

NEWS RELEASE

LUNDIN GOLD AWARDS MINE DEVELOPMENT CONTRACT

February 22, 2017 (Vancouver, Canada)... Lundin Gold Inc. ("Lundin Gold" or the "Company") (TSX: "LUG", Nasdaq Stockholm: "LUG") is pleased to announce that its wholly-owned subsidiary Aurelian Ecuador S.A. has awarded the mine development contract for the Fruta del Norte gold project in Ecuador to a consortium comprising the following companies:

- Ingenieria y Construcciones Mas Errazuriz Limitada y Filiales ("Mas Errazuriz") of Chile, which brings over 30 years of underground mine construction and employs over 1,000 employees in Chile, Peru, Argentina and Columbia; and
- Sevilla y Martinez Ingenieros C.A. Semaica ("Semaica") of Ecuador, with over 60 years of civil construction experience in the country and employs over 1,000 people.

Mas Errazuriz and Semaica will partner as a 50/50 consortium to become Lundin Gold's key contractor for the portals and soft tunneling work and the development of the twin declines and of the mine in preparation for operations. Planning and mobilization activities will commence immediately under the terms of a Letter of Award executed on February 21, 2017.

A competitive bidding, evaluation and negotiation process was carried out by a cross functional project team over several months leading to this award. "We are very pleased to have completed the process of selection for the mine development contractor, enabling Lundin Gold to continue to advance the Fruta del Norte project on schedule" said Lundin Gold's President and Chief Executive Officer, Ron Hochstein. "We look forward to working with these two experienced companies to form the critical underground development team for the success of Fruta del Norte."

The Early Works program to prepare the site for the start of the work on the mine development, as well as basic engineering, continue. With the award of this contract, the Fruta del Norte project remains on track for the start of construction of the mine portals as planned in the Feasibility Study.

About the Company

Lundin Gold Inc. owns the Fruta del Norte gold project located in southeast Ecuador. FDN is one of the largest and highest grade undeveloped gold projects in the world. The Company is advancing FDN in order to realize the significant potential of this asset.

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.

Additional Information

The information in this release is subject to the disclosure requirements of the Company under the EU Market Abuse Regulation and the Swedish Securities Market Act. This information was publicly communicated on February 22, 2017 at 5:00 a.m. Vancouver Time.

For more information, please contact

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Forward-Looking Statements

This press release contains or refers to forward-looking information under Canadian securities legislation, including statements regarding the award of the mine development contract, the formation of a consortium and the satisfaction of other contract conditions by the contractor, the performance of the contractor, the estimated cost and duration of the mine development work, the execution of the definitive mine development contract and the anticipated time to production, all of which information is based on current expectations that involve a number of business risks and uncertainties. Forward-looking statements are subject to significant risks and uncertainties, and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements.

There can be no assurance that such statements will prove to be accurate, as Lundin Gold's actual results and future events could differ materially from those anticipated in this forward-looking information as a result of the factors discussed in the "Risk Factors" section in Lundin Gold's Short Form Prospectus dated July 12, 2016 available at www.sedar.com.

Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, the ability to arrange financing, the timely receipt of regulatory approvals, permits and licenses, risks related to carrying on business in an emerging market such as possible government instability and civil turmoil and economic instability, measures required to protect endangered species, deficient or vulnerable title to mining concessions and surface rights; the potential for litigation; volatility in the market price of the Company's shares; the risk to shareholders of dilution from future equity financings; the cost of compliance or failure to comply with applicable laws; difficulty complying with changing government regulations and policies, including without limitation, compliance with environment, health and safety regulations; illegal mining; uncertainty as to reclamation and decommissioning liabilities, unreliable infrastructure and local opposition to mining; the accuracy of the Mineral Reserve and Resource estimates for the Fruta del Norte Project and the Company's reliance on one project; volatility in the price of gold; 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; potential conflicts of interest for the Company's directors who are engaged in similar businesses; limitations of disclosure and internal controls; and the potential influence of the Company's largest shareholders. The forward-looking statements contained in this press release are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances other than as required by law.