

Lundin Gold Inc. Reports Third Quarter 2017 Results

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Nov. 7, 2017) - Lundin Gold Inc. ("Lundin Gold" or the "Company") (TSX:LUG)(OMX:LUG) is pleased to announce its results for the three and nine months ended September 30, 2017. All amounts in this release are in U.S. dollars unless otherwise indicated.

During the quarter, Lundin Gold ramped up construction at the Fruta del Norte gold project ("Fruta del Norte" or "the Project") and there are now approximately 800 people at site, including contractors. The Company also advanced exploration targets to prepare for drill testing, which is expected to begin later this year.

"We have made a remarkable amount of progress in a short period of time and are well into the construction phase at Fruta del Norte," said Ron Hochstein, Lundin Gold's President and Chief Executive Officer. "We plan to hit hard rock before the end of the year in the underground mine, keeping the critical path on track, and we are making excellent progress on the procurement and design of both the process plant and powerline, both of which are key to the advancement of the Project."

Highlights

Fruta del Norte

- Mine portals were completed and soft tunneling is well advanced.
- Key infrastructure at site to support mine development was completed.
- Detailed engineering contracts for the process plant, tailings facility and water management were awarded and work began on all areas.
- Long-lead time process plant equipment was ordered.
- Engineering, procurement and construction ("EPC") contract for the power transmission line from the Bomboiza substation to the site was awarded.
- Major earthworks activities are progressing and work on the process plant area started.

Exploration

- Targets in preparation for drill testing were better defined, with geochemical sampling and mapping completed on the Barbasco and Puente-Princesa epithermal gold-silver targets within the Suarez pull-apart basin (the "Basin") that hosts the Fruta del Norte. Both targets are located approximately 7 kilometers south of the Project.

Financial Results

<i>(in thousands, except per share amounts)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016

Results of Operations:

Net loss for the period	\$ (16,032)	\$ (11,785)	\$ (21,635)	\$ (38,925)
Basic and diluted loss per share	(0.13)	(0.10)	(0.18)	(0.37)

<i>(in thousands)</i>	As at September 30, 2017	As at December 31, 2016
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Financial Position:

Cash	62,951	8,503
Working capital	66,196	1,022
Property, plant and equipment	87,312	7,822
Mineral properties	245,669	236,874
Total assets	434,198	278,906
Long-term liabilities	170,738	974

Note: the complete analysis of the Q3 2017 financial results can be found in the MD&A and financial statements dated November 7, 2017 filed on SEDAR.

The Company's net loss in the current quarter is higher compared to the net loss during the third quarter of 2016 mainly due to a derivative loss of \$8.3 million from the fair value revaluation of its long-term debt at September 30, 2017. 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.

The loss in the nine months ended September 30, 2017 is lower compared to that of the nine months ended September 30, 2016 due to the commencement of capitalization of expenses which is offset by a derivative loss from the revaluation of the Company's long-term debt.

Liquidity and Capital Resources

As at September 30, 2017, the Company had cash of \$63.0 million and a working capital of \$66.7 million compared to cash of \$8.5 million and a working capital balance of \$1.0 million at December 31, 2016. The change in cash was primarily due to proceeds from a project finance package of \$300 million (the "Financing") with Orion Mine Finance Group and Blackstone Tactical Opportunities (the "Lenders") of which \$150 million has been drawn to date, offset by costs incurred for the development of the Project of \$67.8 million and exploration expenditures of \$4.7 million.

The Financing

On May 30, 2017, the Company's operating subsidiary, Aurelian Ecuador S.A. ("Aurelian"), which holds Fruta del Norte, closed the Financing comprised of a gold prepay credit facility for \$150 million, a stream loan credit facility of \$150 million and an offtake agreement. The Lenders also committed to participate in future equity financings of the Company required to fund the 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.

Outlook

The third quarter of 2017 marked the commencement of construction at the Fruta del Norte Project. The Company's focus now is on advancing the Project through to first gold production in 2019. To achieve that goal, the following activities are planned over the next twelve months:

- Completion of all Early Works activities by the end of the year.
- Completion of soft tunnelling and commencement of underground hard rock development in 2017.
- Advancement of detailed engineering of the process plant, tailings storage facility and site-wide water management into 2018.
- Ordering of remaining process plant equipment and electrical packages and mobile mine equipment in 2017.
- Approval of the Mountain Pass Quarry EIA and signing of an exploitation agreement for the quarry to permit the extraction of construction materials in 2018.
- Continuation of earthworks activities, including the clearing of the plant site, construction of the North Access and River Roads and site preparation for the tailings dam.
- Commencement of concrete work on the process plant in 2018.
- Commencement of construction of the Bomboiza / Fruta del Norte powerline in 2018.

During the next several months, the Company will also continue to work with its financial advisors to put in place the remaining funding for the construction of Fruta del Norte, including continuing advanced discussions with a syndicate of banks.

A helicopter Z-Tipper Axis Electromagnetic resistivity geophysical survey of the Basin and surrounding terrain is planned to take place by the end of 2017. Soil sampling has been completed on most of the Company's concessions in the Basin, and geological mapping is continuing on selected targets; targets will be prioritized for drilling scheduled to begin before the end of 2017.

Qualified Person

The technical information relating to the Fruta del Norte Project contained in this news release has been reviewed and approved by Ron Hochstein P. Eng, Lundin Gold's President & CEO who is a Qualified Person under National Instrument 43-101 ("NI 43-101"). The disclosure of exploration information contained in this press release was prepared by Steve Leary, MAusIMM CP(Geo), a consultant to the Company, who is a Qualified

Person under NI 43-101.

Full details of the Feasibility Study can be found in a technical report entitled "Fruta del Norte - NI 43-101 Technical Report on Feasibility Study" which has an effective date of April 30, 2016. The Technical Report is available for review under the Company's profile on SEDAR (www.sedar.com) and on the Company's website (www.lundinalgold.com).

Additional Information

The Company's consolidated financial statements for the three months and nine months ended September 30, 2017 and related management's discussion and analysis are available on the Company's website at www.lundinalgold.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 November 7, 2017 at 2:30 pm PT.

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.

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 and success of the Early Works and construction programs, the success of the Company's exploration plans and activities, exploration and development expenditures and reclamation costs, timing and success of permitting and regulatory approvals, project financing and future sources of liquidity, capital expenditures and requirements, the results of the project update and, development, construction and operation of the Fruta del Norte Project, 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; risks related to carrying on business in an emerging market such as possible government instability and civil turmoil and economic instability; 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 resources, such as labour, and the dependence on key personnel; risks associated with the Company's community relationships; unreliable infrastructure and local opposition to mining; volatility in the market price

of the Company's shares; uncertainty with the tax regime in Ecuador; measures required to protect endangered species; difficulty complying with changing government regulations and policies, including without limitation, compliance with environment, health and safety regulations, and 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 FDN and the Company's reliance on one project; liabilities; the Company's lack of operating history in Ecuador; illegal mining; uncertainty as to reclamation and decommissioning; adverse global economic conditions; risks associated with the Company's information systems; the inadequacy of 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 in the "Risk Factors" section in Lundin Gold's Annual Information Form for the financial year ended December 2016, which is available on SEDAR at www.sedar.com.

<https://lundingold.mediaroom.com/index.php?s=2429&item=122498>