

LUNDIN GOLD

Building a Leading Gold Company
Through Responsible Mining

Q1 2018



LUNDIN GOLD INC.

Management's Discussion and Analysis

Three Months Ended March 31, 2018

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

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Lundin Gold Inc. and its subsidiary companies (collectively, "Lundin Gold" or the "Company") provides a detailed analysis of the Company's business, and compares its financial results for the three months ended March 31, 2018 with those of the same period from the previous year.

This MD&A is dated as of May 11, 2018 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes thereto for the three months ended March 31, 2018, which are prepared in accordance with IAS 34: Interim Financial Statements, and the Company's audited annual consolidated financial statements and related notes thereto, which are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and the MD&A for the fiscal year ended December 31, 2017.

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

Lundin Gold, headquartered in Vancouver, Canada, is developing its wholly-owned Fruta del Norte gold project ("Fruta del Norte Project" or the "Project") in southeast Ecuador. The Fruta del Norte Project is one of the highest-grade gold projects currently under construction in the world today. The Company's board and management team have extensive expertise in mine construction and operations and are dedicated to advancing this project through to first gold production in 2019.

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 development of Fruta del Norte will benefit its shareholders, the Government and the people of Ecuador.

FIRST QUARTER 2018 HIGHLIGHTS AND ACTIVITIES

Fruta del Norte Project

- Overall engineering was 26% complete and construction was 16% complete.
- The cumulative advance in the K'isa and Kuri declines exceeded one kilometre ("km").
- Process plant excavation progressed to over 65% complete.
- Process plant SAG and ball mill foundation bases were poured.
- River Road construction was completed, directly connecting Las Peñas camp (the "Camp") with the Project site.
- North Access road was 42% complete.
- Tailing storage facility access road construction began and was 75% complete.
- The Environmental Licence for the power transmission line from Bomboiza substation to the Project was granted.

Financing

- In January 2018, the Company drew the final \$110 million under the gold prepay and stream credit facilities (the "2017 Financing") with Orion Mine Finance Group ("Orion") and Blackstone Tactical Opportunities.
- In January 2018, the Company announced commitments from a syndicate of five lenders for a senior secured project finance facility (the "Facility") of \$300 million to fund the development and construction of the Fruta del Norte Project. On April 13, 2018, the Company announced that two additional banks had joined the lenders' syndicate. As a result of their additional commitments, the total commitment from the lenders under the Facility increased to \$350 million.

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- On March 26, 2018, the Company closed a \$400 million equity private placement financing (the "Private Placement"). Subscribers to the Private Placement included Newcrest Mining Limited ("Newcrest"), Zebra Holdings and Investments S.à.r.l. and Lorito Holdings S.à.r.l. (the "Lundin Family Trusts") and Orion. With the closing of the Private Placement, Newcrest owns 27.1% of the Company's outstanding shares; the Lundin Family Trusts collectively own 22.3%; and Orion owns 11.4%.

Exploration

- Drilling on the El Puma target, located in the southern Suarez Basin, continued testing below an area of altered basin sediments anomalous in the epithermal pathfinder elements arsenic and antimony.
- On February 25, 2019, the Company signed a binding heads of agreement with Newcrest to form a joint venture company to explore eight early stage concessions. These concessions are to the north and south of Fruta del Norte and exclude the large block of concessions surrounding the Fruta del Norte deposit. Newcrest can earn up to a 50% interest in the joint venture company by spending \$20 million over a five year period.

THE FRUTA DEL NORTE PROJECT

Lundin Gold's properties in Southeast Ecuador consists of 30 mining concessions covering an area of approximately 64,406 hectares. From this, the Project is comprised of six concessions covering an area of approximately 5,039 hectares and is located approximately 140 km east-northeast of the City of Loja, which is the fourth largest city in Ecuador.

Development of the Project remains on track and on budget to deliver first gold in the fourth quarter of 2019 and achieve commercial production in the second quarter of 2020.

Activities in the First Quarter of 2018

Fruta del Norte Project

During the first quarter of 2018 the project continued to ramp up and progress activities simultaneously on the engineering, procurement and construction fronts. Overall engineering was 26% complete and construction was 16% complete as of the end of the quarter.

Mine Development

- As at March 31, a total of 1.2 km of underground mine development had been achieved, with 531 metres ("m") and 632 m in the Kuri and K'isa declines, respectively. Since moving into hard rock in December 2017, the daily advance rates improved steadily throughout the quarter achieving an average advance rate of 5.95 m per decline per day in March, versus a target of 5.17 m per day based on ground type encountered.
- The Company awarded the underground drill/bolt mining fleet in early April. With this order, over 84% of the production fleet orders have been placed. The outstanding mine equipment left to be ordered is the explosives delivery and shotcrete equipment and the mine support equipment.

Process Plant Construction

- Process plant excavation progressed and was 65% complete at the end of the quarter. Work was focused on the grinding and CIL areas.
- Process plant construction started with the ball mill and the SAG mill base concrete foundations were poured on March 10 and March 25, respectively.

Major Site Earthworks

- River Road connecting the Camp to the Project site was completed, greatly improving site logistics and travel time between the Camp and the Project.
- North Access road was an estimated 42% complete, advancing to kilometre 14.3 from the Project site end and kilometre 9.1 from El Pindal
- Work on the 1,200 m tailings storage facility access road advanced and was nearly complete by quarter end.
- The first water treatment pond at the Process Plant was completed in March. Work commenced on the water treatment pond at the mine portal platform area.

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Powerline

- The power transmission line engineering, procurement and construction contractor progressed on detailed design and procurement. Construction teams are mobilizing and anticipated to begin building the power transmission line in the second quarter 2018.
- Easement agreements were reached with nearly all the affected landholders at the end of the quarter, and the remaining easements are expected to be obtained by the end of the second quarter of 2018.

Construction Camp

- The new 1,000-person construction camp was completed, and all rooms are available for occupancy. Combined with the existing Camp, there is accommodation for over 1,700 people.
- The new kitchen and dining room was substantially complete by the end of the quarter with work on architectural finishes and equipment installation and connection remaining.

Environment and Permitting

The Company continued to advance several permits during the quarter:

- Received the Environmental License for the power transmission line on January 12, 2018.
- Continued to advance the Mountain Pass Quarry environmental permit.
- Advanced with the process for several SENAGUA water permits.
- Submitted explosives storage expansion permit.

Exploration

- Diamond drilling continued at the El Puma target located in the southern Suarez basin. It is approximately 12 km south of Fruta del Norte and is defined by anomalous pathfinder geochemistry (primarily arsenic and antimony) in soil samples and alteration in the basin sediments that are indicative of the upper parts of epithermal gold-silver systems. The objective of the drilling is to test for buried epithermal gold systems that may exist below the basin sediments.
- Mapping and geochemical sampling has continued in the southern basin area to help define targets in preparation for drill testing.
- Preliminary (2D) data for the helicopter ZTEM (Z-Tipper Axis Electromagnetic) resistivity geophysical survey of the Suarez pull-apart basin and surrounding terrain was received and a detailed interpretation has begun. Final 3D data should be received in the second quarter. This system utilizes natural electromagnetic fields and can be used to map large, deeply buried targets and structures.

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SUMMARY OF QUARTERLY FINANCIAL RESULTS

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

	2018 Q1	2017 Q4	2017 Q3	2017 Q2
Derivative gain (loss) for the period	\$ (22,919)	\$ (14,135)	\$ (8,281)	\$ 4,382
Net income (loss) for the period	\$ (23,983)	\$ (19,505)	\$ (16,032)	\$ 784
Basic income (loss) per share	\$ (0.19)	\$ (0.16)	\$ (0.13)	\$ 0.01
Diluted income (loss) per share	(0.19)	(0.16)	(0.13)	0.01
Weighted-average number of common shares outstanding				
Basic	124,861,126	119,666,840	119,417,366	118,857,521
Diluted	124,861,126	119,666,840	119,417,366	119,880,477
Additions to property, plant and equipment	66,782	55,543	38,635	26,731
Total assets	\$ 989,421	\$ 481,729	\$ 434,198	\$ 460,838
Long-term debt	\$ 376,218	\$ 217,940	\$ 163,591	\$ 150,997
Working capital	\$ 460,329	\$ 26,794	\$ 66,196	\$ 107,024
	2017 Q1	2016 Q4	2016 Q3	2016 Q2
Net loss for the period	\$ (6,387)	\$ (23,889)	\$ (11,785)	\$ (12,431)
Basic and diluted loss per share	\$ (0.05)	\$ (0.20)	\$ (0.10)	\$ (0.12)
Weighted-average number of common shares outstanding	118,743,908	118,682,274	113,331,975	101,264,883
Additions to property, plant and equipment	15,003	257	4	130
Total assets	\$ 295,795	\$ 278,906	\$ 300,195	\$ 249,636
Working capital	\$ (18,776)	\$ 1,022	\$ 49,903	\$ (8,535)

To date, the Company has not generated production revenue. The only income generated by the Company is interest income on its cash deposits.

The Company's net loss in the first quarter of 2018 is higher compared to the net loss during the first quarter of 2017 mainly due to a derivative loss of \$22.9 million from the fair value revaluation of its long-term debt at March 31, 2018. The Company also incurred higher salaries and benefits during the first quarter of 2018 due to the performance incentive plan payment to the Company's employees. This is offset by other income of \$6.4 million which is largely driven by an unrealized gain on account of foreign exchange. The gain is generated by the substantial holdings of U.S. dollars at the parent company level. As the functional currency of the parent company is the Canadian dollar, a strengthening of the U.S. dollar against the Canadian dollar during the period generates a gain in terms of Canadian dollars.

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The Company's long-term debt balance is comprised of financial liabilities measured at fair value on a quarterly basis. This balance is valued using Monte Carlo simulation valuation models. The key inputs used by the Monte Carlo simulation include: the gold and silver forward curve based on Comex futures, the Company's expectation about long-term gold yields, gold and silver volatility, risk-free rate of return, non-performance risk, and production expectations. Relatively small variations in these inputs can give rise to significant variations in the fair value of financial liabilities; hence, the large derivative losses recorded in the accounts to date.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2018, the Company had cash of \$475.7 million and a working capital of \$460.3 million compared to cash of \$35.0 million and a working capital balance of \$26.8 million at December 31, 2017. The change in cash was primarily due to net proceeds from the Private Placement of \$396.5 million and the final drawdown under the Company's 2017 Financing, comprising the gold prepay credit facility for \$35 million and stream loan credit facility for \$75 million. This is offset by costs incurred for the development of the Fruta del Norte Project of \$55.7 million, general and administration costs of \$4.3 million and exploration expenditures of \$2.6 million.

The Private Placement

On March 26, 2018, the Company closed the Private Placement in the aggregate amount of \$400 million, which resulted in the issuance of 69,284,065 common shares at a price of CAD\$5.50 per share and 24,213,075 common shares at a price of CAD\$5.25 per share. With the closing of the Private Placement, Newcrest owns 27.1% of the Company's outstanding shares; the Lundin Family Trusts collectively own 22.3%; and Orion owns 11.4%.

The total gross proceeds raised under the Private Placement was \$400 million. Share issue costs of \$3.5 million were incurred, resulting in net proceeds of \$396.5 million received by the Company in relation to the Private Placement.

The Company currently has no sources of revenues. Its continuing operations and the underlying value and recoverability of the amount shown for the mineral interests are dependent upon the ability of the Company to complete the necessary financing to develop the Fruta del Norte Project and on future profitable production.

In addition to the Private Placement, the Company has received commitments from a syndicate of seven lenders for the Facility of \$350 million. The Facility is subject to completion of definitive documentation, which will include customary project finance terms, fees and conditions, a comprehensive intercreditor agreement, a guarantee from an export credit agency for a \$100 million portion of the Facility, and completion of ongoing due diligence.

TRANSACTIONS WITH RELATED PARTIES

During the first quarter of 2018, the Company paid \$0.1 million (2017 – \$0.1 million) to Namdo Management Services Ltd. ("Namdo"), a private corporation associated with an officer of the Company. The Company occupies office space in the Namdo offices for the Company's management, investor relations personnel and support staff. Namdo charges a service fee and recovers out of pocket expenses related to the Company.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, cash equivalents and 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 Company has long-term debt all of which have been classified as financial liabilities measured at fair value.

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

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Currency risk

Lundin Gold is a Canadian company and its capital is typically raised in Canadian dollars, with foreign operations in Ecuador. Expenditures in Ecuador are primarily denominated in U.S. 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.

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.

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 which monitors 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. Management is currently engaged in advanced discussions with a syndicate of senior lenders to obtain a \$350 million senior secured project finance facility (refer to Liquidity and Capital Resources section above).

Commodity price risk

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

The fair value of long-term debt which is accounted for at fair value through profit or loss is impacted by fluctuations of commodity prices.

OFF-BALANCE SHEET ARRANGEMENTS

During the 2018 Period and the year ended December 31, 2017 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 213,163,980 common shares issued and outstanding and stock options outstanding to purchase a total of 5,830,400 common shares for a total of 218,994,380 common shares outstanding on a fully-diluted basis.

OUTLOOK

The Company is focussed on advancing the Project on schedule through to first gold production in 2019. To achieve that goal, the following activities are planned over the next twelve months:

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- Completing detailed engineering of the process plant, tailings storage facility and site-wide water management.
- Completing the North Access road.
- Completing process plant earthworks, substantially completing the process plant concrete foundations and advancing steel and equipment erection.
- Advancing construction of the site infrastructure buildings such as the laboratory, reagent storage, mine dry and administration.
- Continuing to advance underground mine development, as well as the underground services and facilities.
- Completing the acquisition of surface rights, obtaining requisite permits and then substantially completing construction of the 42 km, 230 kilovolt power transmission line to connect to the national grid.
- Receiving approval of the Mountain Pass Quarry environmental permit, receiving the Environmental License and developing the quarry.
- Awarding the contracts for the design and supply of the paste plant and water treatment plant and advancing the related engineering and procurement contracts.
- Starting construction of the paste and water treatment plants.
- Receiving the majority of the process plant equipment and mine mobile equipment onsite.
- Advancing construction of the tailings storage facility.
- Acquiring lands and starting engineering and construction for the Zamora River bridge near Los Encuentros.

During the next few months, the Company also expects to complete the definitive documentation of the Facility.

Exploration is currently focused on the diamond drilling of the El Puma target. Other targets may be drill tested during 2018 depending on results and permitting. Mapping and geochemical sampling will continue on selected targets to aid drill targeting and prioritization.

ADOPTION OF NEW ACCOUNTING STANDARDS

During the three months ended March 31, 2018, the Company adopted the following new accounting standards:

i. IFRS 15, Revenue from Contracts with Customers

The IASB issued a new standard for the recognition of revenue. This replaced IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

This new standard did not affect the Company's financial statements as the Company has yet to generate any revenues.

ii. IFRS 9, Financial Instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 *Financial Instruments: Disclosures*.

The Company's long-term debt is and under IFRS 9, continues to be classified as financial liabilities at fair value. Upon adoption of IFRS 9, the component of fair value changes relating to the Company's own credit risk is recognised in Other Comprehensive Loss. Amounts recorded in Other Comprehensive Loss related to credit risk are not subject to recycling in profit or loss, but are transferred to retained earnings when realized. Fair value changes relating to market risk are recognised in profit or loss.

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The adoption of IFRS 9 has resulted in adjustments to the amounts recognised in the unaudited condensed consolidated interim financial statements. Refer to the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018 for further details.

CRITICAL ACCOUNTING ESTIMATES

The adoption of certain accounting policies requires the Company to make estimates that affect both the amount and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require judgments about matters that are inherently uncertain. For a complete discussion of accounting estimates deemed most crucial by the Company, refer to the Company's annual 2017 Management's Discussion and Analysis.

RISKS AND UNCERTAINTIES

Acquisition, exploration and development of mineral properties involves a high degree of financial risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of an ore body may result in substantial rewards, few exploration properties are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling, constructing mining and process facilities at a site, developing metallurgical processes and extracting base and precious metals from ore.

The risk factors which should be taken into account in assessing the Company's activities, include, but are not necessarily limited to, those set out in the Company's Annual Information Form dated March 20, 2018 (the "AIF") which is available on SEDAR at www.sedar.com.

QUALIFIED PERSON

The technical information relating to the Fruta del Norte Project 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 Stephen Leary, MAusIMM CP(Geo), a consultant to the Company, who is a Qualified Person in accordance with the requirements of NI 43-101.

FINANCIAL INFORMATION

The report for the three and six months ended June 30, 2018 is expected to be published on or about August 10, 2018.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

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

Internal controls over financial reporting

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

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

As required under Multilateral Instrument 52-109, management advises that there have been no changes in the Company's internal control over financial reporting that occurred during the most recent interim period, beginning January 1, 2018 and ending March 31, 2018, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

FORWARD LOOKING STATEMENTS

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

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

This MD&A contains forward-looking information in a number of places, such as in statements pertaining to: the timing of first production and the progress of the development, construction and operation of the Project, improvements to site logistics and completion of camp infrastructure and the acquisition of land and surface rights, the success of the Company's exploration plans and activities, exploration and development expenditures and reclamation costs, timing and success of permitting and regulatory approvals, project financing and future sources of liquidity, capital expenditures and requirements, future tax payments and rates, cash flows and their uses.

Lundin Gold's actual results could differ materially from those anticipated. Management has identified the following risk factors which could have a material impact on the Company or the trading price of its shares: the ability to arrange financing and the risk to shareholders of dilution from future equity financings; the ability to maintain its obligations under the 2017 Financing, the Facility and other debt; risks related to carrying on business in Ecuador; volatility in the price of gold; the timely receipt of regulatory approvals, permits and licenses; risks associated with the performance of the Company's contractors; risks inherent in the development of an underground mine; deficient or vulnerable title to mining concessions and surface rights; shortages of critical resources, labour and key executive personnel, such as input commodities, equipment and skilled labour, and the dependence on key personnel; risks associated with the Company's community relationships; unreliable infrastructure; volatility in the market price of the Company's shares; the potential influence of the Company's largest shareholders; uncertainty with the tax regime in Ecuador; measures required to protect endangered species; the cost of compliance or failure to comply with applicable laws; exploration and development risks; the accuracy of the Mineral Reserve and Resource estimates for the Fruta del Norte Project; the Company's reliance on one project; risks related to artisanal and illegal mining; uncertainty as to reclamation and decommissioning; risks associated with the Company's information systems; competition in the mining industry; the ability to obtain adequate insurance; risks of bribery or corruption; the potential for litigation; and limits of disclosure and internal controls.

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

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

	Note	March 31, 2018	December 31, 2017
ASSETS			
Current assets			
Cash		\$ 475,667	\$ 35,018
Other current assets	3	10,646	12,726
		486,313	47,744
Non-current assets			
Property, plant and equipment	4	208,207	142,598
Mineral properties	5	249,369	246,387
Advance royalty		45,000	45,000
		\$ 988,889	\$ 481,729
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 25,984	\$ 20,950
Non-current liabilities			
Long-term debt	6	376,218	217,940
Reclamation provisions	7	11,504	7,990
		413,706	246,880
EQUITY			
Share capital	8	857,306	460,856
Equity-settled share-based payment reserve	9	10,078	9,547
Accumulated other comprehensive loss		(52,674)	(21,615)
Deficit		(239,527)	(213,939)
		575,183	234,849
		\$ 988,889	\$ 481,729

Commitments (Note 13)
Subsequent events (Note 1)

Approved by the Board of Directors

/s/ Ron F. Hochstein
Ron F. Hochstein

/s/ Ian W. Gibbs
Ian W. Gibbs

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

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

		Three months ended March 31,	
	Note	2018	2017
EXPENSES			
Exploration		\$ 2,632	\$ 2,798
General and administration:			
Corporate social responsibility		372	371
Depreciation		24	19
Investor relations		66	32
Office and general		301	448
Professional fees		1,011	946
Regulatory and transfer agent		96	100
Salaries and benefits		2,334	670
Stock-based compensation	9	531	600
Travel		135	178
Loss before other items		7,502	6,162
OTHER ITEMS			
Other expense (income)		(5,907)	225
Derivative loss	6	23,993	-
Net loss for the period		\$ 25,588	\$ 6,387
OTHER COMPREHENSIVE LOSS			
Items that may be subsequently reclassified to net loss			
Currency translation adjustment		6,413	(63)
Items that will not be reclassified to net loss			
Derivative loss related to the Company's own credit risk	6	24,646	-
Comprehensive loss		\$ 56,647	\$ 6,324
Basic and diluted loss per common share		\$ 0.20	\$ 0.05
Weighted-average number of common shares		124,861,126	118,743,908

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

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

	Note	Number of common shares	Share capital	Equity-settled share-based payment reserve	Other reserves	Deficit	Total
Balance, January 1, 2017		118,685,535	\$ 456,750	\$ 7,422	\$ (11,378)	\$ (183,050)	\$ 269,744
Exercise of stock options	9	39,000	182	(64)	-	-	118
Share consideration for debenture		71,818	304	-	-	-	304
Stock-based compensation	9	-	-	801	-	-	801
Currency translation adjustment		-	-	-	63	-	63
Net loss for the period		-	-	-	-	(6,387)	(6,387)
Balance, March 31, 2017		118,796,353	\$ 457,236	\$ 8,159	\$ (11,315)	\$ (189,437)	\$ 264,643
Balance, January 1, 2018		119,666,840	\$ 460,856	\$ 9,547	\$ (21,615)	\$ (213,939)	\$ 234,849
Proceeds from equity financing, net	8	93,497,140	396,450	-	-	-	396,450
Stock-based compensation	9	-	-	531	-	-	531
Other comprehensive loss		-	-	-	(31,059)	-	(31,059)
Net loss for the period		-	-	-	-	(25,588)	(25,588)
Balance, March 31, 2018		213,163,980	\$ 857,306	\$ 10,078	\$ (52,674)	\$ (239,527)	\$ 575,183

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

LUNDIN GOLD

LUNDIN GOLD INC.

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

	Three months ended March 31,	
	2018	2017
OPERATING ACTIVITIES		
Net loss for the period	\$ (25,588)	\$ (6,387)
Items not affecting cash:		
Stock-based compensation	531	672
Depreciation	24	19
Derivative loss	23,993	-
Other expense (income)	(5,764)	228
	(6,804)	(5,468)
Changes in non-cash working capital items:		
Other current assets	(5,857)	(82)
Accounts payable and accrued liabilities	96	903
Net cash used for operating activities	(12,565)	(4,647)
FINANCING ACTIVITIES		
Proceeds from long-term debt (Note 6)	110,000	-
Transaction costs (Note 6)	(735)	-
Net proceeds from equity financing (Note 8)	399,650	-
Proceeds from exercise of stock options	-	118
Proceeds from draw downs of debenture	-	19,000
Net cash provided by financing activities	508,915	19,118
INVESTING ACTIVITIES		
Acquisition and development of property, plant and equipment	(55,651)	(14,586)
Net cash used for investing activities	(55,651)	(14,586)
Effect of foreign exchange rate differences on cash	(50)	28
Net increase (decrease) in cash	440,649	(87)
Cash, beginning of period	35,018	8,503
Cash, end of period	\$ 475,667	\$ 8,416
Supplemental information		
Interest received	\$ 165	\$ 5
Change in accounts payable and accrued liabilities related to:		
Transaction costs from equity financing	3,200	-
Acquisition of property, plant and equipment	1,848	-

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



LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at March 31, 2018

(Unaudited – Prepared by Management)

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

1. Nature of operations

Lundin Gold Inc. together with its subsidiaries (collectively referred to as “Lundin Gold” or the “Company”) is focused on developing its mining concessions in Ecuador, which includes advancing the Fruta del Norte gold project (the “Fruta del Norte Project”) through development to production.

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

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

In May 2016, the Company completed a feasibility study for the Fruta del Norte Project and has since commenced its development. It currently has no sources of revenues. The Company’s continuing operations and the underlying value and recoverability of the amount shown for the mineral interests and property, plant and equipment are dependent upon the ability of the Company to complete the necessary financing to develop the Fruta del Norte Project and on future profitable production.

The Company closed a project financing package of \$300 million in May 2017 (See Note 6), a \$400 million private placement in March 2018 (See Note 8), and, as of April 2018, received commitments for a senior secured project finance facility of \$350 million (the “Facility”). The Facility is subject to completion of definitive documentation, which will include customary project finance terms, fees and conditions, a comprehensive intercreditor agreement, a guarantee from an export credit agency for a \$100 million portion of the Facility, and completion of ongoing due diligence.

2. Basis of preparation and consolidation

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standard Board (“IASB”), applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting. As a result, they do not conform in all respects with the disclosure requirements for annual financial statements under IFRS, and should be read in conjunction with the Company’s audited consolidated financial statements for the fiscal year ended December 31, 2017.

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

In preparing these unaudited condensed consolidated interim financial statements, the Company applied the same accounting policies and key sources of estimation uncertainty as those that were applied to the Company’s audited consolidated financial statements for the fiscal year ended December 31, 2017 except as noted below.

These financial statements were approved for issue by the Board of Directors on May 11, 2018.

During the three months ended March 31, 2018, the Company adopted the following new accounting standards:

i. IFRS 15, Revenue from Contracts with Customers

The IASB issued a new standard for the recognition of revenue. This replaced IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

This new standard did not affect the Company’s financial statements as the Company has yet to generate any revenues.

LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at March 31, 2018

(Unaudited – Prepared by Management)

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

2. Basis of preparation and consolidation (continued)

ii. IFRS 9, Financial Instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 *Financial Instruments: Disclosures*.

The Company's long-term debt is and under IFRS 9, continues to be classified as financial liabilities at fair value. Upon adoption of IFRS 9, the component of fair value changes relating to the Company's own credit risk is recognised in Other Comprehensive Loss. Amounts recorded in Other Comprehensive Loss related to credit risk are not subject to recycling in profit or loss, but are transferred to retained earnings when realized. Fair value changes relating to market risk are recognised in profit or loss.

The adoption of IFRS 9 has resulted in adjustments to the amounts recognised in the unaudited condensed consolidated interim financial statements. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated other than as disclosed below.

The total impact on the Company's equity due to the recognition of fair value changes relating to the Company's own credit risk in Other Comprehensive Loss as at January 1, 2018 is as follows:

Cost	Accumulated other comprehensive loss		Deficit		Total
Balance, December 31, 2017 – IAS 39	\$	(11,364)	\$	(224,190)	\$ (235,554)
Derivative loss related to the Company's own credit risk		(10,251)		10,251	-
Balance, December 31, 2017 – IFRS 9	\$	(21,615)	\$	(213,939)	\$ (235,554)

Upon adoption of IFRS 9 on January 1, 2018, the financial instruments of the Company were as follows, with any reclassifications noted:

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original	New	Difference
Financial assets					
Cash	Loans and receivables	Amortized cost	\$ 35,018	\$ 35,018	-
Other current assets	Loans and receivables	Amortized cost	12,726	12,726	-
Financial liabilities					
Accounts payable and accrued liabilities	Amortized cost	Amortized cost	20,950	20,950	-
Long-term debt	FVPL ¹	FVPL ¹	217,940	217,940	-

¹ FVPL = financial liabilities measured at fair value through profit or loss

LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at March 31, 2018

(Unaudited – Prepared by Management)

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

3. Other current assets

	March 31, 2018	December 31, 2017
Prepaid expenses and deposits	\$ 6,099	\$ 2,428
Deferred transaction costs	4,547	10,298
	\$ 10,646	\$ 12,726

4. Property, plant and equipment

Cost	Development Costs	Land and buildings	Machinery and equipment	Vehicles	Furniture and office equipment	Total
Balance, January 1, 2017	\$ -	\$ 4,458	\$ 4,112	\$ 976	\$ 352	\$ 9,898
Additions	130,388	-	2,784	1,991	749	135,912
Cumulative translation adjustment	184	-	-	-	2	186
Balance, December 31, 2017	130,572	4,458	6,896	2,967	1,103	145,996
Additions	65,229	-	142	673	206	66,250
Cumulative translation adjustment	(165)	-	-	-	(2)	(167)
Balance, March 31, 2018	\$ 195,636	\$ 4,458	\$ 7,038	\$ 3,640	\$ 1,307	\$ 212,611
Accumulated depreciation						
Balance, January 1, 2017	\$ -	\$ 207	\$ 1,189	\$ 504	\$ 176	\$ 2,076
Depreciation and amortization	-	102	700	408	110	1,320
Cumulative translation adjustment	-	-	-	-	2	2
Balance, December 31, 2017	-	309	1,889	912	288	3,398
Depreciation and amortization	-	26	216	177	57	476
Cumulative translation adjustment	-	-	-	-	(2)	(2)
Balance, March 31, 2018	\$ -	\$ 335	\$ 2,105	\$ 1,089	\$ 343	\$ 3,872

LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at March 31, 2018

(Unaudited – Prepared by Management)

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

4. Property, plant and equipment (continued)

Net book value												
As at December 31, 2017	\$	130,572	\$	4,149	\$	5,007	\$	2,055	\$	815	\$	142,598
As at March 31, 2018	\$	195,636	\$	4,123	\$	4,933	\$	2,551	\$	964	\$	208,207

In accordance with its accounting policies, the Company commenced capitalizing Project Evaluation expenditures in 2017. Development costs are not currently depreciated until the related assets are ready for its intended use.

Included in the additions to developments costs are the following:

	March 31, 2018	December 31, 2017
Stock-based compensation (Note 9)	\$ -	\$ 166
Depreciation and amortization	452	1,246
Share consideration for debenture	-	1,064
Accretion of transaction and derivative costs (Note 6)	8,299	9,049
Accretion of reclamation provision	-	276
	\$ 8,751	\$ 11,801

5. Mineral properties

Cost	Fruta del Norte Project	Fruta del Norte restoration asset (Note 7)	Total
Balance, January 1, 2017	\$ 236,337	\$ 537	\$ 236,874
Additions	2,773	6,740	9,513
Balance, December 31, 2017	239,110	7,277	246,387
Additions	-	2,982	2,982
Balance, March 31, 2018	\$ 239,110	\$ 10,259	\$ 249,369

On August 4, 2017, the Company completed the acquisition of a mining concession to gain access to land required for the development of certain facilities for the operation the Fruta del Norte Project. As consideration for this concession, the Company:

- Paid \$1.2 million in cash including taxes;
- Issued 430,938 common shares of the Company valued at \$1.6 million; and
- Allowed the vendor to retain a 2% net smelter royalty for any metallic minerals mined from the acquired concession.

LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at March 31, 2018

(Unaudited – Prepared by Management)

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

6. Long-term debt

As at March 31, 2018, the long-term debt consisted of the following:

	Gold prepay credit facility	Stream loan credit facility	Offtake derivative liability	Total
Principal	\$ 150,000	\$ 150,000	\$ -	\$ 300,000
Interest accrued and capitalized at stated rate of 7.5%	6,160	5,750	-	11,910
Transaction costs	(4,453)	(2,974)	-	(7,427)
Derivative fair value adjustments	13,058	40,445	18,232	71,735
Total	\$ 164,765	\$ 193,221	\$ 18,232	\$ 376,218

Derivative fair value adjustments reflect the revaluation of the long-term debt at fair value as at March 31, 2018, including a portion of the cost of derivatives which are part of the long-term debt. The derivative loss related to the Company's own credit risk included in other comprehensive loss includes the impact of the difference between the Company's own credit risk at the time of entering into the long-term debt and the balance sheet date.

(a) Gold prepay credit facility

The Prepay Loan is a senior secured loan facility of \$150 million with a stated interest rate of 7.5% per annum with interest accruing based upon the outstanding balance. As at March 31, 2018, the full balance has been drawn under this facility.

The Prepay Loan is amortized and repayable over 19 quarters starting December 31, 2020. The quarterly payments are equivalent to the value of 11,500 oz. of gold based on the gold spot price at the time of the payment date. The excess of the quarterly repayments over the principal and interest components, if any, is a variable additional charge (the "Finance Charge"). If the average gold price in the fiscal quarter prior to repayment date is greater than \$1,436 or less than \$1,062, the repayments are reduced or increased by 15%, respectively (the "Credit/Penalty"). In addition, the Company has an option to defer the initial quarterly instalment for up to four (4) quarters by increasing the gold equivalent deliveries by 1,000 oz. for each deferred quarter (the "Prepay Deferral").

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

(b) Stream loan credit facility

The Stream Loan is a senior secured loan facility of \$150 million with a stated interest rate of 7.5% per annum with interest accruing based upon the outstanding balance. As at March 31, 2018, the full balance has been drawn under this facility.

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

The monthly gold and silver quantities and associated maximum deliverable ounces are subject to increase by set percentages if commercial production is not achieved by December 31, 2020 until October 1, 2021 (the "Stream Loan Extension"). In addition, the Company has the option to repay (i) 50% of the remaining Stream Loan on June 30, 2024 for \$150 million and / or (ii) the other 50% of the remaining Stream Loan on June 30, 2026 for \$225 million (the "Buyback Options").

LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at March 31, 2018

(Unaudited – Prepared by Management)

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

6. Long-term debt (continued)

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

(c) Offtake Commitment

The Lenders have 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 will be 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.

7. Restoration provision

The Company's provisions relate to the rehabilitation of the Fruta del Norte Project. The reclamation provisions have been calculated based on total estimated rehabilitation costs and discounted back to their present values. The pre-tax discount rates and inflation rates are adjusted annually and reflect current market assessments. At March 31, 2018, the Company applied a pre-tax discount rate of 11.4% (2017 – 12.9%) and an inflation rate of 2.8% (2017 – 3.3%). The estimated total liability for reclamation and remediation costs on an undiscounted basis and adjusted for an estimate of future inflation is approximately \$53.1 million.

	March 31, 2018	December 31, 2017
Balance, beginning of year	\$ 7,990	\$ 974
Fair value of new obligations during the period	2,982	6,740
Accretion of liability component of obligations	532	276
	\$ 11,504	\$ 7,990

LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at March 31, 2018

(Unaudited – Prepared by Management)

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

8. Share capital

Authorized:

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

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

	Note	Number of common shares	Share capital
Balance at January 1, 2017		118,685,535	\$ 456,750
Stock options exercised		302,500	955
Transfer from equity-settled share-based payment reserve		-	487
Share consideration for mining concession	5	430,938	1,600
Share consideration for debenture		247,867	1,064
Balance at December 31, 2017		119,666,840	460,856
Proceeds from equity financing, net		93,497,140	396,450
Balance at March 31, 2018		213,163,980	\$ 857,306

- (a) On March 26, 2018, the Company closed a \$400 million private placement financing (the "Private Placement") which resulted in the issuance of 69,284,065 common shares at a price of CAD\$5.50 per share and 24,213,075 common shares at a price of CAD\$5.25 per share.

The total gross proceeds raised under the Private Placement was \$400 million. Share issue costs of \$3.5 million were paid resulting in net proceeds of \$396.5 million received by the Company in relation to the Private Placement.

9. Stock options

The Company has a rolling stock-based compensation plan (the "Plan") allowing for the reservation of a maximum 10% of the common shares issued and outstanding at any given time for issuance under the Plan. Under the Plan, all stock options are granted at the discretion of the Company's board of directors. The term of any option granted may not exceed ten years and the exercise price may not be less than the market price of the Company's common shares at the time of grant.

Stock options have an expiry date of five years from date of grant and vest over a period of 24 months from date of grant.

LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at March 31, 2018

(Unaudited – Prepared by Management)

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

9. Stock options (continued)

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

	Three months ended March 31, 2018		Year ended December 31, 2017	
	Number of common shares	Weighted exercise price (CAD)	Number of common shares	Weighted exercise price (CAD)
Balance, beginning of period	4,625,500	\$ 4.44	3,834,500	\$ 4.18
Granted	1,204,900	5.14	1,319,000	5.16
Cancelled / Expired	-	-	(225,500)	4.68
Exercised ⁽¹⁾	-	-	(302,500)	4.01
Balance outstanding, end of period	5,830,400	\$ 4.59	4,625,500	\$ 4.44
Balance exercisable, end of period	3,812,000	\$ 4.26	2,805,400	\$ 4.18

⁽¹⁾ The weighted average share price on the exercise date for the stock options exercised during the year ended December 31, 2017 was CAD\$5.07.

The following table summarizes information concerning outstanding and exercisable options at March 31, 2018:

Range of exercise prices (CAD)	Outstanding options			Exercisable options		
	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (CAD)	Number of options outstanding	Weighted average remaining contractual life (life)	Weighted average exercise price (CAD)
\$ 3.69 to 4.00	1,735,500	1.72	\$ 3.90	1,735,500	1.72	\$ 3.90
\$ 4.01 to 5.94	4,094,900	3.86	4.88	2,076,500	3.23	4.57
	5,830,400	3.22	\$ 4.59	3,812,000	2.54	\$ 4.26

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

	March 31, 2018	December 31, 2017
Risk-free interest rate	1.94%	1.10%
Expected stock price volatility	61.01%	61.85%
Expected life	5 years	5 years
Expected dividend yield	-	-
Weighted-average fair value per option granted (CAD)	\$2.74	\$2.71

The equity-settled share-based payment reserve comprises 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.

LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at March 31, 2018

(Unaudited – Prepared by Management)

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

9. Stock options (continued)

During the three months ended March 31, 2018, the Company recorded stock-based compensation expense of \$0.5 million (2017 – \$0.8 million).

10. Related party transactions

(a) Related party expenses

During the three months ended March 31, 2018 and March 31, 2017, the Company incurred the following:

Payee	Nature	Note	March 31, 2018	March 31, 2017
Namdo	Management fees	i	\$ 78	\$ 86

- i. Namdo Management Services Ltd. (“Namdo”), a company associated with an officer of the Company, provides services and office facilities to the Company pursuant to an agreement.

(b) Key management compensation

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

	March 31, 2018	March 31, 2017
Salaries, bonuses and benefits	\$ 2,062	\$ 625
Stock-based compensation	399	676
	\$ 2,461	\$ 1,301

11. Segmented information

The Company’s primary business activity is the advancement of the Fruta del Norte Project in Ecuador. During the three months ended March 31, 2017 and March 31, 2018, all exploration expenditures were incurred in Ecuador. In addition, materially all the non-current assets of the Company and \$66.4 million (December 31, 2017 – \$18.8 million) of the cash are located in Ecuador.

LUNDIN GOLD INC.

Notes to the condensed consolidated interim financial statements as at March 31, 2018

(Unaudited – Prepared by Management)

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

12. Financial instruments

The Company's financial instruments consist of cash, cash equivalents and receivables, which are categorized as financial assets at amortized cost, and accounts payable and accrued liabilities and debenture, 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 Company has long-term debt all of which have been classified as financial liabilities measured at fair value.

(a) Fair value measurements and hierarchy

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

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

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

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

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. Each of these financial instruments are classified as Level 3 as their valuation includes significant unobservable inputs.

	March 31, 2018	December 31, 2017
Gold prepay credit facility	\$ 164,765	\$ 118,575
Stream loan credit facility	193,221	83,365
Offtake derivative liability	18,232	16,000
	\$ 376,218	\$ 217,940

The financial liabilities above were valued using Monte Carlo simulation valuation models. The key inputs used by the Monte Carlo simulation include: the gold forward curve based on Comex futures, the Company's expectation about long-term gold yields, gold volatility, risk-free rate of return, non-performance risk, and production expectations. In addition, in valuing the Stream Loan, the silver forward curve based on Comex futures, silver volatility, and the gold/silver correlation were used.

13. Commitments

The Company has committed to payments under various leases and other commitments. Excluding spending amounts which may be required to maintain the Company's mineral properties in good standing, the future minimum payments are as follows:

	Advance royalty	Other	Total
2018	20,000	108,454	128,454
2019-2020	-	42,478	42,478
Total	\$ 20,000	\$ 150,932	\$ 170,932

Corporate Information

BOARD OF DIRECTORS

Lukas H. Lundin, Chairman
Vaud, Switzerland
Carmel Daniele
London, United Kingdom
Ian Gibbs
British Columbia, Canada
Chantal Gosselin
Ontario, Canada
Ashley Heppenstall
Hong Kong, China
Ron F. Hochstein
British Columbia, Canada
Paul McRae
Algarve, Portugal
Pablo Mir
Santiago, Chile
Istvan Zollei,
New York, United States

OFFICERS

Ron F. Hochstein
President & Chief Executive Officer
Alessandro Bitelli
*Executive Vice President &
Chief Financial Officer*
Sheila Colman
*Vice President, Legal
& Corporate Secretary*
David Dicaire
Vice President, Projects
Nathan Monash
*Vice President, Business
Sustainability*
Iliana Rodriguez
Vice President, Human Resources
Chester See
Vice President, Finance

OFFICES

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Eurocenter, Piso 5
Quito, Pichincha
Ecuador
Telephone: 593-2-299-6400

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SN y de Febiero
Los Encuentros, Zamora-Chinchipe,
Ecuador

STOCK EXCHANGE LISTINGS

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

SHARE REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc.
510 Burrard Street, 3rd Floor
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ADDITIONAL INFORMATION

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Lundin Gold



Lundin Gold Ecuador