

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

Introductory Comment and Overview

Lund Gold Ltd. is a junior mineral exploration company listed on the TSX Venture Exchange under the trading symbol "LGD". The Company is in the business of exploring mineral properties, and is currently focusing on its Black Fox gold project in Northern Ontario and its Don-Don copper-gold project in Northern British Columbia. The Black Fox project was acquired by option agreement in May 2008 and the Don-Don project by option agreement in September 2009, as set out as a subsequent event in Note 15 to the year-end financial statements dated June 30, 2009. During the year ended June 30, 2009, the Company was primarily engaged in designing and commencing exploration programs at the Black Fox Project and in funding geophysical surveys and initial drilling at the Noront project, which, as set out below, was terminated in March 2009.

This MD&A is dated October 22, 2009 and discloses specified information up to that date. Lund Gold is classified as a "venture issuer" for the purposes of National Instrument 51-102. Our financial statements are prepared in accordance with generally accepted accounting principles applicable in Canada. Unless otherwise cited, references to dollar amounts are Canadian dollars. Throughout this report we refer from time to time to "Lund", "Lund Gold", "the Company", "we", "us", "our" or "its". All these terms are used in respect of Lund Gold Ltd. which is the reporting issuer in this document. *We recommend that readers consult the "Cautionary Statement" on the last page of this report.* Additional information related to Lund Gold is available for view on SEDAR at www.sedar.com.

Overall Performance

Our principal milestones in the year ended June 30, 2009 and to the date of this report were the following.

- **Black Fox Project:** On July 18, 2008 we received regulatory acceptance of and announced an option agreement in respect of nine claims totalling 76 units described as the Black Fox project located in Tuuri Township, in the Schreiber-Hemlo Greenstone Belt, in the Thunder Bay Mining Division, Ontario. Terms of the option agreement are described in Note 5 to the third quarter financial statements. On September 9, 2008 we announced the commencement of gold exploration, and on May 21, 2009 we reported on results from the completion of our Phase 1 program, consisting of geological and geochemical sampling and mapping, prospecting, linecutting and detailed ground magnetic surveying. In total 2116 soil and 320 rock samples were collected and 52 line-kilometres of ground magnetics completed. The property contains multiple gold-in-soil anomalies, and six areas warrant follow-up exploration. A program is planned for early June 2009 to follow up anomalous gold in rocks and soil samples. The May 21, 2009 news release is filed on SEDAR and contains additional details.
- **Don-Don Project:** Subsequent to the fiscal year-end, on September 17, 2009 we announced an option agreement in respect of 16 claims totalling 6,105 hectares described as the Don-Don project located in the Omineca Mining Division, British Columbia. Terms of the option agreement are described in Note 15 to the June 2009 audited financial statements. This project is located in the northern Quesnel Trough geological district, a very active exploration camp with numerous companies exploring for porphyry- and other style copper-gold mineralization. We plan to begin geophysical work shortly with the objective of generating drill targets as soon as possible. The September 17, 2009 news release is filed on SEDAR and contains additional details.
- **Noront Project:** On July 16, September 18 and November 20, 2008 we announced exploration results which resulted in a diamond drill program carried out in December. Results were reported on March 18, 2009. We drilled two holes totalling 482.6 meters in length. The targets were explained by narrow intercepts of disseminated to semi-massive sulphides, mostly in the form of pyrrhotite. Based on these results, the partners determined that no further work be conducted and that the option agreement be terminated. As set out in Note 4 to the June 2009 audited financial statements, the Company received \$701,452 in exploration funds back from the operator in April 2009, and a total cost of \$493,882 was written off against income in the fiscal year.

Selected Annual Information

The following table provides a brief summary of Lund's financial operations. For more detailed information, refer to the Financial Statements.

	Year Ended June 30, 2009	Year Ended June 30, 2008	Year Ended June 30, 2007
Total revenues	nil	nil	nil
Net loss	\$492,565	\$2,075,774	\$778,235
Basic and diluted loss per share	(0.01)	(0.05)	(0.03)
Total assets	3,691,559	4,581,302	4,166,476

There were no long-term financial liabilities or cash dividends declared in any of these years.

During the fiscal year ended June 30, 2009, total assets decreased to \$3.692 million from \$4.581 million as at June 30, 2008, primarily due to expenditures on the Black Fox project, offset in part by the writedown of the Noront project, to operating costs, and to the non-cash reduction in the stated value of share capital arising from the tax recovery recognized on the renunciation of flow-through amounts described in Notes 2, 5 and 11 to the June 2009 audited financial statements. The significant decrease in loss during the year ended June 30, 2009 compared to the year ended June 30, 2008 is primarily due to a) the Noront project write-down of \$494,000 compared to fiscal 2008's Carneirinho project writedown of \$1.7 million; b) the non-cash income tax recovery of \$475,000 recognized as set out in Notes 2, 5 and 11 to the June 2009 audited financial statements; and c) the \$81,000 increase in operating expenses.

During the fiscal year ended June 30, 2008, total assets increased to \$4.581 million from \$4.166 million as at June 30, 2007, primarily due to the placement of share capital. The significant increase in loss during the year ended June 30, 2008 compared to the year ended June 30, 2007 is primarily due to a) the Carneirinho project write-down of \$1.7 million (no write-downs in fiscal 2007) offset in part by b) an decrease of \$472,000 in stock-based compensation costs from 2007 to 2008, attributable to a large grant of options in the 2007 fiscal year with no new options granted in fiscal 2008.

Discussion

The operating results of exploration stage resource companies are capable of demonstrating wide variations from period to period. There are numerous reasons for this, but they include such things as widely varying levels of activity depending on the state of the capital markets and upon the company's number of projects; the nature, size and timing of exploration programs depending on availability of funds, property location, seasonal factors and the number of exploration stages which have taken place on properties (typically, budgets on a given project go up year on year as projects proceed from grassroots prospecting towards drilling and resource definition); costs of properties abandoned or otherwise disposed of being charged to operations; levels of staffing and whether this consists of employed or contract personnel; the degree of professional services required to carry out such matters as property transactions or corporate finance; the resources applied to investor relations programs; amounts recognized as stock-based compensation expense upon the vesting of stock option grants; and accounting recognition of income tax effects of flow-through share transactions.

In Lund's case, most of those factors described came into effect between fiscal 2007, fiscal 2008 and fiscal 2009: the difference in the costs of the written-down projects, Noront versus Carneirinho; a highly material but non-recurring, non-cash income tax recovery recognized in 2009 as discussed above; and a transition to increased administrative costs arising from overseeing our own exploration programs on the Black Fox project compared to, in fiscal 2007 and 2008, limited activity on either the Noront project (newly acquired in late fiscal 2008) or the Carneirinho project. Our general and administrative costs increased from \$458,000 to \$539,000 from 2008 to 2009, the increase being commensurate with increased activities on and management of the Noront and Black Fox projects, located in Canada, compared to, in fiscal 2008, the Carneirinho project managed in Brazil by a third party contract operator. From 2007 to 2008, general and administrative costs, excluding the non-cash item stock-based compensation, increased from \$347,000 to \$458,000, the increase being commensurate with funds raised, a continuing program at the Carneirinho project prior to its abandonment, and the negotiation and acquisition of interests in the Noront and Black Fox projects.

Summary of Quarterly Results

	Three Months Ended June 30, 2009	Three Months Ended March 31, 2009	Three Months Ended December 31, 2008	Three Months Ended September 30, 2008	Three Months Ended June 30, 2008	Three Months Ended March 31, 2008	Three Months Ended December 31, 2007	Three Months Ended September 30, 2007
Total assets	\$3,691,559	\$3,765,411	\$4,446,758	\$4,526,117	\$4,581,302	\$2,423,811	\$4,249,261	\$4,307,160
Mineral properties	629,216	510,776	944,453	357,877	189,996	100,000	1,681,073	1,660,592
Working capital	2,808,943	3,075,514	2,523,291	3,046,880	3,289,166	1,197,223	2,251,548	2,386,517
Shareholders' equity	3,567,165	3,722,410	4,325,957	4,441,867	4,510,833	2,334,229	3,962,362	4,070,668
Revenues	nil	nil	nil	nil	nil	nil	nil	nil
Net loss ¹	(159,744)	(128,945)	(115,910)	(87,966)	(93,048)	(1,807,300)	(108,306)	(67,120)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.05)	(0.00)	(0.00)

Note: The loss per share is zero in each quarter of fiscal 2008-2009 but \$0.01 for the year in total, due to rounding.

Results of Operations

Lund's management believes that the most relevant measures of the results of operations for an exploration stage company are found in the statement of cash flows.

The statement of cash flows portrays our continuing focus on mineral exploration, relatively modest drawdowns of cash attributable to operations, and the ability maintain robust cash resources and to otherwise manage our financial assets. Continuous programs of resource project expenditure reflect the essence of the business we are in as a development stage company. Net of non-cash items, our administrative operations have consumed between approximately \$55,000 and \$110,000 per quarter over the past two fiscal years. We expect this level to continue over our one- to two-year planning horizon.

Our expenses for the year ended June 30, 2009 were approximately \$539,000, up from approximately \$458,000 in the preceding fiscal year. Increases occurred principally in salaries and benefits, rent, property examination costs, due to a lease renewed at significantly higher rates, and in amortization. Salaries and benefits increased due to increased activity levels as we internally managed our two projects in Canada, Noront and Black Fox, rather than relying on a contract operator as was done for the Carneirinho project in Brazil in fiscal 2008 and prior years. Rent costs increased primarily due to fiscal 2009 bearing for 12 months a significant increase in our lease costs from May 2008, whereas fiscal 2008 only bore this increase for two months. Property examination costs were new for fiscal 2009 reflecting activities seeking new projects, which was not occurring in fiscal 2008. The increased amortization reflects the costs of substantial leasehold improvements not put into service until fiscal 2009.

Among "other income and expense" line items, Interest earnings diminished in the new fiscal year reflecting reducing balances of financing proceeds and lower interest rates available. A foreign exchange gain was realized on our holdings of U.S. dollar bank balances as that currency strengthened against the Canadian dollar. We no longer hold significant U.S. dollar balances. A significant non-cash income tax recovery was recognized, arising from somewhat arcane accounting principles having to do with future income tax assets – this gain created no meaningful benefit to the company.

Liquidity, including in the context of current capital markets

Based on our existing working capital, we expect to maintain adequate liquidity to meet our funding needs anticipated for the balance of the fiscal year currently in progress and for the following fiscal year. This robust working capital position principally reflects the private placement financing which closed in April 2008. We believe Lund Gold's working capital position demonstrates a capacity to carry on our exploration operations, and related administrative costs, in spite of the dramatic negative developments and sentiments in the capital markets both generally, and in how these factors are affecting the mineral exploration sector in particular, which characterized the latter half of calendar 2008 and the first half of calendar 2009.

The Company does not currently own or have an interest in any producing resource properties and has not derived any revenues from the sale of resource products in the last two financial years. Our exploration activities have been funded

through sales of common shares, and we expect that we will continue to be able to utilize this source of financing until we develop cash flow from operations, although such cash flow is well beyond our current planning horizon. There can be no assurance, however, that we will be able to obtain required financing in the future on acceptable terms, or at all. In the near term, our plan is to continue our exploration programs on our projects.

Capital Resources

During the year ended June 30, 2009, the Company continued to have the benefit of the proceeds of our private placement financings which closed in April 2008 and which are fully described in Note 5(a) to our year end financial statements dated June 30, 2009.

Based on our existing working capital, the Company does not expect to require additional financing during the current or following fiscal year. At June 30, 2009 the Company had no significant project expenditure or other commitments.

Related Party Transactions

During the year ended June 30, 2009, the Company incurred legal fees of \$16,000 paid or accrued to a law firm controlled by James G. Stewart, a director and officer of the Company. The Company also paid or accrued salaries and benefits of \$81,200 to Mr. Chet Idziszek, its Chief Executive Officer, and paid office rent costs of \$68,388 to Madison Minerals Ltd., a company related by way of common directors, pursuant to an informal office occupancy and rent-sharing agreement. A portion of the CEO's compensation has been recorded as mineral project costs.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the Company and the related parties.

Discussion and Analysis of Fourth Quarter

The net loss recorded in the final fiscal quarter was \$159,744, compared to \$332,821 for the aggregate of the first three quarters, or a simple average of approximately \$110,000 per quarter. The principal variance arose from the incurring of \$29,570 in property examination costs in the fourth quarter, a new line item, as we carried out certain evaluation costs on a project under consideration for acquisition. A decision on this prospect is not yet made as at the date of this report. Setting this aside, fourth quarter costs were generally similar to the other quarters in the fiscal year.

New Accounting Standards Adopted

As described in Note 2 to the financial statements, effective July 1, 2008 the Company adopted certain new or amended standards mandated by the CICA; these standards are set out in CICA Handbook Section 3862 *Financial instruments – disclosures*, Section 3863 *Financial instruments - presentation*, Section 1535 *Capital disclosures*, and Section 1400 *General standards of financial statement presentation* (regarding the requirement to assess going concern assumptions). The adoption of these new standards has not had a significant effect on the content of or disclosures made in our financial statements.

Recent Accounting Pronouncements

Also as described in Note 2 to the financial statements, the Company will be adopting effective July 1, 2009 for the fiscal year currently in progress new CICA standard Section 3064 *Goodwill and intangible assets*. We do not believe this new standard will have a significant effect on our accounting and disclosures. Also, effective July 1, 2011 we expect to adopt a new standard as set out in Section 1582 *Business combinations*. We do not believe this new standard will have a significant effect on our accounting and disclosures.

International Financial Reporting Standards (“IFRS”) Implementation Plan

Also as described in Note 2 to the financial statements, in February 2008 the Canadian authority, the Accounting Standards Board (“AcSB”), announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Lund Gold will publish its first financial statements under IFRS for the interim fiscal quarter ending September 30, 2011. Those statements will include comparative amounts, determined under IFRS, for our prior fiscal year ended June 30, 2011, requiring a balance sheet restated under IFRS as at June 30, 2010. The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required.

While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures;
- Property, plant and equipment (measurement and valuation);
- Provisions, including asset retirement obligations;
- Stock-based compensation;
- Accounting for joint ventures;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures; information technology; internal controls; contractual arrangements; and employee training. The table below summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	In progress now
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes of those with accounting policy alternatives.	Throughout fiscal 2009-2010
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	Throughout fiscal 2009-2010
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	By June 30, 2010
Resolution of the accounting policy change implications on information technology, internal controls and contractual agreements.	By June 30, 2010
Management and employee education and training.	Throughout the transition process
Quantification of the Financial Statements impact of changes in accounting policies.	By December 31, 2010

Financial Instruments

The Company's financial instruments consist of cash, exploration funds, receivables, restricted cash, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Because these items have short maturities, the fair value of these financial instruments is approximately equal to their carrying values, unless otherwise noted. At June 30, 2009 the Company's ongoing project was located in Canada and its costs incurred in Canadian dollars. Because of this, the Company has no material exposure to foreign currency risk. The minor foreign exchange gain in the statement of operations reflects US dollar holdings held during a period of improving US dollar exchange rates.

Risk Factors

The Company and its operations are subject to a significant number of risk factors, in respect of which an adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company's undertakings and to the interests of stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. The following description of risk factors is not exhaustive and is provided to alert users of this management discussion and analysis to examples of the nature and types of risk factors inherent in the Company's existence and operations.

Exploration risk

The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome for the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome for the Company and its securities.

Market risks

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome for the Company and its securities.

Political risk

The Company's projects are located in the Provinces of Ontario and British Columbia, Canada. Its tenure over its property rights and the conditions under which it operates, both during and after the exploration stage, are subject to the jurisdiction of Canada and the Provinces of Ontario and British Columbia. The laws and regulations governing the Company's tenure and operations are subject to alteration, and an adverse alteration to those laws and regulations could have a material adverse outcome for the Company and its securities. In addition, the exposure of the Company, its projects and its operations to political risk comprises part of the evaluations, perceptions and sentiments of investors as described above under "Market risks". An adverse change in investors' tolerance of political risk could have a material adverse outcome for the Company and its securities.

Financing risk

Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the capital markets, with the exception of a portion of calendar 2008 and 2009, have been favourable to the financing of mineral exploration during the past several years, and the Company has been successful in obtaining financing for its projects, there can be no assurance that the capital markets will be favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome for the Company and its securities.

Commodity price risk

The Company's exploration projects seek gold at the Black Fox Project and copper and gold at the newly acquired (September 2009) Don-Don Project. While these commodity categories have up until the most recent months been the subject of significant price increases from levels prevalent earlier in the decade, they have recently experienced significant and volatile market price movements, and there can be no assurance that attractive price levels will be restored or maintained, or that investors' evaluations, perceptions, beliefs and sentiments will favourably regard both or either of these target commodity categories. Adverse effects in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome for the Company and its securities.

Input price risk

The cost of numerous inputs to mineral exploration and development has been subject to significant increase in recent years. These costs include the cost of infrastructure materials such as steel and concrete, the cost of fuel, and the compensation cost of technical and operating personnel. A continuation of cost escalation in these input prices could have a material adverse outcome for the Company and its securities.

Key personnel risk

The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel, including Chet Idziszek the President and Chief Executive Officer. The Company does not maintain "key man" insurance policies on its chief executive officer. Should the availability of his skills and experience be in any way reduced or curtailed, this could have a material adverse outcome for the Company and its securities.

Other Required Disclosure

Additional Disclosure for Venture Issuers without Significant Revenue

At June 30, 2008, the Company had incurred acquisition and exploration costs of \$189,996 with respect to its Noront Property and during the year ended June 30, 2009, the Company incurred a further \$303,886 in exploration costs on

this project. The major components of the exploration costs are set out in detail in note 4 to the statements, which sets out that the principal cost centres were for diamond drilling costs, and geology and geophysics costs. Note 4 also sets out the write-off of all Noront costs, as described above under "Overall performance". Also as set out in detail in note 4 to the statements, during the year to June 30, 2009 the Company acquired an interest in the Black Fox project and incurred \$570,716 in exploration costs as well as \$58,500 in acquisition costs, by the issue of 200,000 shares and the payment of \$35,000 in cash, as set out in the same financial statement note, which sets out that the principal cost centres were for geology, geochemistry and geophysics and for surveying and linecutting.

Operating expenses for the year ended June 30, 2009 were \$538,628, an 18 per cent increase from \$457,916 for the comparable year ended June 30, 2008. Factors underlying this increase are described above under the heading "Results of Operations".

Disclosure of Outstanding Share Data

The authorized share capital of the Company consisted at June 30, 2009 of an unlimited number of common shares without par value of which 48,303,033 were outstanding at June 30, 2009 and 48,353,033 as of the date hereof. The Company's authorized capital was increased to an unlimited number in October 2008.

At June 30, 2009 and at the date of this report the Company had outstanding warrants entitling the purchase of 4,487,852 shares of the Company at a price of \$0.40 per share until April 16, 2010, and for the purchase of 804,500 shares of the Company at a price of \$0.24 per share until April 16, 2010, for a total of 5,292,352 warrants.

At June 30, 2009 and at the date of this report the Company had the following incentive stock options outstanding:

Number of Stock Options	Exercise Price	Expiry Date
59,000	\$0.25	July 22, 2009
896,500	\$0.10	November 9, 2010
1,690,000	\$0.31	April 20, 2012
<u>10,000</u>	<u>\$0.37</u>	<u>May 18, 2012</u>
<u>2,655,500</u>		

During the fiscal year, 474,000 options priced at \$0.52, 21,500 options priced at \$0.65 and 100,000 options priced at \$0.33 expired without being exercised.

Vancouver, British Columbia



October 22, 2009

Cautionary Statement

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment and scope of exploration programs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.