INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Lundin Gold Inc. and its subsidiary companies (collectively, "Lundin Gold" or the "Company") for the three and nine months ended September 30, 2015 provides a detailed analysis of the Company's business, and compares its financial results with those of the same period from the previous year.

This MD&A is dated as of November 12, 2015 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes thereto for the three and nine months ended September 30, 2015, 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, 2014. References to the "2015 Period" and "2014 Period" relate to the nine months ended September 30, 2015 and September 30, 2014, respectively.

Effective December 31, 2014, the Company changed its reporting currency from Canadian to U.S. dollars. The change in reporting currency is to better reflect the Company's business activities. As a result, all amounts are expressed in U.S. dollars, unless otherwise noted and all comparative financial information has been restated to reflect the Company's results as if they had been historically reported in U.S. dollars.

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.

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: capital expenditures, exploration and development expenditures and reclamation costs, expectations of market prices and costs, the receipt of regulatory approvals, negotiation and signing of exploitation and investment protection agreements with the government, permits and licenses under governmental and regulatory regimes, exploration plans, timing and success of permitting, development, construction and operation of the Fruta del Norte Project, the feasibility study to be prepared for the Fruta del Norte Project, future tax payments and rates, future sources of liquidity, cash flows and their uses and estimates of Mineral Resources.

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 timely receipt of regulatory approvals, permits and licenses and the cost of compliance with applicable laws; difficulty complying with changing government regulations and policies, including without limitation, compliance with environment, health and safety regulations; uncertainty as to reclamation and decommissioning liabilities, risks related to carrying on business in an emerging market such as possible government instability and civil turmoil, economic instability and uncertain tax environments, unreliable infrastructure and local opposition to mining; the accuracy of the Mineral Resource estimates for the Fruta del Norte Project and the Company's reliance on one project; vulnerability of title and surface rights and access; shortages of resources, such as labour, and the dependence on key personnel; the Company's lack of operating history in Ecuador and negative cash flow; the inadequacy of insurance; the potential for litigation; potential conflicts of interest for the Company's directors who are engaged in similar businesses; limitations of disclosure and internal controls; the risk to shareholders of dilution from future equity financings; volatility in the market price of the Company's shares; and the potential influence of the Company's largest shareholders.

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 Lundin Gold's Annual Information Form dated March 25, 2015 (the "AIF") available at www.sedar.com.

2015 HIGHLIGHTS AND ACTIVITIES

During the third quarter of 2015:

- Discussions began with the Government of Ecuador on the Exploitation Agreement with the common goal of settling the key terms and conditions by the end of 2015. The Company and the Government of Ecuador also initiated discussions on the Investment Protection Agreement, but discussions were delayed due to a change in the Minister responsible for this agreement. The Company expects that discussions will resume as soon as possible and is focused on finalizing the key terms and conditions of this agreement early in 2016.

- The feasibility study for the Fruta del Norte Project is progressing well, with completion planned in the second quarter of 2016. All aspects of the field work, data analysis and engineering are advancing according to schedule. The metallurgical testwork is progressing well, and results to-date support a Gravity, Float, Leach (GFL) flowsheet design. The metallurgical testwork and mine engineering and design are on schedule for completion during the fourth quarter of 2015.

- Environmental baseline studies, project site fieldwork and document preparation in support of the feasibility study and the submission of the EIA's and numerous permits are proceeding according to schedule.

- The Company embarked on exploration activities on some of its higher priority concessions near the Fruta del Norte Project. During the quarter, field programs were carried out and geophysical (IP) programs initiated.

ABOUT LUNDIN GOLD

Lundin Gold is a Canadian mining company with its head office in Vancouver, British Columbia and a corporate office in Quito, Ecuador. The Company owns the Fruta del Norte Project located in Southeast Ecuador.

Lundin Gold, formerly named Fortress Minerals Corp., was incorporated in British Columbia and then continued under the *Canada Business Corporations Act*. It is a reporting issuer in the Provinces of Alberta, British Columbia and Ontario. In December 2014, the common shares of Lundin Gold were listed for trading on the TSX and Nasdaq Stockholm under the trading symbol "LUG".

In December 2014, the Company acquired the Fruta del Norte Project along with surrounding exploration concessions located in Southeast Ecuador. The Fruta del Norte Project is one of the largest and highest grade undeveloped gold projects in the world. The Company is advancing the Fruta del Norte Project in order to realize the significant potential of this asset and is currently working on the Fruta del Norte Project feasibility study scheduled to be completed in the second quarter of 2016.

The Company believes that the value created will not only greatly benefit shareholders, but also the Government and people of Ecuador who are the Company's most important stakeholders in this project. Lundin Gold views its commitment to corporate social responsibility as a strategic advantage that enables it both to access and effectively manage business opportunities in increasingly complex environments. Lundin Gold is committed to addressing the challenge of sustainability - delivering value to its shareholders, while simultaneously providing economic and social benefits to impacted communities and minimizing its environmental footprint.

THE FRUTA DEL NORTE PROJECT

Lundin Gold's property in Southeast Ecuador consists of 36 mining concessions covering an area of approximately 86,000 hectares. From this, the Fruta del Norte Project is comprised of three concessions and covers an area of approximately 5,000 hectares and is located approximately 80 kilometres east of the City of Loja, which is the fourth largest city in Ecuador.

The Fruta del Norte Project is among the largest and highest grade undeveloped gold projects in the world. In October 2014, a Mineral Resource estimate was completed by RPA Inc. (the "FDN Report"), which was retained by the Company to independently review and audit the Mineral Resources at the Project in accordance with the requirements of National Instrument 43-101 - *Standards of Disclosure for Mineral Projects ("*NI 43-101"). The FDN Report uses a cut-off grade of 3.4 g/t Au and estimates:

- an Indicated Mineral Resource of 23.5 million tonnes at an average grade of 9.59 g/t Au and 12.9 g/t Ag for a total of 7.26 million ounces of gold and 9.73 million ounces of silver; and,

- an Inferred Mineral Resource of 14.5 million tonnes at an average grade of 5.46 g/t Au and 2.55 g/t Ag containing 2.55 million ounces of gold and 5.27 million ounces of silver.

A 1% net revenue royalty is payable on production from the La Zarza concession to a third party. There are no other royalties, back-in rights, payments, or other encumbrances affecting the Fruta del Norte Project.

The historical work carried out by prior owners, including Aurelian Resources Inc. and Kinross Gold Corporation, from its discovery in 2006 to 2014, has enabled Lundin Gold to move quickly towards feasibility and ultimately a production decision. The previous work completed on the Fruta del Norte Project, including various internal studies, indicates that the deposit can potentially support a large scale, low cost underground mining operation.

In addition to the current Mineral Resource estimates, the Company believes that there is significant exploration potential at the Fruta del Norte Project and on the greater than 80,000 ha located in the surrounding 33 concessions owned by the Company. During the quarter, Lundin Gold initiated a review and evaluation of the near-term regional exploration potential and carried out regional field programs and started a geophysical (IP) program.

Activities in the Current Quarter

Feasibility study activities progressed according to schedule during the third quarter of 2015. Field work at site, which includes the engineering drilling program for metallurgical samples, mine geotechnical, hydrological and civil geotechnical, was completed in August and analysis of the data was well advanced by quarter end. The metallurgical testwork program, which was initiated in the previous quarter to analyse the variability of the orebody is supporting and enhancing, previous testwork programs. Process engineering currently indicates that optimal economic recovery will be from a Gravity, Flotation and Carbon-in-Leach flowsheet design. The metallurgical testwork is scheduled to be completed during the fourth quarter of 2015.

Detailed design and engineering for all aspects of the project were the main focus of the Company's activities in the third quarter of 2015. This work will continue in the fourth quarter. Site layout, water management and on-site facilities have been optimised based on the results of the extensive civils geotechnical field work. Mine engineering and design was initiated in September and is scheduled for completion during the fourth quarter of 2015.

Environmental baseline studies, project site fieldwork and document preparation in support of the feasibility study and the submission of the EIA's and the various permits required continued throughout the quarter.

Work with the Government of Ecuador on the Exploitation Agreement began in earnest during the quarter, with a high level of engagement and negotiations. The parties are working toward their common goal of settling key terms and conditions for the Exploitation Agreement by year end. The Company and the Government of Ecuador also initiated discussions on the Investment Protection Agreement, but discussions were delayed due to a change in the Minister responsible for this agreement. The Company expects that discussions will resume as soon as possible and is focussed on finalizing the key terms and conditions of this agreement early in 2016.

(Expressed in U.S. Dollars, unless otherwise noted)

SUMMARY OF QUARTERLY FINANCIAL RESULTS

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

	2015 Q3	2015 Q2	2015 Q1	2014 Q4
Operating expenses	$ (13,684,595)	$ (15,423,500)	$ (8,265,497)	$ (1,843,500)
Other income (loss)	2,081,708	(474,455)	3,203,418	4,286,581
Net income (loss) for the period	(11,602,887)	(15,897,955)	(5,062,079)	2,443,081
Basic and diluted income (loss) per share	$ (0.11)	$ (0.16)	$ (0.05)	$ 0.09
Weighted-average number of common shares outstanding	101,239,398	101,201,982	101,176,268	27,971,149
Total assets	$ 277,941,185	$ 294,612,037	$ 304,792,017	$ 318,032,944
Working capital surplus	$ 28,324,350	$ 42,476,614	$ 56,317,859	$ 65,977,308

	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Operating expenses	$ (1,013,367)	$ (1,151,234)	$ (1,327,442)	$ (170,362)
Other income	195,158	25,863	79,217	79,962
Net loss for the period	(818,209)	(1,125,371)	(1,248,225)	(90,400)
Basic and diluted loss per share	$ (0.06)	$ (0.08)	$ (0.08)	$ (0.01)
Weighted-average number of common shares outstanding	14,831,758	14,831,758	14,831,758	14,831,758
Total assets	$ 18,179,145	$ 19,865,087	$ 19,295,256	$ 21,363,517
Working capital surplus	$ 17,707,223	$ 19,163,144	$ 19,240,766	$ 21,293,561

The Company historically has only operated in the evaluation and exploration phase and therefore, has never generated any production revenue. The only income generated by the Company is interest income on its cash deposits.

The current quarter's net loss is higher compared to the third quarter of 2014 as a result of project evaluation expenditures of $9.8 million incurred on the feasibility study and at the Fruta del Norte Project. The Company also incurred general and administrative expenditures of $3.5 million which includes $1.0 million in professional fees regarding the negotiations with the Government of Ecuador and the implementation of an enterprise resource planning system. Exploration expenditures of $0.5 million were also incurred during the third quarter of 2015 as the Company initiated geophysical (IP) programs and regional exploration programs.

The loss in the 2015 Period is higher compared to that of the 2014 Period as a result of project evaluation expenditures of $24.9 million incurred on the feasibility study and at the Fruta del Norte Project and general and administrative expenditures of $12.0 million. General and administrative expenses are higher as the Company ramped up personnel and activities in Ecuador associated with the support of the Fruta del Norte Project during the 2015 Period. In addition, during the second quarter of 2015, the Company donated $2.0 million to the Lundin Foundation, a registered Canadian non-profit organization, which will carry out economic development, training and small business development programs in Ecuador in conjunction with the Company. These expenses are offset by a gain on account of foreign exchange of $4.7 million. 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 nine months ended September 30, 2015 generates a gain in terms of Canadian dollars.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2015, the Company had cash of $31.6 million compared to cash of $70.9 million at December 31, 2014. The decrease of $39.3 million was due primarily to cash used in operating activities of $33.1 million and cash used in investing activities of $3.7 million. In addition, as a result of holding significant cash resources in Canadian dollars as at December 31, 2014 and subsequent to which the Canadian dollar declined relative to the U.S. dollar, a negative foreign exchange impact of $2.5 million was recorded in the condensed consolidated interim statement of cash flows during the nine months ended September 30, 2015.

Net cash used in operating activities of $33.1 million during the nine months ended September 30, 2015 was primarily driven by project evaluation expenses incurred relating to the feasibility study of the Fruta del Norte Project offset by changes in working capital items.

Net cash provided by financing activities was due to proceeds received from the exercise of stock options offset by the settlement of accounts payable and accrued liabilities relating to the private placement which was completed during the fourth quarter of 2014.

Net cash used in investing activities of $3.7 million was due to the settlement of accounts payable and accrued liabilities relating to the acquisition of Aurelian Resources Inc. and other property, plant and equipment.

The Company anticipates that its current financial position will provide sufficient working capital to fund its planned expenditures, the majority of which are discretionary, for the next twelve months. As the Company does not have any sources of revenue, additional financing may be required in the future from external sources, which may include the issuance of equity, debt or a combination thereof. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to Lundin Gold.

TRANSACTIONS WITH RELATED PARTIES

During the 2015 Period, the Company paid $214,286 (2014 - $213,855) to Namdo Management Services Ltd. ("Namdo"), a private corporation associated with officers 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 loans and receivables, and accounts payable and accrued liabilities, which are categorized as amortized cost. The fair value of these financial instruments other than cash approximates their carrying values due to the short-term nature of these instruments.

The Company's financial instruments are exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate and liquidity risk.

Currency risk

The Company's parent is Canadian and its capital is 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 a large Canadian financial institution with a high investment grade rating. The Company does not have any asset-backed commercial paper. The Company's receivables are made up of interest recoverable from large Canadian financial institutions.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is a very limited interest rate risk as the Company holds no interest bearing financial obligations or assets.

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.

OFF-BALANCE SHEET ARRANGEMENTS

During the 2015 Period and the year ended December 31, 2014 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 101,260,268 common shares issued and outstanding and stock options outstanding to purchase a total of 2,122,500 common shares for a total of 103,382,768 common shares outstanding on a fully-diluted basis.

OUTLOOK

During the fourth quarter of 2015 and into 2016, the Company plans to continue the engineering and technical studies and environmental permitting at the Fruta del Norte Project with the goal of completing the feasibility study in the second quarter of 2016, obtaining all the necessary environmental permits in the third quarter of 2016 and reaching a production decision late 2016. Based on the current production schedule, first production is anticipated by the end of 2019.

The Company also is continuing to work with the Government of Ecuador to finalize the Exploitation Agreement during the fourth quarter of 2015 with a view to settling its key terms and conditions by year end. Upon completion of the feasibility study, the Company expects that it will submit its Exploitation Application for the Fruta del Norte Project by mid-June 2016 With regards to the Investment Protection Agreement, the Company is focussed on finalizing the key terms and conditions of this agreement early in 2016.

During 2016, the Company intends to work with its financial advisor and legal advisors to evaluate and put in place debt financing component for the development of the Fruta del Norte Project. The Company intends to have its financing in place coincident with its production decision.

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 2014 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 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 Anthony George P. Eng. Mr. George, a Mining Engineer, is the Company's Vice President, Project Development and a Qualified Person under NI 43-101.

FINANCIAL INFORMATION

The report for the year ended December 31, 2015 is expected to be published on February 23, 2016.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operation of disclosure controls and procedures.

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements or fraud.

Management has used the Internal Control - Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations for the Treadway Commission (COSO) in order to assess the effectiveness of the Company's internal control over financial reporting.

There has not been any change in the Corporation's internal control over financial reporting that occurred during the nine months ended September 30, 2015 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

OTHER INFORMATION

Additional information regarding the Company is included in the Company's AIF which is filed with the Canadian securities regulators. A copy of the AIF can be obtained under the Company's profile on SEDAR or on the Company's website at www.lundingold.com.

LUNDIN GOLD INC.

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

	Note	September 30, 2015	December 31, 2014
ASSETS			
Current assets			
Cash	3	$ 31,583,008	$ 70,919,477
Other current assets		664,584	728,140
		32,247,592	71,647,617
Non-current assets			
Property, plant and equipment	4	8,819,790	9,511,524
Mineral properties		236,873,803	236,873,803
		$ 277,941,185	$ 318,032,944
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	$ 3,075,025	$ 5,670,309
Non-current liabilities			
Reclamation provisions		848,217	793,087
		3,923,242	6,463,396
EQUITY			
Share capital	6	386,675,284	386,315,842
Equity-settled share-based payment reserve	7	4,703,184	3,006,381
Foreign currency translation reserve		(9,884,927)	(2,839,998)
Deficit		(107,475,598)	(74,912,677)
		274,017,943	311,569,548
		$ 277,941,185	$ 318,032,944

Approved by the Board of Directors

/s/ Ron F. Hochstein
Ron F. Hochstein

/s/ Ian W. Gibbs
Ian W. Gibbs

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

LUNDIN GOLD INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in U.S. Dollars)

		Three months ended September 30		Nine months ended September 30,	
	Note	2015	2014	2015	2014
EXPENSES					
Project evaluation	8	$ 9,794,741	$ 445,771	$ 24,911,420	$ 2,334,869
Exploration		428,767	-	503,360	-
General and administration:					
Depreciation		5,632	-	17,597	-
Donations		-	-	2,000,000	-
Investor relations		32,204	4,280	439,650	4,485
Municipal taxes		296,634	-	496,400	-
Office and general		403,318	293,633	1,721,195	495,201
Professional fees		974,598	11,355	1,705,429	22,966
Regulatory and transfer agent		8,714	6,930	137,174	16,053
Salaries and benefits		920,355	-	2,623,293	-
Stock-based compensation	7	484,621	251,398	1,796,163	618,469
Travel		335,011	-	1,021,911	-
Loss before other items		13,684,595	1,013,367	37,373,592	3,492,043
OTHER ITEMS					
Loss (gain) on foreign exchange		(2,069,749)	(146,449)	(4,727,230)	(148,751)
Interest and other income		(11,959)	(48,709)	(83,441)	(151,487)
Net loss for the period		$ 11,602,887	$ 818,209	$ 32,562,921	$ 3,191,805
OTHER COMPREHENSIVE LOSS					
Items that may be subsequently reclassified to net loss					
Currency translation adjustment		2,540,192	889,111	7,044,929	1,013,002
Comprehensive loss for the period		$ 14,143,079	$ 1,707,320	$ 39,607,850	$ 4,204,807
Basic and diluted loss per common share		$ 0.11	$ 0.06	$ 0.32	$ 0.22
Weighted-average number of common shares outstanding		101,239,398	14,831,758	101,206,114	14,831,758

LUNDIN GOLD INC.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited – Prepared by Management)
(Expressed in U.S. Dollars)

	Note	Number of common shares	Share capital	Equity-settled share-based payment reserve	Foreign currency translation reserve	Deficit	Total
Balance January 1, 2014		14,831,758	$ 94,113,114	$ 2,195,716	$ (851,316)	$ (74,163,953)	$ 21,293,561
Stock-based compensation	7	-	-	618,469	-	-	618,469
Currency translation adjustment		-	-	-	(1,013,002)	-	(1,013,002)
Net loss for the period		-	-	-	-	(3,191,805)	(3,191,805)
Balance September 30, 2014		14,831,758	$ 94,113,114	$ 2,814,185	$ (1,864,318)	$ (77,355,758)	$ 17,707,223
Balance, January 1, 2015		101,176,268	$ 386,315,842	$ 3,006,381	$ (2,839,998)	$ (74,912,677)	$ 311,569,548
Exercise of stock options	7	84,000	359,442	(99,360)	-	-	260,082
Stock-based compensation	7	-	-	1,796,163	-	-	1,796,163
Currency translation adjustment		-	-	-	(7,044,929)	-	(7,044,929)
Net loss for the period		-	-	-	-	(32,562,921)	(32,562,921)
Balance September 30, 2015		101,260,268	$ 386,675,284	$ 4,703,184	$ (9,884,927)	$ (107,475,598)	$ 274,017,943

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

LUNDIN GOLD INC.

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

	Nine months ended September 30, 2015	2014
OPERATING ACTIVITIES		
Net loss for the period	$ (32,562,921)	$ (3,191,805)
Items not affecting cash:		
Stock-based compensation	1,796,163	618,469
Depreciation and accretion	838,220	-
Foreign exchange gain	(4,801,063)	-
	(34,729,601)	(2,573,336)
Changes in non-cash working capital items:		
VAT receivables and other assets	25,546	18,491
Accounts payable and accrued liabilities	1,564,699	112,340
Net cash used for operating activities	(33,139,356)	(2,442,505)
FINANCING ACTIVITIES		
Changes in non-cash working capital items:		
Proceeds from private placement, net	(239,656)	-
Proceeds from exercise of stock options	260,082	-
Net cash provided by financing activities	20,426	-
INVESTING ACTIVITIES		
Changes in non-cash working capital items:		
Acquisition of Aurelian Resources Inc., net of cash acquired	(3,548,816)	-
Acquisition of property, plant and equipment	(162,844)	-
Net cash used for investing activities	(3,711,660)	-
Effect of foreign exchange rate differences on cash	(2,505,879)	(1,013,003)
Net decrease in cash	(39,336,469)	(3,455,508)
Cash, beginning of period	70,919,477	21,328,135
Cash, end of period	$ 31,583,008	$ 17,872,627
Supplemental information		
Interest received	$ 100,643	$ 167,348
Changes in accounts payable and accrued liabilities related to:		
Proceeds from private placement, net	(239,656)	-
Acquisition of Aurelian Resources Inc.	(3,548,816)	-
Acquisition of property, plant and equipment	(55,672)	-

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

1. Nature of operations

Lundin Gold Inc. together with its subsidiaries (collectively referred to as “Lundin Gold” or the “Company”) is focused on advancing the Fruta del Norte gold project in Ecuador through feasibility to a production decision.

In December 2014, the common shares of the Company were listed for trading on the Toronto Stock Exchange (the “TSX”) and Nasdaq Stockholm under the symbol “LUG”. Prior to this, the Company’s common shares traded on the NEX Board of the TSX Venture Exchange under the symbol “FST.H”. The Company was originally incorporated in British Columbia and continued under the Canada Business Corporations Act in 2002.

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

2. Basis of preparation and consolidation

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 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, 2014.

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, 2014.

These unaudited condensed consolidated interim 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.

These financial statements were approved for issue by the Board of Directors on November 12, 2015.

3. Cash and cash equivalents

The carrying amounts of the Company’s cash and cash equivalents are denominated in the following currencies:

Currency		September 30 2015		December 31, 2014
Canadian dollars	$	5,358,503	$	29,686,978
U.S. dollars		26,224,505		41,232,499
	$	31,583,008	$	70,919,477

(Expressed in U.S. Dollars, unless otherwise noted)

4. Property, plant and equipment

Cost	**Land and buildings**	**Machinery and equipment**	**Vehicles**	**Furniture and office equipment**	**Total**
Balance, January 1, 2014	$ -	$ -	$ -	$ -	$ -
Additions	4,442,000	4,094,000	741,000	263,258	9,540,258
Balance, December 31, 2014	4,442,000	4,094,000	741,000	263,258	9,540,258
Additions	-	17,748	-	89,424	107,172
Cumulative translation adjustment	-	-	-	(16,798)	(16,798)
Balance, September 30, 2015	$ 4,442,000	$ 4,111,748	$ 741,000	$ 335,884	$ 9,630,632
Accumulated depreciation					
Balance, January 1, 2014	$ -	$ -	$ -	$ -	$ -
Depletion, amortization and accretion for the year	3,037	18,318	5,170	2,209	28,734
Balance, December 31, 2014	3,037	18,318	5,170	2,209	28,734
Depletion, amortization and accretion for the period	76,725	438,438	211,652	56,275	783,090
Cumulative translation adjustment	-	-	-	(982)	(982)
Balance, September 30, 2015	$ 79,762	$ 456,756	$ 216,822	$ 57,502	$ 810,842
Net book value					
As at December 31, 2014	$ 4,438,963	$ 4,075,682	$ 735,830	$ 261,049	$ 9,511,524
As at September 30, 2015	$ 4,362,238	$ 3,654,992	$ 524,178	$ 278,382	$ 8,819,790

5. Accounts payable and accrued liabilities

	September 30, 2015	December 31, 2014
Accounts payable	$ 323,193	$ 626,493
Accrued liabilities	2,751,832	5,043,816
	$ 3,075,025	$ 5,670,309

As at September 30, 2015, the accrued liabilities were related to ongoing business activities, in particular the feasibility study on the Fruta del Norte project.

As at December 31, 2014, the accrued liabilities were primarily related to transaction costs incurred relating to the acquisition of Aurelian Resources Inc. including the minimum cash adjustment, legal, stock exchange fees and other professional services.

(Expressed in U.S. Dollars, unless otherwise noted)

6. 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:

	Number of common shares		Share capital
Balance at January 1, 2014	14,831,758	$	94,113,114
Shares issued for acquisition of Aurelian Resources Inc.	26,156,250		90,000,000
Private placement, net	50,128,260		167,587,674
Issue of shares for convertible loan notes	10,060,000		34,615,054
Balance at December 31, 2014	101,176,268	$	386,315,842
Share options exercised	84,000		260,082
Share options exercised - fair value adjustment	-		99,360
Balance at September 30, 2015	101,260,268	$	386,675,284

On November 25, 2014, the Company completed a private placement of 50,128,260 subscription receipts of the Company for gross proceeds of $172.5 million (CAD$200.5 million). Finder's fees and other related costs totaling $4.7 million (CAD$5.4 million) were paid in relation to the private placement. On December 17, 2014, upon completion of the acquisition of Aurelian Resources Inc., the subscription receipts were converted to 50,128,260 common shares of the Company. In addition, on December 17, 2014, the Company completed a private placement of convertible loan notes with an aggregate principal amount of $34.6 million (CAD$40.2 million) to CD Capital Natural Resources Fund II (Master) L.P. An aggregate of 10,060,000 common shares of the Company have been issued for these convertible loan notes but are held in escrow.

7. 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.

Current outstanding options have an expiry date of five years and vest over a period of 24 months.

(Expressed in U.S. Dollars, unless otherwise noted)

7. **Stock options** (continued)

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

	Nine months ended September 30, 2015		Year ended December 31, 2014	
	Number of common shares	Weighted exercise price (CAD)	Number of common shares	Weighted exercise price (CAD)
Balance, beginning of period	757,000	$ 3.81	227,700	$ 4.34
Granted	1,880,500	3.95	592,000	3.75
Cancelled / Expired	(305,000)	3.94	(62,700)	5.21
Exercised[(1)]	(84,000)	3.94	-	-
Balance outstanding, end of period	2,248,500	$ 3.90	757,000	$ 3.81
Balance exercisable, end of period	647,100	$ 3.86	461,000	$ 3.84

[(1)] The weighted average share price on the exercise date for the stock options exercised during the nine months ended September 30, 2015 was CAD$3.92.

The following table summarizes information concerning outstanding and exercisable options at September 30, 2015:

Expiry date	Exercise price (CAD)	Options outstanding	Options exercisable	Remaining contractual life (years)
May 26, 2019	$ 3.75	488,000	360,000	3.65
February 23, 2020	$ 4.00	1,320,500	264,100	4.40
March 22, 2020	$ 3.90	115,000	23,000	4.48
April 9, 2020	$ 3.69	95,000	-	4.53
May 14, 2020	$ 3.75	230,000	-	4.62
		2,248,500	647,100	

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:

	2015	2014
Risk-free interest rate	0.60%	1.58%
Expected stock price volatility	64.83%	63.17%
Expected life	5 years	5 years
Expected dividend yield	-	-
Weighted-average fair value per option granted (CAD)	$2.10	$2.02

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.

During the nine months ended September 30, 2015, the Company recorded stock-based compensation expense of $1,796,163 (2014 – $618,469) relating to the vesting of options with a corresponding increase in the equity-settled share-based payment reserve.

(Expressed in U.S. Dollars, unless otherwise noted)

8. Project evaluation

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Camp costs	$ 834,537	$ -	$ 1,879,422	$ -
Conceptual studies	3,908,877	-	10,206,966	-
Depreciation and accretion expense	276,629	-	820,623	-
Drilling and other operating expenses	1,664,729	-	3,775,004	-
Environmental costs	709,663	-	1,950,610	-
Office and general	1,041,620	-	1,839,819	-
Salaries and benefits	1,090,055	-	2,343,905	-
Property taxes	268,631	-	2,095,071	-
Break fee and other expenses (a)	-	445,771	-	2,334,869
	$ 9,794,741	$ 445,771	$ 24,911,420	$ 2,334,869

(a) During the year ended December 31, 2013, the Company submitted a non-binding indicative offer and entered into an exclusivity agreement to acquire a mineral property. In January 2014, after completion of due diligence procedures, the Company withdrew its offer. As a result, pursuant to the terms of the exclusivity agreement, the Company paid a break fee of $1,000,000. Following this withdrawal, the Company continued to incur project evaluations expenditures to evaluate other strategic alternatives in the natural resource sector.

9. Related party transactions

(a) Related party expenses

During the nine months ended September 30, 2015 and September 30, 2014, the Company incurred the following:

Payee	Nature	Note	September 30, 2015	September 30, 2014
Namdo	Management fees	i	$ 214,286	$ 213,855

i. Namdo Management Services Ltd. (“Namdo”), a company associated with officers 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.

	September 30, 2015	September 30, 2014
Salaries and benefits	$ 1,395,603	$ -
Stock-based compensation	1,479,852	522,356
	$ 2,875,455	$ 522,356

(Expressed in U.S. Dollars, unless otherwise noted)

10. Segmented information

The Company's primary business activity is the advancement of the Fruta del Norte gold project in Ecuador through feasibility to a production decision. During the nine months ended September 30, 2015 and September 30, 2014, all project evaluation expenses were incurred in Ecuador and Canada, respectively. The geographic distribution of non-current assets is as follows:

	September 30, 2015		December 31, 2014	
	Equipment, net	**Mineral properties**	**Equipment, net**	**Mineral properties**
Canada	$ 49,843	$ -	$ 83,258	$ -
Ecuador	8,769,947	236,873,803	9,428,266	236,873,803
	$ 8,819,790	$ 236,873,803	$ 9,511,524	$ 236,873,803

11. Financial instruments

The Company's financial instruments consist of cash, cash equivalents and receivables, which are categorized as loans and receivables, and accounts payable and accrued liabilities, which are categorized as amortized cost. The fair value of these financial instruments other than cash approximates their carrying values due to the short-term nature of these instruments.