

NEWS RELEASE

LUNDIN GOLD REPORTS YEAR END 2017 RESULTS

February 15, 2018 (Vancouver, Canada) Lundin Gold Inc. ("Lundin Gold" or the "Company") (TSX: "LUG", Nasdaq Stockholm: "LUG") is pleased to announce its results for the year ended December 31, 2017. All amounts in this release are in U.S. dollars unless otherwise indicated.

"We have had an excellent year advancing the development of our Fruta del Norte gold project," said Ron Hochstein, Lundin Gold's President and Chief Executive Officer. "At the start of the year, we were planning the underground mine, and by year's end, our mine development contractor was breaking into hard rock in both tunnels. This is in addition to site earthworks, construction of project infrastructure and purchase of long lead items. We made significant progress on our project financing as well. Closing the \$400 million to \$450 million financing package with Orion Mine Finance Group and Blackstone Tactical Opportunities in May was critical to the Project's advancement and has allowed Fruta del Norte to stay on track."

Highlights

Fruta del Norte

- Mine development contract was awarded, and development of the underground mine started. Soft tunneling was completed in December 2017 and mine development is now into hard rock.
- Key site infrastructure to support mine development was completed.
- All major process plant equipment packages were awarded.
- Mobile equipment packages, including underground mine scoop trams and haul trucks, were awarded.
- Construction of a 1,000-person camp was started and is nearing completion.
- Engineering, procurement and construction contract for the power line from Bomboiza substation to site was awarded.
- Approval was granted for the power line Environmental Impact Assessment ("EIA"), and the Environmental License granted.

Exploration

- Targets in preparation for drill testing were better defined, with geochemical sampling and mapping completed on epithermal gold-silver targets within the Suarez pull-apart basin that hosts the Fruta del Norte deposit.
- A 4,000 metre exploration drill program at the El Puma epithermal target ("El Puma") began in November 2017. El Puma is located approximately 12 kilometres ("km") south of Fruta del Norte.

Financing

- In May 2017, the Company closed a project finance package of \$400-450 million with Orion Mine Finance Group and Blackstone Tactical Opportunities (the "Lenders").
- In January 2018, the Company received commitments from a syndicate of five senior lenders (the "Senior Lenders") for a senior secured project finance facility (the "Senior

Debt Facility") of \$300 million to fund the development and construction of Fruta del Norte.

Corporate

- On March 16, 2017, Ms. Chantal Gosselin was appointed to the Board of Directors.

Financial Results

<i>(in thousands, except per share amounts)</i>	Three months ended		Year ended	
	December 31,		December 31,	
	2017	2016	2017	2016

Results of Operations:

Net loss for the period	\$ (19,505)	\$ (23,889)	\$ (41,140)	\$ (62,814)
Basic and diluted loss per share	(0.16)	(0.20)	(0.35)	(0.59)

<i>(in thousands)</i>	As at December 31, 2017	As at December 31, 2016
Financial Position:		
Cash	35,018	8,503
Working capital	26,794	1,022
Property, plant and equipment	142,598	7,822
Mineral properties	246,387	236,874
Total assets	481,729	278,906
Long-term liabilities	225,930	974

Note: the complete analysis of the 2017 financial results can be found in the MD&A and financial statements dated February 15, 2018 filed on SEDAR.

The loss during the year ended December 31, 2017 is lower compared to the previous year due to the commencement of capitalization of expenses relating to the development of Fruta del Norte which started in the first quarter of 2017 and one-time costs incurred in 2016. This is offset by a derivative loss of \$18.0 million from the fair value revaluations of the long-term debt and an increase in professional fees due to ongoing costs relating to project finance initiatives.

The Company's net loss in the current quarter is lower compared to the net loss during the fourth quarter of 2016 mainly due to the commencement of capitalization of expenses relating to the development of Fruta del Norte and the one-time costs noted above. This is offset by a derivative loss from the fair value revaluation of the long-term debt of \$14.1 million.

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.

Liquidity and Capital Resources

As at December 31, 2017, the Company had cash of \$35.0 million and working capital of \$26.8 million compared to cash of \$8.5 million and working capital of \$1.0 million at December 31, 2016. The change in cash was primarily due to proceeds from the Financing of which \$190 million had been drawn, offset by costs incurred for the development of the Fruta del Norte Project of \$126.5 million and exploration expenditures of \$6.4 million.

The Financing

On May 30, 2017, the Company's operating subsidiary, Aurelian Ecuador S.A., which holds Fruta del Norte, closed a project finance package with the Lenders comprised of a gold prepay credit facility of \$150 million, a stream loan credit facility of \$150 million and an offtake agreement. As at December 31, 2017, \$190 million had been drawn from the two facilities, with the balance drawn in January 2018. The Lenders also committed to participate in future equity financings of the Company required to fund the Fruta del Norte Project, in an aggregate amount of not less than \$100 million and not more than \$150 million, as and when initiated by the Company and subject to minimum financing thresholds.

The Senior Debt Facility

In January 2018, the Company received commitments from the Senior Lenders for the Senior Debt Facility to fund the development and construction of Fruta del Norte. The Senior Debt Facility will include two tranches: Tranche A of \$100 million, to be guaranteed by an export credit agency satisfactory to the Senior Lenders, and Tranche B of \$200 million. The term of the Senior Debt Facility is expected to be eight and a half years. There are no mandatory requirements for gold hedging associated with the Senior Debt Facility. The Senior Debt Facility is subject to completion of definitive documentation, which will include customary project finance terms, fees and conditions, a comprehensive intercreditor agreement and completion of ongoing due diligence.

Outlook

The Company is focused 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:

- Advancing detailed engineering of the process plant, tailings storage facility and site-wide water management.
- Completing the North Access and River roads.
- Complete the process plant earthworks, substantially complete the process plant concrete and start steel and equipment erection.
- Advancing underground hard rock development.
- Begin construction of the 42 km 230 kilovolt power line to connect the Project to the national grid.
- Approval of the Mountain Pass Quarry EIA and granting of the Environmental License.
- Awarding the contract for the design and supply of paste plant and water treatment plant.
- Start construction of the tailings storage facility diversion ditch and dam construction.

During the next several months, the Company will also continue to work with its financial advisors to complete the funding for the construction of Fruta del Norte.

Exploration is focused on diamond drilling, which continues on El Puma. 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.

Qualified Person

The technical information relating to the Fruta del Norte Project contained in this Press Release 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.

Full details of the Feasibility Study can be found in The Technical Report. The Technical Report is available for review under the Company's profile on SEDAR (www.sedar.com) and on the Company's website (www.lundingold.com).

Additional Information

The Company's consolidated financial statements for the year ended December 31, 2017 and related management's discussion and analysis are available on the Company's website at www.lundingold.com or under its profile on SEDAR at www.sedar.com.

The information in this release is subject to the disclosure requirements of Lundin Gold under the EU Market Abuse Regulation and the Swedish Securities Markets Act. This information was publicly communicated on February 15, 2018 at 4:00 pm PST.

About Lundin Gold

Lundin Gold, headquartered in Vancouver, Canada, is developing its wholly-owned Fruta del Norte gold project in southeast Ecuador. Fruta del Norte is one of the largest, highest-grade gold projects currently under construction. 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.

For more information, please contact

Lundin Gold Inc.
Ron F. Hochstein
President and CEO
+593 2-299-6400
+604-806-3589

Lundin Gold Inc.
Sabina Srubiski

Manager, Investor Relations
+1-604-806-3089
info@lundingold.com
www.lundingold.com

[Follow Lundin Gold on Twitter](#)

Caution Regarding Forward-Looking Information and Statements

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

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

This press release contains forward-looking information in a number of places, such as in statements pertaining to: the timing of first gold production, the results of the project update and the timing and progress of the development, construction and operation of FDN, the timing and progress of the development and construction the power line, the timing and success of permitting and regulatory approvals and the award of certain purchase orders and contracts and the acquisition of easements, the success of the Company’s exploration plans and activities, exploration and development expenditures and reclamation costs, 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 Financing 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; 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 and 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; limits of disclosure and internal controls; 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 Management

Discussion & Analysis for the financial year ended December 2017, which is available on SEDAR at www.sedar.com.