and guarantee fees of 2.00% and 3.15%, respectively. The Facility is repayable in variable quarterly instalments and matures in June 2026. In addition, accelerated quarterly principal repayments based on 30% of Fruta del Norte’s excess cash flow (the “Cash Sweep”) apply starting in 2022 for which an estimate is included in the current portion of long-term debt.

During the year ended December 31, 2022, the Company paid $86.2 million of principal (2021 – $59.5 million) and $10.8 million (2021 – $13.7 million) of interest relating to the Facility. The principal repaid during the year ended December 31, 2022 includes $54.7 million (2021 – nil) paid on account of the Cash Sweep.

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

(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)

10. Reclamation provision

The Company's reclamation provision relates to the rehabilitation of Fruta del Norte. The reclamation provision has been calculated based on total estimated rehabilitation costs and discounted back to its present value. The pre-tax discount rate and inflation rate are adjusted annually and reflect current market assessments. At December 31, 2022, the Company applied a pre-tax discount rate of 9.5% (2021 – 9.5%) and an inflation rate of 1.5% (2021 – 1.5%). The estimated total future liability for reclamation and remediation costs on an undiscounted basis and adjusted for an estimate of future inflation is approximately $29.1 million (2021 – $27.0 million).

	December 31, 2022	December 31, 2021
Balance, beginning of year	$ 6,438	$ 5,956
Change in discount rate, amount, and timing of cash flows	-	376
Accretion of liability component of obligations	611	106
	$ 7,049	$ 6,438

11. Share capital

Authorized:

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

During the year ended December 31, 2022, the Company issued 477,260 common shares to Newcrest Mining Limited ("Newcrest") at a weighted average price of CAD$10.50 per share for total proceeds of $3.9 million. During the year ended December 31, 2021, 1,036,027 common shares were issued at a weighted average price of CAD$11.97 per share for total proceeds of $10.1 million. Both issuances were completed in accordance with Newcrest's anti-dilution rights granted as part of its initial investment into the Company.

12. Stock-based compensation and share purchase warrants

(a) Stock-based compensation

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

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

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

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.

(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)

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

i. Stock options

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

During the year ended December 31, 2022, 772,800 stock options were granted under the Omnibus Plan which have an expiry date of five years and vest over a period of three years from date of grant.

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

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

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Number of Common Shares		Weighted exercise price (CAD)	Number of Common Shares		Weighted exercise price (CAD)
Balance, beginning of year	4,863,400	$	7.26	6,226,450	$	6.00
Granted	772,800		9.86	893,700		10.55
Forfeited	(42,884)		10.23	(67,500)		12.05
Exercised[1]	(1,355,393)		5.23	(2,189,250)		4.88
Balance outstanding, end of year	4,237,923	$	8.35	4,863,400	$	7.26
Balance exercisable, end of year	2,693,070	$	7.10	3,531,122	$	5.74

[1] The weighted average share price on the exercise date for the stock options exercised during the year ended December 31, 2022 was CAD$11.62 (2021 – CAD$10.43).

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

	Outstanding options				Exercisable options			
Range of exercise prices (CAD)	Number of options outstanding	Weighted average remaining contractual life (years)		Weighted average exercise price (CAD)	Number of options outstanding	Weighted average remaining contractual life (life)		Weighted average exercise price (CAD)
$ 4.90 to 5.30	671,400	0.54	$	5.15	671,400	0.54	$	5.15
$ 5.31 to 10.00	1,980,600	2.20		6.93	1,282,800	1.14		5.38
$ 10.01 to 12.60	1,585,923	2.77		11.48	738,870	2.54		11.85
	4,237,923	2.15	$	8.35	2,693,070	1.38	$	7.10

(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)

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

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

	2022	2021
Risk-free interest rate	1.62%	0.39%
Expected stock price volatility	36.51%	36.13%
Expected life	5 years	5 years
Expected dividend (CAD)	-	-
Weighted-average fair value per option granted (CAD)	$3.40	$3.38

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

During the year ended December 31, 2022, the Company recorded stock-based compensation expense of $2.1 million (2021 – $1.9 million) relating to stock options.

ii. Share units

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

	Restricted share units with performance criteria		Restricted share units		Deferred share units
	Settled in cash	Settled in shares	Settled in cash	Settled in shares	
Balance at January 1, 2021	148,000	-	26,700	34,600	1,639
Granted	-	187,300	-	118,300	32,738
Cancelled	-	-	(2,100)	(4,900)	-
Settled	-	-	-	(37,200)	(11,069)
Balance at December 31, 2021	148,000	187,300	24,600	110,800	23,308
Granted	-	196,500	-	86,800	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

(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)

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

Restricted share units with performance criteria ("PSUs")

During the year ended December 31, 2022, the Company granted 196,500 PSUs that are settled in shares ("Share PSUs"). In addition, in connection with the Company's inaugural dividend in the third quarter, 10,506 Share PSUs and 4,052 PSUs that are settled in cash ("Cash PSUs") were granted as Dividend Equivalents. During the year ended December 31, 2021, the Company granted 187,300 Share PSUs. Share PSUs and Cash PSUs were granted to eligible employees and vest three years from date of grant subject to continued employment and certain performance conditions being met. The number of Share PSUs and Cash PSUs that vest will be adjusted using a multiplier that is based on total shareholder return by the Company's shares over the three-year period relative to a peer group as defined by the Company's board of directors. Each vested Share PSU entitles the recipient to a payment of one common share while each vested Cash PSU entitles the recipient to a payment of one common share or cash with an equivalent market value, at the recipient's option. If the recipient elects a cash payout, the market value is determined as the volume weighted average trading price of the Company's shares on the TSX for the five trading days immediately preceding the vesting date.

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

	December 31, 2022		December 31, 2021	
	Share PSUs	Cash PSUs	Share PSUs	Cash PSUs
Risk-free interest rate	2.20%	N/A	0.89%	1.17%
Average expected volatility of the Company and its peer group	50.54%	N/A	57.53%	43.15%
Expected life	3 years	0.15 years	3 years	1.40 years
Expected dividend (CAD)	-	$0.26	-	-
Weighted-average fair value per unit (CAD)	$9.33	$13.23	$11.19	$10.14

The fair value of Share PSUs measured at grant date are being amortized over the period during which the employees become unconditionally entitled to the Share PSUs. During the year ended December 31, 2022, the Company recorded stock-based compensation expense of $0.9 million (2021 – $0.5 million) relating to Share PSUs and has recorded a liability of $2.0 million to recognize the estimated fair value of the Cash PSUs as at December 31, 2022 (2021 – $1.2 million).

Restricted share units without performance criteria ("RSUs")

During the year ended December 31, 2022, the Company granted 86,800 RSUs that are settled in shares ("Share RSUs"). In addition, in connection with the Company's inaugural dividend in the third quarter, 4,271 Share RSUs and 670 RSUs that are settled in cash ("Cash RSUs") were granted as Dividend Equivalents. During the year ended December 31, 2021, the Company granted 118,300 Share RSUs. The Share RSUs and Cash RSUs were granted to eligible employees and vest one to three years from date of grant subject to continued employment. Each vested Share RSU entitles the recipient to a payment in shares upon vesting while each vested Cash RSU entitles the recipient to a payment in cash based on the market value of one common share at the end of the three-year period. The market value is determined as the volume weighted average trading price of the Company's shares on the TSX for the five trading days immediately preceding the vesting date.

(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)

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

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

	December 31, 2022		December 31, 2021	
	Share RSUs	Cash RSUs	Share RSUs	Cash RSUs
Risk-free interest rate	1.22%	3.86%	0.22%	1.04%
Expected stock price volatility	44.54%	39.27%	53.30%	37.71%
Expected life	1.99 years	0.15 years	1.70 years	1.15 years
Expected dividend (CAD)	-	$0.26	-	-
Weighted-average fair value per unit (CAD)	$12.42	$13.86	$12.87	$11.44

The fair value of Share RSUs measured at grant date are being amortized over the period during which the employees become unconditionally entitled to the Share RSUs. During the year ended December 31, 2022, the Company recorded stock-based compensation expense of $0.9 million (2021 – $0.7 million) relating to Share RSUs and has recorded a liability of $0.3 million to recognize the estimated fair value of the Cash RSUs as at December 31, 2022 (2021 – $0.2 million).

Deferred share units ("DSUs")

During the years ended December 31, 2022 and December 31, 2021, the Company granted 10,509 DSUs and 32,738 DSUs, respectively, to non-employee directors of which 11,069 DSUs vested and were settled in 2021. In addition, in connection with the Company's inaugural dividend in the third quarter, 861 DSUs 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 year ended December 31, 2022, the Company recorded stock-based compensation expense of $0.1 million (2021 – $0.3 million) relating to DSUs.

(b) Share Purchase Warrants

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

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13. Administration

	December 31, 2022	December 31, 2021
Corporate social responsibility	$ 1,727	$ 1,170
Investor relations	380	192
Office and general	3,035	2,777
Professional fees	2,049	2,337
Regulatory and transfer agent	398	375
Salaries and benefits	6,354	5,786
Special government levy (a)	-	9,705
Stock-based compensation	5,008	3,038
Travel	454	115
	$ 19,405	$ 25,495

a) In November 2021, the Government of Ecuador enacted regulations which contained a special one-time levy to fund the Country's COVID-19 response on companies with net equity in excess of $5 million as at December 31, 2020. The special levy was fully expensed in 2021 with the first instalment paid in 2022. The second and final instalment is payable in 2023.

14. Finance expense

	December 31, 2022	December 31, 2021
Interest expense	29,972	34,187
Finance charge (Note 9)	197,266	1,062
Other finance costs (Note 9)	5,778	11,627
Accretion of transaction costs	7,783	4,405
Interest income	(5,088)	(353)
	$ 235,711	$ 50,928

15. 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 and directors is shown below.

	December 31, 2022	December 31, 2021
Salaries, bonuses and benefits	$ 5,606	$ 5,164
Stock-based compensation	3,991	2,626
	$ 9,597	$ 7,790

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16. Income taxes

(a) Income tax expense

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 loss before tax. These differences result from the following items:

	December 31, 2022	December 31, 2021
Net income before tax	$ 177,274	$ 257,101
Canadian federal and provincial income tax rates	27.00%	27.00%
Expected income tax expense based on the above rates	47,864	69,417
Increase (decrease) due to:		
Differences in foreign tax rates	9,327	12,576
Non-deductible costs	9,655	7,076
Losses and temporary differences for which an income tax asset has not been recognized	313	2,547
Non-taxable portion of capital gains	1,195	(52)
Withholding taxes (current and deferred)	11,270	-
Recognition and de-recognition of deferred tax assets	24,092	(55,889)
Income tax expense	$ 103,716	$ 35,675

The Company recognized a deferred income tax recovery in 2021 relating to deferred tax assets that are expected to be utilized as a result of expected future taxable earnings. In 2022, the de-recognition of deferred tax assets of $24.1 million is a one-time adjustment relating to a revised judgment of the application of certain tax laws in Ecuador.

(b) Deferred income taxes

Deferred tax assets and liabilities have been recognized on the statement of financial position as follows:

	December 31, 2022	December 31, 2021
Inventories	$ (2,899)	$ (1,906)
Mineral properties and property, plant and equipment	(84,162)	(55,323)
Long-term debt	37,640	78,325
Trade receivables and other current assets	4,332	6,663
Accounts payable and accrued liabilities	4,463	3,351
Other	(6,000)	-
	$ (46,626)	$ 31,110

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16. Income taxes (continued)

Deductible temporary differences for which no deferred taxes assets have been recognized are as follows:

	December 31, 2022		December 31, 2021	
Non-capital losses - Canada	$	26,648	$	31,469
Net-capital losses - Canada		5,212		15,156
Mineral properties and property, plant and equipment		45,592		24,646
Share issuance costs		637		1,871
Other		7,049		6,814
	$	85,138	$	79,956

As at December 31, 2022, the Company has the following tax losses which may be used to reduce future taxable income:

Year of expiry		**Canada**
2023	$	-
2024		-
2025		-
2026		-
2027 and onwards		26,648
Total	$	26,648

17. Supplemental cash information

Cash and cash equivalents are comprised of the following:

	December 31, 2022		December 31, 2021	
Cash	$	283,596	$	261,729
Short-term investments		79,804		879
	$	363,400	$	262,608

Other supplemental cash information:

	December 31, 2022		December 31, 2021	
Income taxes paid	$	54,376	$	-
Change in accounts payable and accrued liabilities related to:				
Acquisition of property, plant and equipment		127		(3,227)

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17. Supplemental cash information (continued)

The following table sets forth the changes in liabilities arising from financing activities for the year ended December 31, 2022.

	Gold prepay credit facility	Stream loan credit facility	Offtake derivative liability	Senior debt facility	Total
Balance, January 1, 2021	$ 248,828	$ 268,471	$ 32,308	$ 307,487	$ 857,094
Cash outflows	(68,635)	(47,091)	-	(59,500)	(175,226)
Change in derivative fair values	7,030	31,473	(5,270)	-	33,233
Other changes [1]	10,557	10,761	-	3,558	24,876
Balance, December 31, 2021	$ 197,780	$ 263,614	$ 27,038	$ 251,545	$ 739,977
Cash outflows	(39,071)	(23,478)	-	(86,209)	(148,758)
Change in derivative fair values	(89,404)	9,333	1,402	-	(78,669)
Finance charge accrued (Note 9)	128,499	-	-	-	128,499
Other changes [1]	9,642	9,757	-	7,518	26,917
Balance, December 31, 2022	$ 207,446	$ 259,226	$ 28,440	$ 172,854	$ 667,966

[1] Other changes include non-cash movements and accrual of interest and finance charge.

18. 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.

(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)

18. 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 December 31, 2022				
Current assets	$ 544,121	$ 7,978	$ 83,222	$ 635,321
Non-current assets	1,033,544	-	-	1,033,544
Total assets	1,577,665	7,978	83,222	1,668,865
Current liabilities	430,945	1,229	8,343	440,517
Non-current liabilities	337,604	-	6,000	343,604
Total liabilities	768,549	1,229	14,343	784,121
For the year ended December 31, 2022				
Capital expenditures	54,147	-	-	54,147
Revenues	815,666	-	-	815,666
Income from mining operations	369,754	-	-	369,754
Corporate administration	(4,702)	(66)	(14,637)	(19,405)
Exploration expenditures	-	(15,450)	-	(15,450)
Finance income (expense)	(236,889)	-	1,178	(235,711)
Other income (expense)	(3,304)	-	5,073	1,769
Derivative gain	76,317	-	-	76,317
Income tax expense	(92,446)	-	(11,270)	(103,716)
Net income (loss) for the year	108,730	(15,516)	(19,656)	73,558

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18. Segmented information (continued)

	Fruta del Norte	Exploration activities	Corporate and other	Total
As at December 31, 2021				
Current assets	$ 477,908	$ 2,792	$ 47,537	$ 528,237
Non-current assets	1,156,876	-	-	1,156,876
Total assets	1,634,784	2,792	47,537	1,685,113
Current liabilities	308,316	1,386	1,314	311,016
Non-current liabilities	558,214	-	1,406	559,620
Total liabilities	866,530	1,386	2,720	870,636
For the year ended December 31, 2021				
Capital expenditures	53,764	-	-	53,764
Revenues	733,329	-	-	733,329
Income from mining operations	355,712	-	-	355,712
Corporate administration	(13,605)	(200)	(11,690)	(25,495)
Exploration expenditures	-	(9,065)	-	(9,065)
Finance income (expense)	(51,265)	-	337	(50,928)
Other expense	(2,118)	20	(312)	(2,410)
Derivative loss	(10,713)	-	-	(10,713)
Deferred income tax expense	(35,620)	-	(55)	(35,675)
Net income (loss) for the year	242,391	(9,245)	(11,720)	221,426

19. Financial instruments and risk management

The Company's financial instruments include cash, cash equivalents and certain receivables, which are categorized as financial assets at amortized cost, and accounts payable and accrued liabilities, which are categorized as financial liabilities at amortized cost. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. In addition, the Gold Prepay Loan; Stream Loan; and offtake commitment have been classified as financial liabilities measured at fair value and the senior debt facility as a financial liability at amortized cost. Further, provisionally priced trade receivables of $86.4 million (2021 - $75.7 million) are measured at fair value using quoted forward market prices (level 2).

(a) Fair value measurements and hierarchy

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

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

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

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

(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)

19. Financial instruments and risk management (continued)

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

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

	Gold prepay credit facility	Stream loan credit facility	Offtake derivative liability	Total
Balance, January 1, 2021	$ 248,828	$ 268,471	$ 32,308	$ 549,607
Principal paid	(31,579)	(12,654)	-	(44,233)
Interest paid	(37,056)	(34,437)	-	(71,493)
Interest accrued at stated rate of 7.5%	9,942	10,570	-	20,512
Accretion of transaction costs	614	191	-	805
Derivative fair value adjustments recognized in:				
Net income	(3,225)	19,208	(5,270)	10,713
Other comprehensive income	10,256	12,265	-	22,521
Change in derivative fair values	7,031	31,473	(5,270)	33,234
Balance, December 31, 2021	$ 197,780	$ 263,614	$ 27,038	$ 488,432
Principal paid	(31,579)	(13,933)	-	(45,512)
Interest paid	(7,492)	(9,545)	-	(17,037)
Interest accrued at stated rate of 7.5%	7,492	9,545	-	17,037
Finance charge accrued	128,499	-	-	128,499
Accretion of transaction costs	2,150	212	-	2,362
Derivative fair value adjustments recognized in:				
Net income	(98,327)	20,608	1,402	(76,317)
Other comprehensive income	8,923	(11,275)	-	(2,352)
Change in derivative fair values	(89,404)	9,333	1,402	(78,669)
Balance, December 31, 2022	$ 207,446	$ 259,226	$ 28,440	$ 495,112

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

The valuation of the Prepay Loan at December 31, 2022 reflects the amount paid to extinguish the Prepay Loan in early January. Therefore, the fair value of Prepay Loan is reclassified from Level 3 to Level 2 of the fair value hierarchy as at December 31, 2022.

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

(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)

19. Financial instruments and risk management (continued)

As the gold price and silver price volatilities and risk-adjusted discount rates are unobservable inputs, the Stream Loan and the Offtake 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 December 31, 2022	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Stream Loan and Offtake	$ 287,666	Gold price and silver price volatilities	14% to 35%	An increase or decrease in the expected volatilities of 5% would increase or decrease the fair value of long-term debt and derivative loss by $5.5 million or $6.1 million, respectively
		Risk-adjusted discount rates	14% to 16%	An increase or decrease in risk-adjusted discount rates of 1% would decrease or increase the fair value of long-term debt and comprehensive income by $8.7 million or $9.1 million, respectively

(d) Valuation processes

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

(e) Financial risk management

The Company’s financial instruments are exposed to a variety of financial risks by virtue of its activities or by their nature.

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. Based on this exposure, a 2% change in the U.S. dollar exchange rate would give rise to an increase or decrease of approximately $1.9 million in net income for the year.

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.

19. Financial instruments and risk management (continued)

Interest rate risk

The Company is subject to interest rate risk with respect to the fair value of long-term debt which are accounted for at fair value through profit or loss and on the senior debt facilities for which interest payments are affected by movements to the LIBOR rate. Refer to Note 19(c) for the impact of changes in interest rates on the fair value of the Company's long-term debt.

Liquidity risk

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

The Company's accounts payable and accrued liabilities are due within twelve months. For the Company's long-term debt, terms of repayment are described in Note 9.

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 metal substitutes, inflation and political and economic conditions. The Company has not hedged the price of any commodity at this time.

The fair value of long-term debt accounted for at fair value through profit or loss is impacted by fluctuations of commodity prices. Based on this exposure, an increase or decrease of 5% in gold and silver prices would increase or decrease the fair value of the Stream Loan and Offtake and the derivative loss by $18 million.

20. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and operate Fruta del Norte and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk.

In the management of capital, the Company considers items included in shareholders' equity and long-term debt, including compliance with financial covenants under its senior debt facility.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's assets. In order to maintain or adjust the capital structure, the Company may choose to repay its debt facilities and/or attempt to issue new shares or debt instruments, acquire or dispose of assets, or to bring in joint venture partners.

In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

21. Commitments

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

		Capital expenditures
2023	$	3,436
2024		-
2025		-
Total	$	3,436

The Company's sales are subject to a 5% net smelter royalty payable to the Government of Ecuador and a 1% net revenue royalty payable to third parties.

Corporate Information

BOARD OF DIRECTORS
Jack Lundin, Chairman
Vancouver, Canada
Carmel Daniele
London, United Kingdom
Gillian Davidson
Edinburgh, United Kingdom
Ian Gibbs
Vancouver, Canada
Chantal Gosselin
Vancouver, Canada
Ashley Heppenstall
London, United Kingdom
Ron F. Hochstein
Vancouver, Canada
Craig Jones
Queensland, Australia
Bob Thiele
New South Wales, Australia

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

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Los Encuentros, Zamora-Chinchipe,
Ecuador

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Trading Symbol: LUG
Nasdaq Stockholm
Trading Symbol: LUG

SHARE REGISTRAR AND TRANSFER AGENT
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AUDITOR
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