LUNDIN GOLD

Building a leading Gold Company
through responsible mining

2023 ANNUAL REPORT

Dear Fellow Shareholders,

Last year was another strong year for Lundin Gold, delivering great value for shareholders. The Company, once again, continued its strong track record by meeting its upwardly revised production guidance and meeting its downwardly adjusted cost guidance, and in doing so Lundin Gold generated significant cash flow[1], highlighting the Tier 1 nature of its Fruta del Norte ("FDN") mine in Ecuador.

Cash flow is a fundamental element of Lundin Gold's value proposition, and we are in the enviable position of having considerable flexibility to use this cash flow in a variety of different ways including to support further mine and mill expansions, increase our exploration programs, strengthen our balance sheet, return capital via dividends, and for other growth initiatives. Lundin Gold's capital allocation strategy ensures that we utilize our treasury as and when needed while maintaining optionality.

In line with this, the Company exercised its right to repay in full the gold prepay credit facility in January for $207.5 million, inclusive of applicable taxes, and repay the remaining balance under our senior debt facility of $72 million in November. Both debt reduction initiatives were pursued early and well before their respective maturity dates. These strategic transactions have resulted in increased free cash flows, provided the Company with greater exposure to a strengthening gold price and given Lundin Gold greater flexibility in its capital structure to pursue operational and corporate opportunities for the benefit of the Company and its shareholders. This capital allocation strategy includes the payment of a quarterly dividend of $0.10 per share resulting in payment of dividends equal to $95 million in 2023.

Exploration success is an area of outstanding performance for Lundin Gold. Early in 2023, the Company released new estimates of Mineral Reserves and Resources for FDN. Notably, the Company's Mineral Reserve estimate was increased because of the incorporation of conversion drilling results and an update to the geological model, replacing 142% of 2022 production. During the year, Lundin Gold also significantly increased its exploration programs, with 55,000 metres drilled. Approximately 11,000 metres were drilled on the conversion program, the results of which are reflected in our year-end statement of Mineral Resources and Reserves. Just over 35,000 metres of near-mine drilling were also completed during the year, the results of which have identified significant mineralization at two primary targets, FDN South and Bonza Sur, which will be the focal points of our 2024 near-mine drilling. The regional program also continued in 2023, with approximately 8,500 metres of drilling completed, and successfully advanced the identification of important indicators that point toward the presence of buried epithermal deposits in the southern basin where FDN is located.

I am proud of the results we have been able to achieve this year, but I know we can continue to improve, and as such I am excited for what is to come in 2024. We have already commenced a $36 million Process Plant Expansion Project to increase plant throughput to 5,000 tpd and improve gold recoveries by approximately 3% with the addition of the Jameson cells technology. By the end of 2024, I am confident that we will be running at 5,000 tpd and will see an improvement in recoveries. In addition, we plan to execute the largest drill program ever on the land package that hosts FDN.

[1] Please refer to pages 16 to 18 in the Company's MD&A for the year ended December 31, 2023 for an explanation of non-IFRS measures used.

None of this would be possible without the hard work and dedication of the Lundin Gold family and our strong approach to ESG. We continue our sustainability efforts on all fronts, including publishing our second TCFD[2]-aligned climate change report and seventh annual sustainability report in May. Based on publicly available data from 152 gold mines that reported their Scopes 1 and 2 greenhouse gas emissions in 2021 and on Lundin Gold's 2022 emissions performance, the emissions intensity of FDN was among the lowest in the industry. We have set a target to be carbon neutral by 2030 and have begun the important steps to meet this goal.

In closing, FDN continues to exceed expectations. Heading into 2024, Lundin Gold is in a very strong position to continue creating value. I am excited for the year ahead.

Thank you for your continued support.

Yours truly,

Ron Hochstein
President and Chief Executive Officer

March 26, 2024

[2] Task Force on Climate-Related Financial Disclosures

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, 2023 with those of the same period from the previous year.

This MD&A is dated as of February 22, 2024 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, 2023 and 2022. 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 Accounting Standards" or "IFRS"). References to the "2023 Year" and "2022 Year" relate to the years ended December 31, 2023 and December 31, 2022, 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.sedarplus.ca.

Lundin Gold, headquartered in Vancouver, Canada, owns 28 metallic mineral concessions and three construction material concessions covering an area of approximately 64,454 hectares in southeast Ecuador, including the Fruta del Norte gold mine ("Fruta del Norte" or "FDN"). Fruta del Norte is comprised of seven concessions covering an area of approximately 5,566 hectares and is located approximately 140 km east-northeast of the City of Loja. Fruta del Norte is one of the highest-grade gold mines in production in the world today.

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

HIGHLIGHTS

Fruta del Norte generated $519 million of cash from operating activities in 2023. From this, free cash flow[1] of $263 million was generated, net of a one-time interest and finance charge payment of $129 million from the full repayment of the gold prepay facility (the "Gold Prepay Facility") during the first quarter. The senior debt facility (the "Senior Facility") was then fully repaid during the fourth quarter, leaving the stream credit facility (the "Stream Facility") as the last remaining project finance facility outstanding as at December 31, 2023.

Improving on the previous year's performance, the Company achieved annual production of 481,274 ounces ("oz") in 2023, which is in line with the high end of the Company's upwardly revised 2023 guidance range of 450,000 to 485,000 oz (original guidance of 425,000 to 475,000 oz). The increase in production was the result of higher throughput offset by slightly lower grade and recoveries. The Company achieved annual sales of 474,365 oz. From this, revenues and adjusted earnings[1] of $903 million and $204 million, respectively, were realized with cash operating cost[1] and all-in sustaining costs ("AISC")[1] of $697 and $860 per oz sold, respectively, both in line with the Company's revised 2023 guidance.

Exploration activities ramped up during 2023 with approximately 55,000 metres drilled across the conversion, near-mine, and regional programs, which represents the largest drill program to date in the district since FDN's discovery. Conversion drilling results will form the basis of an updated Mineral Resources and Reserves estimate to be completed near the end of the first quarter of 2024. At the near-mine program, exploration activities have identified a new epithermal system at Bonza Sur, which is located one kilometre south of the FDN deposit. In addition, the Company continued to identify important indicators in the regional program that point toward the presence of buried epithermal deposits in the southern basin.

[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)

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

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Tonnes ore mined	405,705	365,250	1,635,550	1,492,230
Tonnes ore milled	427,743	420,838	1,654,520	1,559,178
Average mill head grade (g/t)	8.2	10.0	10.2	10.6
Average recovery	88.1%	89.6%	88.4%	89.5%
Average mill throughput (tpd)	4,649	4,574	4,533	4,272
Gold ounces produced	99,310	121,139	481,274	476,329
Gold ounces sold	98,005	119,890	474,365	470,103

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Revenues ($'000)	190,688	210,961	902,518	815,666
Average realized gold price ($/oz sold)[1]	2,021	1,814	1,958	1,789
Income from mining operations ($'000)	78,051	92,095	435,180	369,754
Earnings before interest, taxes, depreciation, and amortization ($'000)[1]	67,274	141,274	493,976	543,660
Adjusted earnings before interest, taxes, depreciation, and amortization ($'000)[1]	95,908	112,057	526,045	467,343
Net income (loss) ($'000)	11,062	(68,259)	179,457	73,558
Basic income (loss) per share ($)	0.05	(0.29)	0.76	0.31
Cash provided by operating activities ($'000)	92,574	133,390	519,395	426,145
Free cash flow ($'000)[1]	62,330	91,179	263,473	269,435
Cash operating cost ($/oz sold)[1]	832	713	697	671
All-in sustaining costs ($/oz sold)[1]	1,062	865	860	805
Free cash flow per share ($)[1]	0.26	0.39	1.11	1.15
Adjusted net earnings ($'000)[1]	33,236	33,584	204,310	125,003
Adjusted net earnings per share ($)[1]	0.14	0.14	0.86	0.53
Dividends paid ($'000)	23,782	-	94,914	47,033
Dividends paid per share ($)	0.10	-	0.40	0.20

[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 2023 Year is due to non-cash derivative losses of $28.6 million and $32.1 million, respectively, and related taxes associated with fair value accounting of the Stream Facility. In 2022, this was also affected by a one-time finance charge accrual of $128 million associated with the early repayment of the Gold Prepay Facility. The non-cash derivative loss is driven by numerous factors including expected production profile, anticipated forward gold and silver prices, and yields. Non-cash derivative gains (or losses) associated with decreased (or increased) short-term production and anticipated decreasing (or increasing) forward gold and silver prices are recorded in the statement of operations, while non-cash derivative gains (or losses) associated with increasing (or decreasing) yields are recorded in the statement of other comprehensive income.

These non-cash gains or losses are derived from complex valuation modelling and accounting treatment which are explained in more detail later in this MD&A. Revaluation of these obligations has and will continue to result in considerable period-to-period volatility in the Company's net income, comprehensive income, current and long-term liabilities and do not necessarily reflect the amounts that will be repaid when the obligations become due.

<u>Year ended December 31, 2023</u>

- Gold production was 481,274 oz, comprised of 310,831 oz in concentrate and 170,443 oz as doré.
- A total of 1,635,550 and 1,654,520 tonnes of ore were mined and processed, respectively. Ore inventory management is the primary reason for the difference between ore mined and processed.
- The average grade of ore milled was 10.2 grams per tonne (g/t) with average recovery at 88.4%. Recoveries were affected by processing of ore from sectors that contain higher levels of finely disseminated sulphide minerals which impacted flotation recovery.
- The Company sold a total of 474,365 oz of gold, consisting of 306,005 oz in concentrate and 168,360 oz as doré at an average realized gold price[1] of $1,958 per oz sold for total revenues from gold sales of $929 million. Net of treatment and refining charges, revenues for 2023 were $903 million.
- Cash operating costs[1] and AISC[1] for 2023 were $697 and $860 per oz of gold sold, respectively, which are in line with the Company's revised 2023 guidance.
- The Company generated cash from operating activities of $519 million and free cash flow[1] of $263 million or $1.11 per share resulting in a cash balance of $268 million at December 31, 2023.
- Earnings before interest, taxes, depreciation, and amortization[1] ("EBITDA") and adjusted EBITDA[1] were $494 million and $526 million, respectively, with the difference resulting from derivative losses recognized during the year.
- Net income was $179 million including a derivative loss of $32.1 million, and net of corporate, exploration, finance costs, and associated taxes. Adjusted earnings[1], which exclude the derivative loss and related taxes, were $204 million, or $0.86 per share.
- The Company filed an updated technical report for Fruta del Norte in accordance with *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* ("NI 43-101") on March 31, 2023, which added 1.58 million ounces of gold to the original Mineral Reserve estimate, more than replacing mined Mineral Reserves since the beginning of operations.[2]

<u>Fourth quarter of 2023</u>

- Gold production was 99,310 oz, comprised of 65,298 oz in concentrate and 34,012 oz as doré.
- During the fourth quarter, 405,705 tonnes of ore were mined while the mill processed 427,743 tonnes of ore at an average throughput of 4,649 tonnes per day ("tpd").
- The average ore grade milled was 8.2 grams per tonne with average recovery at 88.1%. The lower ore grade experienced during the quarter was expected based on the current mine plan.
- The Company sold a total of 98,005 oz of gold, consisting of 65,223 oz in concentrate and 32,782 oz as doré at an average realized gold price[1] of $2,021 per oz sold for total gross revenues from gold sales of $198 million. Net of treatment and refining charges, revenues for the quarter were $191 million.
- Cash operating costs[1] and AISC[1] were $832 and $1,062 per oz of gold sold, respectively. Both metrics were impacted by a decrease in oz sold compared to previous quarters and, in particular, AISC[1], was impacted by the timing of sustaining capital expenditures incurred.
- Income from mining operations was $78.1 million and the Company generated free cash flow[1] of $62.3 million from operations, or $0.26 per share.

[1] Refer to "Non-IFRS Measures" section in this MD&A.
[2] Refer to the "Amended NI 43-101 Technical Report Fruta del Norte Mine Ecuador" filed on www.sedarplus.ca on March 31, 2023.

- EBITDA[1] and net income were $67.3 million and $11.1 million, respectively, while adjusted EBITDA[1] and adjusted earnings[1] were $95.9 million and $33.2 million, respectively. The derivative loss of $28.6 million has been excluded in the calculations of adjusted EBITDA[1] and adjusted earnings[1].

Capital Expenditures

Sustaining Capital

- Total sustaining capital spent during the year was $47.9 million, of which $14.5 was spent during the fourth quarter.
- The fourth raise of the tailings dam and underground mine maintenance facility were completed during the fourth quarter. The new warehouse was completed during the second quarter.
- The 2023 conversion drilling program focused on the north-central and southern extensions of FDN with approximately 11,233 metres drilled across 79 holes.
  - In the southern sector, 51 drill holes were completed and mostly intercepted the mineralized zones associated with manganoan carbonate, chalcedony veins and sulphides.
  - In the north-central sector, 28 drill holes were completed and positive assay results are associated with zones of hydrothermal breccias along the downdip extension and the north limit of FDN.
  - The geological and mineral resource model is nearly complete, and an updated Mineral Resources and Reserves estimate is expected before the end of the first quarter of 2024.
- Other sustaining capital projects such as extending two underground levels to the south for the 2024 conversion drill program, implementing a mine dispatch system, upgrading the sewage treatment plants, and other efficiency improvement projects were well-advanced in 2023 and are expected to be completed in 2024.

Process Plant Expansion Project

- The Process Plant Expansion Project is expected to deliver increased plant throughput to 5,000 tpd and increased metallurgical recoveries of approximately 3% by the end of 2024 with upgrades to the concentrate dewatering, new tailings and reclaim lines, the addition of three Jameson cells, and other ancillary works. During the fourth quarter, expenditures of $0.9 million were incurred of the total estimated expansion project capital estimate of $36.0 million.

Health, Safety and Community

Health and Safety

- During 2023, there were no Lost Time Incidents ("LTI") and seven Medical Aid Incidents ("MAI").
- FDN operations has had more than one year and over 7.6 million hours worked without a LTI as of December 31, 2023. Subsequent to the reporting period, FDN operations experienced an LTI on February 2, 2024.
- The Total Recordable Incident Rate across exploration and operations was 0.24 per 200,000 hours worked during 2023.

Community

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

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

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

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

Exploration

Near-Mine Program
During the year, the Company completed a total of 35,305 metres across 68 holes from surface and underground, of which approximately 13,372 metres across 31 holes were drilled in the fourth quarter. Drilling from underground explored to the east and at depth of the FDN deposit, while drilling from surface continued to test along the extensions of the controlling structures of the FDN deposit.

- The surface drilling program continues along the south extension of the East Fault, where Bonza Sur and the FDN South ("FDNS") targets were discovered. During the fourth quarter, 14 surface drill holes were completed, mostly at Bonza Sur, where the drilling program continues to indicate continuity of mineralization. Exploratory holes were also completed along the north and south extensions of the FDN deposit and at the FDN East target.
  - At Bonza Sur, located only one kilometre from FDN, seven surface drill holes were completed and continue to expand the recently discovered epithermal system. Drilling continued to achieve multiple positive intersections and has extended mineralization along north-south strike as well as at depth. The mineralized zones are represented by veins/veinlets of quartz and minor chalcedony and manganoan-carbonate associated with the occurrence of sulphides. The Bonza Sur mineralization has already been identified for more than 1.1 kilometres along the north-south strike and for at least 500 metres along the downdip and remains open in all directions.
  - At FDNS, three surface drill holes were completed along the south extension which intercepted gold mineralization with variable widths. This vein system remains open along the northeast-southwest direction and at depth.
  - The exploratory drilling program aimed to explore new sectors advanced on distinct targets near the FDN deposit. At FDN East, one drill hole intercepted zones of hydrothermal alteration hosted on volcanic rocks associated to gold mineralization. In the north extension of the FDN deposit, three exploratory holes were completed and intercepted large zones of hydrothermal alteration with narrow intervals of gold mineralization.
- The underground drilling program continues to explore the continuity of the FDN deposit at depth and beyond the major east and west faults. During the fourth quarter of 2023, a total of 17 drill holes were completed. At depth, in the north sector of the FDN deposit, the drilling program confirmed hydrothermal alteration zones and gold mineralization below the mineral envelope of FDN. In the southern sector, the drill holes intercepted hydrothermal alteration zones represented by manganoan-carbonate veins/veinlets with sulfides and narrow intervals of gold mineralization along the downdip extension. Furthermore, the drilling program continued to explore the continuity of the FDN mineral envelope beyond the East fault and one drill hole intercepted narrow zones of hydrothermal alteration with no significant gold mineralization.

Regional Program
The regional program continued to advance the identification of important indicators that point toward the presence of buried epithermal deposits in the southern basin. The 2023 drilling program focused on distinct sectors along the southeastern and southwestern borders of the Suarez basin and a total of 3,120 metres across five drill holes were completed in the fourth quarter resulting in 8,461 metres completed under the 2023 program across 12 drill holes. Regional drilling focused on the Crisbel, Barbasco SE and Quebrada La Negra targets.

- At the Crisbel target, two drill holes were completed testing a geochemical soil anomaly (gold and epithermal pathfinder elements such as Sb, As) along the southwest contact between the Suarez Border and the volcanic sequence. Limited hydrothermal alteration was intercepted and no significant results were returned.

- At Barbasco SE, one drill hole was completed and tested the extension of the FDN East Fault along the southeastern extension of the Suarez basin. Zones of hydrothermal alteration with illite-silica was intercepted, suggesting the presence hydrothermal activity in this sector.

- At Quebrada La Negra, two drill holes tested a Au-As-Sb soil anomaly and silicified conglomerate outcrops. The drilling intercepted zones of hydrothermal alteration represented by silica-illite-marcasite with associated chalcedony veinlets, suggesting further follow up drilling is required in this sector. Results are pending.

Newcrest Earn-In Agreement

At the end of the fourth quarter, Newcrest Mining Limited ("Newcrest"), a subsidiary of Newmont Corporation ("Newmont"), elected not to exercise its option to proceed to earn a 25% interest in Surnorte S.A., which holds eight exploration concessions located to the north and south of Fruta del Norte. As a result, the earn-in agreement has been terminated. The Company is now assessing various options for some or all of these concessions.

Corporate

- The Company paid quarterly dividends of $0.10 per share for a total of $94.9 million during the year.
- With the release of its 2023 year-end results, the Company has declared a cash dividend of $0.10 per share which is payable on March 25, 2024 (March 28, 2024 for shares trading on Nasdaq Stockholm) to shareholders of record on March 8, 2024.
- The Company's second TCFD-aligned climate change report and seventh annual sustainability report were published in May. Based on publicly available data from 152 gold mines that reported their Scopes 1 and 2 greenhouse gas emissions in 2021 and on Lundin Gold's 2022 emissions performance, the emissions intensity of Fruta del Norte was among the lowest in the industry. The Company has set a target to be carbon neutral by 2030 with respect to its Scopes 1 and 2 emissions based on its current life of mine plan.
- A number of changes to the Company's directors and officers took place in 2023:
  - Upon the acquisition of the Company's largest shareholder, Newcrest, by Newmont, on November 6, 2023, the Company appointed two new directors to the Board as Newmont nominees: Ms. Melissa Harmon and Mr. Scott Langley. Mr. Craig Jones and Ms. Jill Terry, the former Newcrest nominees, resigned from the Board on the same day.
  - At the Company's annual shareholders' meeting on May 15, 2023, Ms. Angelina Mehta was elected as a director, replacing Ms. Chantal Gosselin who did not stand for re-election.
  - The Company announced the appointment of Mr. Christopher Kololian as Chief Financial Officer shortly after the retirement of Mr. Alessandro Bitelli, Executive Vice President and Chief Financial Officer.
  - Mr. Terry Smith was appointed as Chief Operating Officer and with the departure of Mr. Nathan Monash, Vice President, Sustainability, Ms. Sheila Colman took on the role of Vice President, Legal and Sustainability and Corporate Secretary.
  - Ms. Iliana Rodriguez, Vice President, Human Resources, departed the Company early in the first quarter.

SELECTED ANNUAL FINANCIAL INFORMATION

(Expressed in thousands of U.S. dollars, except share and per share amounts)	2023	2022	2021
Revenues	$ 902,518	$ 815,666	$ 733,329
Income from mining operations	435,180	369,754	355,712
Derivative gain (loss) for the year	(32,069)	76,317	(10,713)
Net income for the year	179,457	73,558	221,426
Basic income per share	$ 0.76	$ 0.31	$ 0.95
Diluted income per share	0.75	0.31	0.94
Weighted-average number of common shares outstanding			
Basic	237,026,367	234,815,536	232,179,557
Diluted	239,151,461	236,704,760	234,576,889
Total assets	$ 1,468,209	$ 1,668,865	$ 1,685,113
Long-term debt (current and long-term)	305,647	667,966	739,977
Working capital	346,859	194,804	217,221

Year ended December 31, 2023 compared to the year ended December 31, 2022

During 2023, net income of $179 million was generated compared to net income of $73.6 million during 2022. The increase in net income is principally attributable to the one-time effect in 2022 of the accrual of a finance charge of $128 million from the full repayment of the Gold Prepay Facility.

Income from mining operations

Income from mining operations increased to $435 million during 2023 compared to $370 million in 2022. This increase is primarily attributable to an increase in average realized gold price[1] from $1,789 to $1,958 per oz sold which increased revenues from $816 million to $903 million, partially offset by a resulting increase in royalties as well as the additional cost of an increase in tonnes mined and milled which was further impacted by a decrease in grade and recoveries.

Corporate administration

Corporate administration costs of $21.0 million were incurred during 2023 compared to $19.4 million during 2022. The increase is mainly driven by payments made to certain long-serving employees upon the end of their employment with the Company.

Exploration

Exploration costs were $23.7 million during 2023 compared to $15.5 million during 2022 with the increase being driven by activities under the near-mine program which was only launched during the second half of 2022.

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

Finance expense

Finance expense of $85.3 million was incurred during 2023 compared to $241 million during 2022. Finance expense during 2022 includes interest incurred on the Senior Facility, Gold Prepay Facility, and Stream Facility ($30.0 million) and finance charges under the Gold Prepay Facility and Stream Facility ($197 million), which were largely attributable to the repayment of the Gold Prepay Facility. In comparison, the full repayment of the Gold Prepay Facility in January 2023 has resulted in a reduction in interest and finance charges combined with lower interest expense from the declining balance and full repayment of the Senior Facility in November 2023.

Derivative gains or losses

Derivative gains and losses in the statement of operations and other comprehensive income are driven by the Company's debt obligations under the Stream Facility which are classified as financial liabilities at fair value. In 2022, derivative gains and losses were also impacted by the fair value accounting of the Gold Prepay Facility. During 2023, the Company made scheduled principal, interest, and finance charge repayments totalling $79.9 million under the Stream Facility, based on gold and silver prices at the time of repayment. This was offset by a non-cash increase of this debt obligation of $35.3 million due to a change in its estimated fair value between December 31, 2022 and December 31, 2023. This variation is recorded as derivative gains or losses, in the statement of operations and other comprehensive income in the applicable period. The fair value calculated under the Company's accounting policies is based on numerous estimates noted below as of the balance sheet date and are, therefore, subject to further future variations until the debt obligation is repaid by the Company.

Fair value is determined using Monte Carlo simulation models. The key inputs used by the Monte Carlo simulation include gold and silver forward prices, the Company's expectation about the gold and silver forward curves, gold and silver volatility, risk-free rate of return, risk-adjusted discount rate, and production expectations. Relatively small variations in some of these inputs can give rise to significant variations in the fair value of financial liabilities; hence, the large derivative gains and losses recorded to date. The combined net impact of these factors is an increase in the fair value of the Stream 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 in 2023.

- The value of future repayments under the Stream Facility is based on forward gold and silver price estimates at time of repayment. Spot gold prices at December 31, 2023 were higher compared to December 31, 2022 and as a result, forward prices have followed suit. This has resulted in an increase in the estimated fair value of the debt obligation at the current balance sheet date and the recognition of derivative losses in the statement of operations during the 2023 Period. The opposite occurred during the 2022 Period. Fair values at a point in time do not necessarily reflect the amounts that will actually be repaid when the obligation becomes due in the future. While significant derivative gains or losses will continue to be recognized at each reporting period, the potentially more significant impact of the same change in forward gold and silver prices on the value of future production and revenue forecasts to be generated during the same periods when the debt obligation will be repaid cannot be recognized because of the inherent uncertainty and risks associated with actually realizing such production and sales.

- The timing of future gold and silver production impacts the fair value of the Stream 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 Facility 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 short-term gold and silver production, which resulted in a higher fair value of the Stream 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 Facility is dependent not only on the Company's own weighted average cost of capital, but also on market conditions. These include inflation, interest rates, economic conditions, both local and industry specific, and other factors outside of the Company's control. The change in fair value due to a variation in the Company's credit risk must be recorded as a loss or gain in other comprehensive income ("OCI") rather than in the statement of operations.

Income taxes

Income tax expense of $106 million was recognized during 2023, which is comprised of current and deferred income tax expenses of $76.9 million and $28.6 million, respectively, compared to $104 million during 2022. Income tax expense during 2022 includes 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,

In addition to corporate income taxes in Ecuador which are levied at a rate of 22%, income tax expense includes a 5% Ecuadorean withholding tax on the anticipated portion of net income generated from FDN to be paid in the form of dividends, and an accrual for the portion of profit sharing payable to the Government of Ecuador, which is calculated at a rate of 12% of the estimated net income for tax purposes for the quarter. The employee portion of profit sharing payable, calculated at a rate of 3% of net income for tax purposes, is considered an employee benefit and is included in operating expenses.

(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 Accounting Standards as applicable to interim financial reporting. The following table provides highlights from the Company's financial statements over the past eight quarters (unaudited).

	2023 Q4	2023 Q3	2023 Q2	2023 Q1
Revenues	$ 190,688	$ 211,172	$ 243,930	$ 256,728
Income from mining operations	$ 78,051	$ 99,620	$ 124,801	$ 132,708
Derivative gain (loss) for the period	$ (28,634)	$ 11,678	$ 321	$ (15,434)
Net income for the period	$ 11,062	$ 53,782	$ 63,148	$ 51,465
Basic income per share	$ 0.05	$ 0.23	$ 0.27	$ 0.22
Diluted income per share	$ 0.05	$ 0.22	$ 0.26	$ 0.22
Weighted-average number of common shares outstanding				
Basic	237,665,855	237,411,813	236,943,432	236,062,529
Diluted	239,745,358	239,583,745	239,190,085	238,123,015
Additions to property, plant and equipment	$ 15,791	$ 15,744	$ 13,245	$ 4,384
Total assets	$ 1,468,209	$ 1,516,866	$ 1,508,831	$ 1,467,040
Long-term debt (current and long-term)	$ 305,647	$ 361,109	$ 396,588	$ 434,175
Working capital	$ 346,859	$ 313,794	$ 268,095	$ 256,853

	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

Three months ended December 31, 2023 compared to the three months ended December 31, 2022

During the fourth quarter of 2023, the Company generated net income of $11.1 million compared to a net loss of $68.3 million during the same quarter in 2022. The loss during the fourth quarter of 2022 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 $191 million from the sale of 98,005 oz of gold and income from mining operations of $78.1 million. This compares to revenues of $211 million from the sale of 119,890 oz of gold and income from mining operations of $92.1 million in the same quarter in 2022. The decrease is primarily attributable to a decrease in oz produced and sold as the increase in mill throughput was offset by a decrease in grade and recoveries.

Corporate administration

Corporate administration costs decreased from $4.9 million during the fourth quarter of 2022 to $4.5 million during the fourth quarter of 2023 which is mainly due to a decrease in stock-based compensation expense. It should be noted that stock-based compensation is a non-cash cost which reflects the revaluation and amortization of the estimated fair value of equity compensation such as share options and units 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 expense

Exploration costs were $8.4 million in the fourth quarter of 2023 compared to $4.9 million during the fourth quarter of 2022. The increase is mainly due to increased drilling at the near-mine program where approximately 13,400 metres were drilled during the fourth quarter of 2023 compared to 4,700 metres during the same period in 2022.

Finance expense

Finance expense decreased to $20.9 million during the quarter compared to $161 million during the same period in 2022. Finance expense during the fourth quarter of 2022 was impacted by the full repayment of the Gold Prepay Facility (refer to the same caption under "Year ended December 31, 2023 compared to the year ended December 31, 2022" earlier in the MD&A for a full description of this expense).

Derivative gain

A derivative loss of $28.6 million was recorded during the fourth quarter of 2023 compared to a derivative gain of $29.2 million in the fourth quarter of 2022 (refer to the same caption under "Year ended December 31, 2023 compared to the year ended December 31, 2022" earlier in the MD&A for an explanation derivative gains and losses).

Income taxes

Income tax expense decreased from $18.3 million during the fourth quarter of 2022 to $8.5 million during the fourth quarter of 2023. The decrease is due to one-time adjustments in 2022 for deferred income taxes of $24.1 million as described above which was offset by the tax effect of the accrual of the finance charge for the full repayment of the Gold Prepay Facility.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2023, the Company had cash of $268 million and a working capital balance of $347 million compared to cash of $363 million and a working capital balance of $195 million at December 31, 2022.

The change in cash during 2023 was primarily due to the full repayment of the Gold Prepay Facility of $208 million; full repayment of the Senior Facility totalling $193 million, including interest; principal repayments, interest and finance charges, including associated taxes, under the Stream Facility totalling $79.9 million; dividends of $94.9 million; and cash outflows of $53.5 million relating to investing activities. This is offset by cash generated from operating activities of $519 million, which is net of a $25 million voluntary advance income tax payment to the Government of Ecuador during the fourth quarter that will reduce the Company's corporate income tax payment due in April 2024, and proceeds from the exercise of stock options and anti-dilution rights totalling $14.2 million.

The Stream Facility is the last remaining debt on the Company's balance sheet following the full repayment of both the Gold Prepay Facility and Senior Facility during 2023. The Company has the option to repay (i) 50% of the Stream Facility outstanding on June 30, 2024 for $150 million and / or (ii) the other 50% outstanding on June 30, 2026 for $225 million.

Trade receivables

The majority of trade receivables represent the value of concentrate and doré sold as at period end for which the funds are not yet received. Revenues and related trade receivables for concentrate sales are initially recorded at provisional gold prices. Subsequent determination of final gold prices can range from one to four months after shipment depending on the customer. For sales that are provisionally priced at period end, an estimate of the adjustment to the trade receivable is calculated based on the expected month when the final gold price is forecast to be determined and the related forward price of gold at the end of the reporting period. At December 31, 2023, this resulted in an estimated increase of $7.8 million ($6.1 million at December 31, 2022) to trade receivables.

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

VAT receivables

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

Advanced royalties

Advanced 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 a current asset based on expected utilization over the next twelve months.

Inventories

Gold inventory is recognized in the ore stockpiles and in-production inventory, comprised principally of concentrate and doré at site or in transit to port or to the refinery, with a component of gold-in-circuit. Ore stockpile inventory has decreased primarily due to lower grade and tonnage in the stockpiles compared to December 31, 2022. The high value of material and supplies, comprised of consumables and spare parts, reflects the Company's assessment of the procurement cycles due to the remoteness of FDN and higher costs of materials and supplies on hand.

Investment activities

Investment activities during 2023 are comprised principally of sustaining capital expenditures for the fourth raise of the tailings dam and other capital projects. In addition, preliminary costs were incurred relating to the plant upgrade project.

Liquidity and capital resources

The Company generated strong operating cash flow during 2023 and expects to continue to do so in 2024 and beyond based on its production and AISC guidance. At current gold prices, this strong operating cash flow will continue to support near mine and regional exploration, planned capital expenditures, further plant expansion, growth initiatives and regular dividend payments under the approved dividend policy.

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

FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, cash equivalents and certain receivables, which are categorized as financial assets at amortized cost, and accounts payable and accrued liabilities, which are categorized as financial liabilities at amortized cost. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. In addition, the Stream Facility and offtake commitment have been classified as financial liabilities at fair value. Further, provisionally priced trade receivables of $93.0 million (December 31, 2022 - $86.4 million) are measured at fair value using quoted forward market prices.

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

Currency risk

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

Credit risk

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

Concentration of credit risk

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

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.

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Liquidity risk

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

Commodity price risk

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

The fair value of a portion of the Company's trade receivables as well as the Stream Facility are impacted by fluctuations of commodity prices.

COMMITMENTS

Significant capital expenditures contracted as at December 31, 2023 but not recognized as liabilities are as follows:

		Capital expenditures
2024	$	15,016
2025		1,096
2026		-
Total	$	16,112

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, 2023 and December 31, 2022 there were no off-balance sheet transactions. The Company has not entered into any specialized financial arrangements to minimize its currency risk.

OUTSTANDING SHARE DATA

As at the date of this MD&A, there were 238,146,346 common shares issued and outstanding. There were also stock options outstanding to purchase a total of 3,308,671 common shares, 562,852 restricted share units with a performance criteria, 175,201 restricted share units, and 13,467 deferred share units.

OUTLOOK

Gold production at FDN in 2024 is projected to be between 450,000 to 500,000 oz based on an average throughput rate of 4,500 tpd as previously announced. This is based on average recoveries of 89% and average head grade of 9.9 g/t, with variations expected during the year. The $36 million Process Plant Expansion Project to increase plant throughput to 5,000 tpd by the end of 2024 and improve metallurgical recoveries with the addition of three Jameson cells commenced during the fourth quarter of 2023. With the installation of the Jameson technology in late 2024, the Company expects gold recoveries to improve by approximately 3%.

Cash operating costs[1] are estimated to average between $680 and $740 per oz of gold sold in 2024 and AISC[1] is expected to average between $820 and $890 per oz of gold sold, based on an assumed gold price of $1,900/oz and silver price of $22.50/oz. Both cash operating costs[1] and AISC[1] will vary throughout the year. These cost estimates are based on slightly higher unit costs compared to 2023 mainly due to increased royalties resulting from the increase in assumed gold price.

Total sustaining capital in 2024 is expected to range between $35 to $45 million and will include conversion drilling, preliminary works for future tailings storage facility ("TSF") expansion, implementation of a mine dispatch system, upgrade of camp facilities, replacement of mobile equipment and a few projects that will be carried over from 2023, such as upgrades to the wastewater treatment plants and upgrades to mine maintenance and administration facilities.

Based on the results of its 2023 conversion drilling program, the Company intends to release updated estimates of Mineral Reserves and Resources for FDN near the end of the first quarter of 2024. Lundin Gold also expects to expand its near-mine and regional exploration programs with a planned 56,000 metres of drilling in 2024 utilizing a minimum of nine rigs. Approximately 46,000 metres of drilling is planned at the near-mine program with an estimated cost of $30 million. Underground drilling will continue exploring below the current FDN resource envelope, while surface drilling will primarily focus on the FDNS and Bonza Sur targets, as well as other targets to the north and east of FDN. Five surface rigs are currently drilling, two of them exploring Bonza Sur, two along the south and north extensions of FDN respectively, and one at FDN East.

The regional program will focus on several exploration targets located in the 16 kilometre long Suarez Basin, with the objective of identifying new epithermal systems. Approximately 10,000 metres of drilling is planned for the 2024 regional program and is estimated to cost $12 million. The 2024 exploration drilling program is expected to be the largest ever conducted on the land package hosting FDN.

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

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

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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 Accounting Standards and do not have a standardized meaning prescribed by IFRS Accounting Standards. 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,		Year ended December 31,	
	2023	2022	2023	2022
Revenues	$ 190,688	$ 210,961	$ 902,518	$ 815,666
Treatment and refining charges	10,101	8,995	39,206	34,947
Less: silver revenues	(2,722)	(2,461)	(12,755)	(9,481)
Gold sales	$ 198,067	$ 217,495	$ 928,969	$ 841,132
Gold oz sold	98,005	119,890	474,365	470,103
Average realized gold price	$ 2,021	$ 1,814	$ 1,958	$ 1,789

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,		Year ended December 31,	
	2023	2022	2023	2022
Net income (loss) for the period	$ 11,062	$ (68,259)	$ 179,457	$ 73,558
Adjusted for:				
Finance expense	20,933	160,630	85,269	240,799
Finance income	(4,362)	(2,862)	(12,964)	(5,088)
Income tax expense	8,532	18,327	105,581	103,716
Depletion and depreciation	31,109	33,438	136,633	130,675
EBITDA	$ 67,274	$ 141,274	$ 493,976	$ 543,660
Derivative loss (gain)	28,634	(29,217)	32,069	(76,317)
Adjusted EBITDA	$ 95,908	$ 112,057	$ 526,045	$ 467,343

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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 Accounting Standards.

	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Net income for the period	$ 11,062	$ (68,259)	$ 179,457	$ 73,558
Adjusted for:				
Finance charge on early prepayment of gold prepay	-	128,499	-	128,499
Derivative loss (gain)	28,634	(29,217)	32,069	(76,317)
Income tax expense (recovery) relating to derivative loss (gain)	(6,460)	2,561	(7,216)	(737)
Adjusted earnings	$ 33,236	$ 33,584	$ 204,310	$ 125,003
Basic weighted average shares outstanding	237,665,855	235,332,039	237,026,367	234,815,536
Adjusted basic earnings per share	$ 0.14	$ 0.14	$ 0.86	$ 0.53

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, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Operating expenses	$ 70,998	$ 74,461	$ 278,802	$ 268,816
Royalty expenses	10,534	11,004	51,934	46,458
Cash operating costs	$ 81,532	$ 85,465	$ 330,736	$ 315,274
Gold oz sold	98,005	119,890	474,365	470,103
Cash operating cost per oz sold	$ 832	$ 713	$ 697	$ 671

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.

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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 gold oz sold to arrive at a per oz amount.

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

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Cash operating costs	$ 81,532	$ 85,465	$ 330,736	$ 315,274
Corporate social responsibility	572	480	2,260	1,727
Treatment and refining charges	10,101	8,995	39,206	34,947
Accretion of restoration provision	167	153	669	611
Sustaining capital	14,449	11,132	47,822	35,542
Less: silver revenues	(2,722)	(2,461)	(12,755)	(9,481)
All-in sustaining cost	$ 104,099	$ 103,764	$ 407,938	$ 378,620
Gold oz sold	98,005	119,890	474,365	470,103
All-in sustaining cost per oz sold	$ 1,062	$ 865	$ 860	$ 805

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,	
	2023	2022	2023	2022
Net cash provided by operating activities	$ 92,574	$ 133,390	$ 519,395	$ 426,145
Net cash used for investing activities	(13,749)	(15,481)	(53,483)	(60,068)
Interest paid	(3,694)	(7,188)	(19,843)	(27,875)
Finance charge paid	(12,801)	(19,542)	(182,596)	(68,767)
Free cash flow	$ 62,330	$ 91,179	$ 263,473	$ 269,435
Basic weighted average shares outstanding	237,665,855	235,332,039	237,026,367	234,815,536
Free cash flow per share	$ 0.26	$ 0.39	$ 1.11	$ 1.15

CRITICAL ACCOUNTING ESTIMATES

The Company's material accounting policies are presented in Note 3 in the Notes to the audited consolidated financial statements for the year ended December 31, 2023.

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 20 of the audited consolidated financial statements for the year ended December 31, 2023 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, 2023, 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, 2024 is expected to be published on or about May 8, 2024.

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, 2023, 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 Accounting Standards. 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 Accounting Standards.

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 Accounting Standards 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, 2023, 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 specifically 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 or changes to tax regulations, 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 experiencing a period of instability. In 2023, former President Guillermo Lasso did not complete his term due to the triggering of "muerte cruzada", a constitutional mechanism whereby the Presidency and the National Assembly was dissolved, and elections were held. A new National Assembly was elected and Daniel Noboa, from the

National Democratic Action (ADN) party, was elected to assume the presidency in November 2023 for a period of 18 months, being the balance of Former President Lasso's term. It is uncertain if President Noboa's presidency will bring stability to the country given a variety of challenges including, but not limited to, lack of majority in the National Assembly, the significant national debt, the security situation, the condition of the economy and the brevity of President Noboa's term. The instability present in Ecuador, and overall risks associated with foreign operations, may impact the Company's operations and financial results. In addition, this instability could impact the Company's ability to obtain financing in the future or to obtain such financing on terms favourable to the Company. This may, in turn, impact the Company's ability to execute on further acquisitions, developments or exploration if financing is required.

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, the legislative uncertainty regarding the consultation process for environmental licenses may pose a risk for future permitting of 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. The Company prioritizes sourcing goods and services locally, where possible. The Company's local procurement activities and employment, however, may not meet the expectations of local communities which may negatively impact community relations. 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 this potential risk.

Forecasts Relating to Production and Costs

Lundin Gold provides estimates of future production (including production rate, gold grade and milling recovery estimates) and future costs for Fruta del Norte, including cash operating cost, AISC, and capital cost 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 mill expansion; and, the receipt and maintenance of permits.

Failure to achieve production, gold grade, cash flow and capital and operating 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 and costs, may be impacted by the production outlook. Failure to meet production targets will have an adverse effect on cash flows, earnings and the Company's overall financial condition. Actual production rate, gold grade, milling recovery, cash flow and costs may vary from estimates for a variety of reasons, including, among other things: varying 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 types or 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, variability of ore types 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 falls of ground underground, 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, and contractual obligations.

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.

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. Recently, Ecuador has experienced periods of heightened security risk. Risks and uncertainties include, but are not limited to, terrorism, hostage taking, extortion, 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, including supply chains and logistics, and profitability.

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 require significant cash and financial expenditure and could pose operational challenges, 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 or interpretation, 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.

Tax Changes in Ecuador

Tax regimes in Ecuador may be subject to differing interpretations and are subject to change without notice. Increasingly, the fiscal condition of the country is driving the Government to focus on tax reforms. The Company's interpretation of tax law as applied to its transactions and activities may differ with that of the tax authorities, including the introduction of new or modified taxes, and may be disputed, notwithstanding the economic stability provided to Lundin Gold under its Exploitation Agreement and Investment Protection Agreement. 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 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.

Waste Disposal/Tailings

The Company recognizes that tailings management is one of the most material environmental issues for mining companies globally. Mining operations generate residual materials from mining and processing in the form of tailings containing chemicals and metals. The tailings are stored in an engineered TSF and maintaining the integrity of the TSF requires appropriate engineering design, quality construction, quality control, ongoing operating discipline with respect to maintenance and monitoring, in addition to effective governance processes. The TSF may be subject to ground movements, deteriorating ground conditions, or extraordinary weather events.

Although the Company conducts extensive maintenance and monitoring, engages external consultants and incurs significant costs to maintain the TSF, unanticipated failures or damage as well as changes to laws and regulations may occur that could cause injuries, production loss, environmental damage which may affect nearby communities, a loss event in excess of insurance coverage, reputational damage, potential for a temporary shutdown of a portion or all of the operations at Fruta del Norte, or other materially adverse effects on the Company's operations and financial condition resulting in significant monetary losses, restrictions on operations and/or legal liability.

Additionally, Fruta del Norte relies on successive raises of the TSF in order meet tailings capacity requirements, the schedule of which relies upon production estimates and other assumptions, and may, in the future, require a new tailings location. The Company's ability to meet those obligations relies on a number of factors, which may include financing, permitting, and identifying an appropriate location. The Company's inability to do so may make potential expansion of FDN not possible or not economically viable.

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.

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.

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's 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 payment of dividends and 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.

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 and capital 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, including those caused by climate change, sabotage, community uprisings, NGO activities, 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.

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 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.

Control of Lundin Gold

As at the date hereof, Newmont 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, Newmont is also a secured lender of the Company, as the Stream Facility lender. As such, Newmont 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.

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.

Dividends

The Company commenced paying dividends on its common shares in 2022. Any payments of dividends on the Company's common shares will depend upon the financial requirements of the Company to finance future growth, the financial condition of the Company, 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.

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 Mineral 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, geotechnical incidents, 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.

Human Rights

The Company is committed to upholding and respecting the United Nations ("UN") Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and to honouring our commitment as a signatory of the UN Global Compact. Notwithstanding the Company's efforts to conduct its activities in a manner consistent with those principles, Lundin Gold may not be able to identify and assess all potential human rights impacts of its business. Any potential human right abuses either internally or externally, such as through third party business relationships, corruption, unequal treatment of ethnic minorities, gender discrimination, use of child labour, land use rights, supply chain sourcing, could have a material adverse impact on the Company's reputation, as well as present legal and financial risks arising from failing to respect and/or reinforce human rights.

Employee Misconduct

The Company is reliant on the good character of its employees and is subject to the risk that employee misconduct could occur. Although the Company takes precautions to prevent and detect employee misconduct, these precautions may not be effective and the Company could be exposed to unknown and unmanaged risks or losses. The existence of our Code of Business Conduct and Ethics, among other governance and compliance policies and processes, may not prevent incidents of theft, dishonesty or other fraudulent behaviour nor can Lundin Gold guarantee compliance with legal and regulatory requirements. Such misconduct could result in unknown and unmanaged damage or losses, including regulatory sanctions and serious harm to the Company's reputation. If material employee misconduct occurs, Lundin Gold's business, results of operations, financial condition and the value of its common shares could be adversely affected.

Measures to Protect Biodiversity, 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.

Furthermore, despite the measures taken by the Company to preserve biodiversity which may be impacted by its activities, there remains a risk that Lundin Gold may, directly or indirectly, harm the biodiversity in the areas that the Company operates or within the vicinity of the operations. As a result of heightened scrutiny from investors, any of these events could result in liability for the Company and a loss of reputation which may lead to increased challenges in developing and maintaining government and community relations, decreased investor confidence, and act as an impediment to the Company's overall ability to advance its projects, or to access financing in the future.

Global Economic Conditions

Global financial markets are experiencing extreme volitivity as a result increasing input cost, inflation, increased interest rates, unprecedented government debts, including in Ecuador, the ongoing hostilities in Ukraine and Palestine and sanctions imposed by nations on Russia and Belarus. Events in global financial markets, and the volatility of global financial conditions, will continue to have an impact on the global economy. Many industries, including the mining sector, are impacted by market conditions. Some of the key impacts of financial market turmoil include devaluations and high volatility in global equity, commodity price volatility, foreign exchange risk and a lack of market liquidity. Financial institutions and large corporations may be forced into bankruptcy or need to be rescued by government authorities. Access to financing may also be negatively impacted by liquidity crises. These factors may impact the Company's ability to obtain equity or debt financing and, where available, to obtain such financing on terms favourable to the Company.

Increased levels of volatility and market turmoil could have an adverse impact on the Company's operations, planned growth, profitability and the trading price of the Company's common shares.

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.

Competition for New Projects

The mining industry is very competitive, particularly with respect to properties that produce, or are capable of producing, gold, and in particular of a quality and concentration comparable to Fruta del Norte. As the Company faces significant and increasing competition from a number of large established companies, some of which have greater financial and technical resources than the Company, for a limited number of suitable acquisition opportunities, the Company may be unable to acquire such mining properties which it desires on terms it considers acceptable. As a result, there can be no assurance that the Company's growth strategy will be successful and yield new Mineral Reserves to replace or expand current Mineral Reserves or that the Company will be able to maintain production levels in the future.

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 Company's 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.

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.

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 employees or 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 operations or 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.

Pandemics, Epidemics or Infectious Disease Outbreak

Disruptions caused by pandemics, epidemics or infectious disease outbreaks 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 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".

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. Increases 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 recently committed to carbon neutrality with respect to its Scopes 1 and 2 emissions by 2030 based on its current life of mine plan. While the Company is actively engaged in implementing decarbonization initiatives and exploring offset opportunities, it is uncertain whether Lundin Gold will be able to achieve its goal of carbon neutrality. As a result of heightened scrutiny from investors on climate change action, the inability of the Company to show progress against this target could damage Lundin Gold's emissions profile and its reputation, which may lead to decreased investor confidence, devaluation of Lundin Gold as a potential target or counter party in corporate transactions and be act an impediment to the Company's overall ability to access financing in the future.

The Company regularly considers the potential risks of climate change to its operations. Despite these efforts, 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.

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 and is required to report it when discovered, 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 of 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. In addition, the Company's monitoring and reporting activities may strain relations with local communities, some of the members of which engage in illegal mining. 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.

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.

Ability to Maintain Obligations or Comply with Debt

Lundin Gold is subject to restrictive covenants under its Stream Facility. The Company's debt 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 a limited recourse guaranty 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 or other debt instruments that may arise. If Lundin Gold were to default on its obligations under the Stream 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.

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.

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.

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 landforms 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.

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 2024 production outlook, including estimates of gold production, grades recoveries and AISC; operating plans and costs; cash flow forecasts and financing obligations; the potential to exercise the buyback of the Stream Facility; the Company's estimated capital and sustaining costs; completion of sustaining capital projects; benefits of the Company's community programs; the Company's declaration and payment of dividends pursuant to its dividend policy; the timing and the success of its drill program at Fruta del Norte and its other exploration activities; estimates of Mineral Resources and Reserves at Fruta del Norte and plans to update the same; and completion of the process plant expansion project and benefits to be derived therefrom. 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: instability in Ecuador; community relations; forecasts relating to production and costs; mining operations; security; non-compliance with laws and regulations and compliance costs; tax changes in Ecuador; waste disposal and tailings; government or regulatory approvals; environmental compliance; gold price; infrastructure; dependence on a single mine; exploration and development; control of Lundin Gold; availability of workforce and labour relations; dividends; information systems and cyber security; Mineral Reserve and Mineral

Resource estimates; title matters and surface rights and access; health and safety; human rights; employee misconduct; measures to protect biodiversity; endangered species and critical habitats; global economic conditions; shortages of critical resources; competition for new projects; key talent recruitment and retention; market price of the Company's shares; social media and reputation; insurance and uninsured risks; pandemics, epidemics or infectious disease outbreak; climate change; illegal mining; conflicts of interest; ability to maintain obligations or comply with debt; violation of anti-bribery and corruption laws; internal controls; claims and legal proceedings; and reclamation obligations.

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, 2023 and 2022, 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 Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- 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.

PricewaterhouseCoopers LLP
250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada, V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806, ca_vancouver_main_fax@pwc.com

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, 2023. 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.

Key audit matter	How our audit addressed the key audit matter
Fair value of the stream credit facility and offtake derivative liability *Refer to note 3 – Summary of material accounting policies, note 9 – Long-term debt and note 20 – Financial instruments and risk management to the consolidated financial statements.* The Company has a stream 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, 2023, these fair value financial liabilities were valued at $276 million and $29 million, respectively, and management recorded a combined change in fair values of these liabilities of $32 million and $3 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 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	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 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 credit facility up to December 31, 2023 to actual production volumes. – 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

was based on information compiled and reviewed by qualified persons (together, management's experts).

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.

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 Accounting Standards, 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 22, 2024

LUNDIN GOLD INC.

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

	Note		December 31, 2023		December 31, 2022
ASSETS					
Current assets					
Cash and cash equivalents	9, 18	$	268,025	$	363,400
Trade receivables and other current assets	4		163,456		169,134
Inventories	5		89,406		89,787
Advance royalty			13,000		13,000
			533,887		635,321
Non-current assets					
VAT recoverable	4		51,904		52,244
Advance royalty			3,494		16,494
Property, plant and equipment	6		718,896		781,299
Mineral properties	7		160,028		183,507
		$	1,468,209	$	1,668,865
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	8	$	74,824	$	71,434
Income taxes payable	17		48,488		21,445
Other current liabilities	12		-		2,264
Current portion of long-term debt	9		63,716		345,374
			187,028		440,517
Non-current liabilities					
Long-term debt	9		241,931		322,592
Reclamation provisions	10		8,722		7,049
Deferred income tax liabilities	17		74,722		46,626
			512,403		816,784
EQUITY					
Share capital	11		1,008,932		989,772
Equity-settled share-based payment reserve	12		14,535		13,856
Accumulated other comprehensive income			1,955		2,612
Deficit			(69,616)		(154,159)
			955,806		852,081
		$	1,468,209	$	1,668,865

Commitments (Note 22)

Approved by the Board of Directors

/s/ Ron F. Hochstein
Ron F. Hochstein

/s/ Ian W. Gibbs
Ian W. Gibbs

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, 2023	2022
Revenues	13	$ 902,518	$ 815,666
Cost of goods sold			
Operating expenses		278,802	268,816
Royalty expenses		51,934	46,458
Depletion and depreciation		136,602	130,638
		467,338	445,912
Income from mining operations		435,180	369,754
Other expenses			
Corporate administration	14	21,032	19,405
Exploration		23,720	15,450
Finance expense	15	85,269	240,799
Finance income		(12,964)	(5,088)
Other expense (income)		1,016	(1,769)
Derivative loss (gain)	20(b)	32,069	(76,317)
		150,142	192,480
Net income before tax		**285,038**	**177,274**
Income tax expense			
Current income tax expense	17	76,934	26,717
Deferred income tax expense	17	28,647	76,999
		105,581	103,716
Net income for the year		**$ 179,457**	**$ 73,558**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to net income			
Currency translation adjustment		1,299	(6,436)
Items that will not be reclassified to net income			
Derivative gain (loss) related to the Company's own credit risk	20(b)	(3,241)	2,352
Deferred income tax recovery (expense) on accumulated other comprehensive income	17	552	(737)
Other		733	582
Comprehensive income for the year		$ 178,800	$ 69,319
Income per common share			
Basic		$ 0.76	$ 0.31
Diluted		0.75	0.31
Weighted-average number of common shares outstanding			
Basic		237,026,367	234,815,536
Diluted		239,151,461	236,704,760

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, 2022		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
Exercise of stock options	12	1,156,552		6,930		(2,394)		-		-		4,536
Vesting of share units	11	255,679		2,613		(1,406)		-		-		1,207
Exercise of anti-dilution rights	11	800,840		9,617		-		-		-		9,617
Stock-based compensation	12	-		-		4,479		-		-		4,479
Other comprehensive loss		-		-		-		(657)		-		(657)
Net income for the year		-		-		-		-		179,457		179,457
Dividends paid		-		-		-		-		(94,914)		(94,914)
Balance, December 31, 2023		237,860,048	$	1,008,932	$	14,535	$	1,955	$	(69,616)	$	955,806

LUNDIN GOLD INC.

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

	Note	Years Ended December 31, 2023	2022
OPERATING ACTIVITIES			
Net income for the year		$ 179,457	$ 73,558
Items not affecting cash:			
Depletion and depreciation		136,633	130,675
Stock-based compensation	12	4,468	5,008
Derivative loss (gain)	20(b)	32,069	(76,317)
Other expense (income)		2,080	(940)
Finance expense		72,119	233,660
Deferred income tax expense		28,647	76,999
		455,473	442,643
Changes in non-cash working capital items:			
Trade receivables and other current assets		9,391	2,630
Inventories		133	(7,253)
Advance royalty		13,000	13,000
Accounts payable and accrued liabilities		2,436	3,439
Income taxes payable		27,043	(33,402)
Other non-current liabilities		(1,045)	-
Interest received		12,964	5,088
Net cash provided by operating activities		519,395	426,145
FINANCING ACTIVITIES			
Repayments of long-term debt	9	(278,030)	(131,720)
Interest paid	9	(19,843)	(27,875)
Finance charge paid	9	(182,596)	(68,767)
Proceeds from exercise of stock options		4,536	5,444
Proceeds from exercise of anti-dilution rights	11	9,617	3,918
Proceeds from exercise of warrants		-	1,934
Dividends paid		(94,914)	(47,033)
Net cash used for financing activities		(561,230)	(264,099)
INVESTING ACTIVITIES			
Acquisition and development of property, plant and equipment	6	(48,235)	(54,020)
VAT paid on investing activities		(5,248)	(6,048)
Net cash used for investing activities		(53,483)	(60,068)
Effect of foreign exchange rate differences on cash		(57)	(1,186)
Net increase (decrease) in cash and cash equivalents		(95,375)	100,792
Cash and cash equivalents, beginning of year		363,400	262,608
Cash and cash equivalents, end of year		$ 268,025	$ 363,400

Supplemental cash information (Note 18)

(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 Accounting Standards"). 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 22, 2024.

The following entities are included in these consolidated financial statements:

	Country of incorporation	Ordinary shares held December 31, 2023	Ordinary shares held December 31, 2022
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 material 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 Canadian dollars ("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 material 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 20 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, 2023, 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 inflation and discount rates.

3. Summary of material 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 material 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 or 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 material 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	5 to 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 material 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 material 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 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 material 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.

3. Summary of material 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 revenues and trade receivables 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.

(q) IFRS pronouncements

Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The International Accounting Standards Board ("IASB") amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is material accounting policy information and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

These amendments are effective for annual periods beginning on or after January 1, 2023. The Company has modified certain disclosures to reflect this new IFRS pronouncement.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 Income Taxes require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognised in the opening balance of retained earnings, or another component of equity, as appropriate.

This amendment is effective for annual periods beginning on or after January 1, 2023. As the Company has recognized deferred taxes associated with its restoration provision, there was no impact by the adoption of this new standard.

(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 material accounting policies (continued)

Amendments to IAS 12 - International Tax Reform – OECD Pillar Two Model Rules

In May 2023, the IASB issued amendments to IAS 12 Income Taxes to clarify the application of IAS 12 to income taxes arising from tax law enacted or substantively enacted related to the Pillar Two model rules published by the Organization for Economic Co-operation and Development ("OECD"). The amendments require a mandatory temporary exception which prohibits the accounting for deferred taxes arising from tax law that implements the Pillar Two model rules. This amendment was effective immediately upon its release. The amendments also require disclosures that explain an entity's exposure to Pillar Two income taxes. These disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2023, but are not required for interim periods before December 31, 2023. The Company has not included additional disclosures arising from this amendment in these financial statements for the year ended December 31, 2023 because the impact was not material.

In August 2023, Finance Canada released, for public consultation, the draft legislation to implement the OECD's Pillar Two global minimum tax regime. As at December 31, 2023, there was no tax legislation enacted or substantively enacted related to the Pillar Two model in the jurisdictions the Company operates.

4. Trade receivables and other current assets

	December 31, 2023	December 31, 2022
Trade receivables (a)	$ 93,036	$ 86,431
VAT recoverable (b)	23,409	61,883
Prepaid expenses and others (c)	47,011	20,820
	$ 163,456	$ 169,134

(a) Trade receivables represent the value of concentrate and doré sold as at period end for which the funds are not yet received. Consistent with industry standards, concentrate sales generally have relatively long payment terms and are not settled until two to five months after export.

Concentrate sales are first recorded based on provisional prices. For sales that are provisionally priced as at December 31, 2023, 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 $7.8 million in trade receivables as of December 31, 2023 (December 31, 2022 - $6.1 million).

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

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

(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)

5. Inventories

	December 31, 2023	December 31, 2022
Ore stockpile	$ 6,922	$ 11,545
Gold in circuit	7,849	5,833
Doré and concentrate	17,868	16,709
Materials and supplies	56,767	55,700
	$ 89,406	$ 89,787

As at December 31, 2023, the Company maintained a provision of $7.0 million (December 31, 2022 - $5.0 million) associated with obsolete or slow-moving materials & supplies inventory generally accumulated during the construction of Fruta del Norte.

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, 2022	$ 27,536	$ 874,098	$ 54,865	$ 23,078	$ 2,685	$ 983,262
Additions	18,569	29,715	2,202	2,311	1,350	54,147
Disposals and other	-	(1,953)	(3,154)	(795)	(612)	(6,514)
Reclassifications	(46,105)	46,105	-	-	-	-
Cumulative translation adjustment	-	(841)	-	-	(5)	(846)
Balance, December 31, 2022	-	947,124	54,913	24,594	3,418	1,030,049
Additions	7,009	39,320	649	1,076	1,110	49,164
Disposals and other	-	-	(5,971)	(1,230)	(1,995)	(9,196)
Cumulative translation adjustment	-	297	-	-	10	307
Balance, December 31, 2023	$ 7,009	$ 986,741	$ 49,591	$ 24,440	$ 2,543	$ 1,070,324

(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 (continued)

Accumulated depletion and depreciation	Construction-in-progress	Mine and plant facilities	Machinery and equipment	Vehicles	Furniture and office equipment	Total
Balance, January 1, 2022	$ -	$ 114,469	$ 18,493	$ 13,189	$ 2,037	$ 148,188
Depletion and depreciation	-	92,689	6,640	4,426	264	104,019
Disposals and other	-	(410)	(1,513)	(748)	(612)	(3,283)
Cumulative translation adjustment	-	(169)	-	-	(5)	(174)
Balance, December 31, 2022	-	206,579	23,620	16,867	1,684	248,750
Depletion and depreciation	-	100,225	6,481	3,946	589	111,241
Disposals and other	-	-	(5,432)	(1,230)	(1,995)	(8,657)
Cumulative translation adjustment	-	92	-	-	2	94
Balance, December 31, 2023	$ -	$ 306,896	$ 24,669	$ 19,583	$ 280	$ 351,428
Net book value						
As at December 31, 2022	$ -	$ 740,545	$ 31,293	$ 7,727	$ 1,734	$ 781,299
As at December 31, 2023	$ 7,009	$ 679,845	$ 24,922	$ 4,857	$ 2,263	$ 718,896

7. Mineral properties

Cost	Fruta del Norte
Balance, January 1, 2022	$ 207,146
Adjustments to restoration asset	-
Depletion	(23,639)
Balance, December 31, 2022	183,507
Adjustments to restoration asset	1,004
Depletion	(24,483)
Balance, December 31, 2023	$ 160,028

(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)

8. Accounts payable and accrued liabilities

		December 31, 2023		December 31, 2022
Accounts payable	$	16,750	$	14,259
Accrued liabilities		58,074		57,175
	$	74,824	$	71,434

9. Long-term debt

		December 31, 2023		December 31, 2022
Gold prepay credit facility (a)	$	-	$	207,446
Stream credit facility (b)		276,183		259,226
Offtake derivative liability (c)		29,464		28,440
Senior debt facility (d)		-		172,854
	$	305,647	$	667,966
Less: current portion				
Gold prepay credit facility		-		207,446
Stream credit facility		59,568		49,223
Offtake derivative liability		4,148		4,112
Senior debt facility		-		84,593
Long-term portion	$	241,931	$	322,592

The stream credit facility (the “Stream Facility”) 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, 2023.

		Stream loan credit facility		**Offtake derivative liability**		**Total**
Principal	$	101,105	$	-	$	101,105
Transaction costs		(1,859)		-		(1,859)
Derivative fair value adjustments		176,937		29,464		206,401
Total	$	276,183	$	29,464	$	305,647

Derivative fair value adjustments reflect the revaluation of the financial instruments at fair value as at December 31, 2023. The derivative gain or loss related to the Company’s own credit risk recorded in other comprehensive income includes the impact of the difference between the Company’s own credit risk at the time of entering into the long-term debt and the statement of financial position date (see also Note 20).

9. Long-term debt (continued)

(a) Gold prepay credit facility (the "Gold Prepay Facility")

In late December, as provided under the Gold Prepay 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. On that day, a payment of $207.5 million was made to extinguish the Gold Prepay Facility, inclusive of interest of $0.1 million accrued between January 1 to January 5, 2023. Repayment was based on a gold price fixed near the end of December 2022 and a negotiated amount of equivalent ounces per quarter for the last ten remaining quarters at that time. As at December 31, 2022, the fair value of the Gold Prepay Facility at 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 Facility

The Stream Facility 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 Facility is repayable in variable monthly instalments equivalent to the value of 7.75% of gold production less $404 per oz. (the "Gold Base Price") and 100% of the silver production less $4.04 per oz. (the "Silver Base Price") up to a maximum of 350,000 oz. of gold and six million oz. of silver. The Gold Base Price and Silver Base Price will increase by 1% in February of each year. The excess of the monthly repayments over the principal due monthly and the balance of interest accrued to that date, if any, is a variable additional charge (the "Finance Charge").

The Company has elected to measure the Stream Facility as a financial liability at fair value through profit or loss. During the year ended December 31, 2023, the Company made payments under the Stream Facility totaling $79.9 million (2022 – $56.0 million) of which $17.5 million (2022 – $13.9 million) was paid on account of principal; $8.3 million (2022 – $9.5 million) for accrued interest; and $54.1 million (2022 – $32.6 million) for the Finance Charge (see Note 20). As at December 31, 2023, based on the projected life of mine production and other significant assumptions (see Note 20), the estimated fair value equivalent to 235,912 oz. of gold and 4,523,029 oz. of silver remains outstanding under the Stream Facility.

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

(c) Offtake commitment (the "Offtake")

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

The Company has determined that the Offtake represents a derivative financial liability. Accordingly, the Offtake, which is primarily a function of the gold price option feature, is measured at fair value at each statement of financial position date, with changes in the derivative fair value being recorded in profit or loss. As at December 31, 2023, based on the projected life of mine production and other significant assumptions (see Note 20), the estimated fair value equivalent of 1,733,865 oz of gold remains outstanding under the Offtake.

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

During the year ended December 31, 2023, the Company paid $181.5 million of principal (2022 – $86.2 million) and $11.5 million (2022 – $10.8 million) of interest relating to the Senior Facility which includes the election to fully repay the Senior Facility on November 14, 2023. Following the full repayment of the Senior Facility, the remaining balance of deferred transaction costs were recognized within finance expense. The full repayment was completed in accordance with the terms of the Senior Facility without any fees or penalties due to the senior lenders.

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9. Long-term debt (continued)

Under the long-term debt, the Company, together with its subsidiaries related to Fruta del Norte (collectively, the "FDN Subsidiaries"), remain subject to a number of covenants. In addition, 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.

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, 2023, the Company applied a pre-tax discount rate of 9.4% (2022 – 9.5%) and an inflation rate of 1.4% (2022 – 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 $30.2 million (2022 – $29.1 million).

	December 31, 2023	December 31, 2022
Balance, beginning of year	$ 7,049	$ 6,438
Change in discount rate, amount, and timing of cash flows	1,004	-
Accretion of liability component of obligations	669	611
Balance, end of year	$ 8,722	$ 7,049

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, 2023, the Company issued 800,840 common shares to Newmont Corporation ("Newmont"), indirectly through its subsidiary Newcrest Canada Inc. ("Newcrest"), at a weighted average price of CAD$16.37 per share for total proceeds of $9.6 million. During the year ended December 31, 2022, 477,260 common shares were issued to Newcrest at a weighted average price of CAD$10.50 per share for total proceeds of $3.9 million. These issuances were completed in accordance with anti-dilution rights granted from an initial investment into the Company by Newcrest, which was recently acquired by Newmont.

12. Stock-based compensation

Under an omnibus incentive plan (the "Omnibus Plan") that allows for the reservation of a maximum 6% of the common shares issued and outstanding for issuance at any given time, the Company may grant stock options, restricted share units and deferred share units (collectively, the "Awards"). Subject to specific provisions under the Omnibus Plan, the eligibility, vesting period, term, and number of Awards are granted at the discretion of the Company's board of directors.

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

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12. Stock-based compensation (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 three or four years from date of grant. No additional stock options can be granted under the Option Plan.

During the year ended December 31, 2023, 530,600 stock options were granted under the Omnibus Plan.

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, 2023		Year ended December 31, 2022	
	Number of stock options	Weighted average exercise price (CAD)	Number of stock options	Weighted average exercise price (CAD)
Balance, beginning of period	4,237,923	$ 8.35	4,863,400	$ 7.26
Granted	530,600	14.13	772,800	9.86
Forfeited	(17,002)	10.00	(42,884)	10.23
Exercised[(1)]	(1,156,552)	5.28	(1,355,393)	5.23
Balance outstanding, end of period	3,594,969	$ 10.18	4,237,923	$ 8.35
Balance exercisable, end of period	2,299,121	$ 9.30	2,693,070	$ 7.10

[(1)] The weighted average share price on the exercise date for the stock options exercised during the year ended December 31, 2023 was CAD$16.11 (2022 - CAD$11.62).

The following table summarizes information concerning outstanding and exercisable options at December 31, 2023:

	Outstanding options			Exercisable options		
Range of exercise prices (CAD)	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (CAD)	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (CAD)
$ 5.22 to 5.40	801,300	0.16	$ 5.36	801,300	0.16	$ 5.36
$ 5.41 to 11.00	1,433,069	2.66	10.13	714,417	2.50	10.23
$ 11.01 to 16.12	1,360,600	2.49	13.08	783,404	1.29	12.48
	3,594,969	2.04	$ 10.18	2,299,121	1.27	$ 9.30

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12. Stock-based compensation (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:

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

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, 2023, the Company recorded stock-based compensation expense of $1.8 million (2022 – $2.1 million).

ii. Share units

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

	Restricted share units with performance criteria		Restricted share units		
	Settled in cash or shares	Settled in shares	Settled in cash	Settled in shares	Deferred share units
Balance at January 1, 2022	148,000	187,300	24,600	110,800	23,308
Granted	-	196,500	-	86,800	10,509
Granted – Dividend Equivalent	4,052	10,506	670	4,271	861
Cancelled	-	(17,054)	-	-	-
Settled	-	-	-	(41,000)	-
Balance at December 31, 2022	152,052	377,252	25,270	160,871	34,678
Granted	-	167,300	-	134,884	9,007
Granted - Dividend Equivalent	-	18,300	-	5,744	607
Cancelled	-	-	(5,752)	(24,652)	-
Settled	(152,052)	-	(19,518)	(101,646)	(30,825)
Balance at December 31, 2023	-	562,852	-	175,201	13,467

Restricted share units with performance criteria ("PSUs")

During the year ended December 31, 2023, the Company granted 167,300 PSUs that are settled in shares ("Share PSUs"). In addition, in connection with dividends paid during the year ended December 31, 2023, 18,300 Share PSUs were granted as Dividend Equivalents. During the year ended December 31, 2022, the Company granted 196,500 Share PSUs. In addition, in connection with the Company's inaugural dividend paid in 2022, 10,506 Share PSUs and 4,052 PSUs that are settled in cash or common shares, at the recipient's option, ("Cash PSUs") were granted as Dividend Equivalents.

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12. Stock-based compensation (continued)

All Cash PSUs were settled through a combination of payment of cash or issuance of shares during the year ended December 31, 2023. Share PSUs are granted to eligible employees and vest three years from date of grant subject to continued employment and certain performance conditions being met. The number of Share PSUs that vest will be adjusted using a multiplier that is based on total shareholder return by the Company's shares over the three-year period relative to a peer group as defined by the Company's board of directors. Each vested Share PSU entitles the recipient to a payment of one common share.

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

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

The fair value of Share PSUs measured at grant date are being amortized over the period during which the employees become unconditionally entitled to the Share PSUs. During the year ended December 31, 2023, the Company recorded stock-based compensation expense of $1.4 million (2022 – $0.9 million) relating to Share PSUs.

Restricted share units without performance criteria ("RSUs")

During the year ended December 31, 2023, the Company granted 134,884 RSUs that are settled in shares ("Share RSUs"). In addition, in connection with dividends paid during year ended December 31, 2023, 5,744 Share RSUs were granted as Dividend Equivalents. During the year ended December 31, 2022, the Company granted 86,800 Share RSUs. In addition, in connection with the Company's inaugural dividend paid in 2022, 4,271 Share RSUs and 670 RSUs that are settled in cash ("Cash RSUs") were granted as Dividend Equivalents.

All Cash RSUs were settled in cash during the year ended December 31, 2023. Share RSUs are granted to eligible employees and vest one to three years from date of grant subject to continued employment. Each vested Share RSU entitles the recipient to a payment of one common share.

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

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

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12. Stock-based compensation (continued)

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, 2023, the Company recorded stock-based compensation expense of $1.1 million (2022 – $0.9 million) relating to Share RSUs.

Deferred share units ("DSUs")

During the year ended December 31, 2023 and year ended December 31, 2022, the Company granted 9,007 DSUs and 10,509 DSUs, respectively, to non-employee directors. In addition, in connection with dividends paid by the Company during the year ended December 31, 2023, 607 DSUs were granted as Dividend Equivalents (2022 - 861 DSUs). 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, 2023, the Company recorded stock-based compensation expense of $0.2 million (2022 – $0.1 million) relating to DSUs.

13. Revenues

	December 31, 2023	December 31, 2022
Doré sales	$ 324,792	$ 283,083
Concentrate sales	576,026	526,483
Gain on provisionally priced trade receivables	1,700	6,100
	$ 902,518	$ 815,666

14. Administration

	December 31, 2023	December 31, 2022
Corporate social responsibility	$ 2,260	$ 1,727
Investor relations	386	380
Office and general	3,243	3,035
Professional fees	2,130	2,049
Regulatory and transfer agent	433	398
Salaries and benefits	7,409	6,354
Stock-based compensation	4,468	5,008
Travel	703	454
	$ 21,032	$ 19,405

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15. Finance expense

	December 31, 2023	December 31, 2022
Interest expense	$ 17,746	$ 29,972
Finance charge (Note 9(a))	54,097	197,266
Other finance costs	2,429	5,778
Accretion of transaction costs (Note 9(d))	10,997	7,783
	$ 85,269	$ 240,799

16. 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, 2023	December 31, 2022
Salaries, bonuses and benefits	$ 6,611	$ 5,606
Stock-based compensation	3,471	3,991
	$ 10,082	$ 9,597

17. 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 a rate of 12% of net income for tax purposes. The employee portion of profit sharing, calculated at a rate of 3% of net income for tax purposes, is considered an employment benefit and included in operating costs.

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

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17. Income taxes (continued)

	December 31, 2023	December 31, 2022
Net income before tax	$ 285,038	$ 177,274
Canadian federal and provincial income tax rates	27.00%	27.00%
Expected income tax expense based on the above rates	76,960	47,864
Increase (decrease) due to:		
Differences in foreign tax rates	12,954	9,327
Non-deductible costs	5,889	9,655
Losses and temporary differences for which an income tax asset has not been recognized	4,087	313
Non-taxable portion of capital gains	(235)	1,195
Withholding taxes (current and deferred)	5,926	11,270
Recognition and de-recognition of deferred tax assets (1)	-	24,092
Income tax expense	$ 105,581	$ 103,716

(1) The de-recognition of deferred tax assets of $24.1 million was a one-time adjustment relating to a revised judgment of the application of certain tax laws in Ecuador in 2022.

(b) Deferred income taxes

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

	December 31, 2023	December 31, 2022
Inventories	$ 2,383	$ 2,899
Mineral properties and property, plant and equipment	115,599	84,162
Long-term debt	(45,408)	(37,640)
Trade receivables and other current assets	(3,209)	(4,332)
Accounts payable and accrued liabilities	(3,143)	(4,463)
Other	8,500	6,000
	$ 74,722	$ 46,626

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

	December 31, 2023	December 31, 2022
Non-capital losses - Canada	$ 28,864	$ 26,648
Net-capital losses - Canada	7,910	5,212
Mineral properties and property, plant and equipment	55,617	45,592
Share issuance costs	207	637
Other	8,722	7,049
	$ 101,320	$ 85,138

(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)

17. Income taxes (continued)

As at December 31, 2023, the Company has the following tax losses which may be used to reduce future taxable income:

Year of expiry		Canada
2024	$	-
2025		-
2026		-
2027		-
2028 and onwards		28,864
Total	$	28,864

18. Supplemental cash information

Cash and cash equivalents are comprised of the following:

		December 31, 2023		December 31, 2022
Cash	$	70,670	$	283,596
Short-term investments		197,355		79,804
	$	268,025	$	363,400

Other supplemental cash information:

	December 31,			
		2023		2022
Income taxes paid [(1)]	$	46,017	$	54,376
Change in accounts payable and accrued liabilities related to:				
Acquisition of property, plant and equipment		929		127

[(1)] Income taxes paid includes $25 million voluntary advance income tax payment to the Government of Ecuador which will reduce the Company's corporate income tax payment due in April 2024. Effective January 1, 2024, the Company is subject to monthly income tax instalment payments in Ecuador using a rate published by the tax authorities in Ecuador based on the previous year's tax return.

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18. Supplemental cash information (continued)

The following table sets forth the changes in liabilities arising from financing activities for the year ended December 31, 2023.

		Gold prepay credit facility		Stream loan credit facility		Offtake derivative liability		Senior debt facility		Total
Balance, January 1, 2022	$	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		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
Cash outflows		(207,512)		(25,821)		-		(181,541)		(414,874)
Change in derivative fair values		-		34,285		1,024		-		35,309
Finance charge accrued		-		-		-		-		-
Other changes [(1)]		66		8,493		-		8,687		17,246
Balance, December 31, 2023	$	-	$	276,183	$	29,464	$	-	$	305,647

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

19. 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)

19. 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, 2023				
Current assets	$ 477,929	$ 941	$ 55,017	$ 533,887
Non-current assets	933,830	102	390	934,322
Total assets	1,411,759	1,043	55,407	1,468,209
Current liabilities	184,802	1,476	750	187,028
Non-current liabilities	316,875	-	8,500	325,375
Total liabilities	501,677	1,476	9,250	512,403
For the year ended December 31, 2023				
Revenues	902,518	-	-	902,518
Income from mining operations	435,180	-	-	435,180
Corporate administration	(5,041)	(145)	(15,846)	(21,032)
Exploration expenditures	-	(23,720)	-	(23,720)
Finance income (expense)	(76,095)	-	3,790	(72,305)
Other expense	(327)	-	(689)	(1,016)
Derivative loss	(32,069)	-	-	(32,069)
Income tax expense	(99,656)	-	(5,925)	(105,581)
Net income (loss) for the year	221,992	(23,865)	(18,670)	179,457

(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. Segmented information (continued)

	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	370,267	-	6,000	376,267
Total liabilities	801,212	1,229	14,343	816,784
For the year ended December 31, 2022				
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

20. 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 Stream Facility and offtake commitment have been classified as financial liabilities measured at fair value. Further, provisionally priced trade receivables of $93.0 million (2022 - $86.4 million) are measured at fair value using quoted forward market prices (level 2).

(a) Fair value measurements and hierarchy

IFRS Accounting Standards establish 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)

20. 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, 2023 and December 31, 2022. Each of these financial instruments are classified as Level 3 as their valuation includes significant unobservable inputs.

	Stream loan credit facility	Offtake derivative liability	Total
Balance, January 1, 2022	$ 263,614	$ 27,038	$ 290,652
Principal paid	(13,933)	-	(13,933)
Interest paid	(9,545)	-	(9,545)
Interest accrued at stated rate of 7.5%	9,545	-	9,545
Accretion of transaction costs	212	-	212
Derivative fair value adjustments recognized in:			
Net income	20,608	1,402	22,010
Other comprehensive income	(11,275)	-	(11,275)
Change in derivative fair values	9,333	1,402	10,735
Balance, December 31, 2022	$ 259,226	$ 28,440	$ 287,666
Principal paid	(17,541)	-	(17,541)
Interest paid	(8,280)	-	(8,280)
Interest accrued at stated rate of 7.5%	8,280	-	8,280
Accretion of transaction costs	212	-	212
Derivative fair value adjustments recognized in:			
Net income	31,045	1,024	32,069
Other comprehensive income	3,241	-	3,241
Change in derivative fair values	34,286	1,024	35,310
Balance, December 31, 2023	$ 276,183	$ 29,464	$ 305,647

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

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

As the gold price and silver price volatilities and risk-adjusted discount rates are unobservable inputs, the Stream Facility 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.

(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)

20. Financial instruments and risk management (continued)

	Fair value at December 31, 2023	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Stream Facility and Offtake	$ 305,674	Gold price and silver price volatilities	13% to 29%	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 $7.1 million or $7.9 million, respectively
		Risk-adjusted discount rates	12% to 13%	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 $4.7 million or $4.8 million, respectively

(d) Valuation processes

The valuation of financial instruments classified as Level 3 of the fair value hierarchy were prepared by an independent valuation specialist under the direct oversight of the Senior Vice President, Finance of the Company. Discussions of valuation processes and results are reported to the audit committee at least once every three months, in line with the Company's quarterly reporting periods.

(e) Financial risk management

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 $1.1 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.

20. Financial instruments and risk management (continued)

Concentration of credit risk

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

Interest rate risk

The Company is subject to interest rate risk with respect to the fair value of long-term debt which are accounted for at fair value through profit or loss. Refer to Note 20(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 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 long-term debt accounted for at fair value through profit or loss are 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 Company's trade receivables by $5 million and the long-term debt by $14 million.

21. 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. 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.

22. Commitments

Significant capital expenditures contracted as at December 31, 2023 but not recognized as liabilities are as follows:

		Capital expenditures
2024	$	15,016
2025		1,096
2026		-
Total	$	16,112

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
Ashley Heppenstall
London, United Kingdom
Melissa Harmon
Denver, USA
Ron F. Hochstein
Vancouver, Canada
Scott Langley
Toronto, Canada
Angelina Mehta
Montreal, Canada

OFFICERS

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

OFFICES

CORPORATE HEAD OFFICE

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Facsimile: 604-689-4250

Effective April 15, 2024 Lundin Gold's new corporate head office address will be:
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Facsimile: 604-689-4250

REGIONAL HEAD OFFICE

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Ecuador
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COMMUNITY OFFICE

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Los Encuentros, Zamora-Chinchipe, Ecuador

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange
Trading Symbol: LUG
Nasdaq Stockholm
Trading Symbol: LUG

SHARE REGISTRAR AND TRANSFER AGENT

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ADDITIONAL INFORMATION

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