Lundin Gold Announces 2021 Production Guidance of 380,000 To 420,000 Ounces of Gold at Fruta Del Norte

Mine and mill throughput expansion from 3,500 to 4,200 tonnes per day to be completed in 2021 and Mineral Reserves increase to 5.4 million ounces

VANCOUVER, BC, Dec. 8, 2020 /CNW/ - **Lundin Gold Inc.** ("Lundin Gold" or the "Company") (TSX: LUG) (Nasdaq Stockholm: LUG) is pleased to announce its 2021 guidance, a 20% expansion of the mine and mill throughput and an 8% increase in Mineral Reserves estimates at its Fruta del Norte gold mine ("Fruta del Norte") in Ecuador. All amounts are in U.S. dollars unless otherwise indicated. View PDF version

Highlights:

- 2021 production is estimated between 380,000 to 420,000 ounces ("oz") based on an average head grade of 10.4 grams per tonne ("g/t") and an average gold recovery of 90%
- At a cost of $18.6 million, throughput expansion capital is projected to result in a 20% increase in mine and mill production from 3,500 to 4,200 tonnes per day ("tpd")
- Probable Mineral Reserves increase by 8% to 5.41 million oz at 8.1 g/t primarily as a result of a change in mining method from Drift and Fill to Long Hole Stoping

"Less than one year after reaching commercial production, we are embarking on an expansion of the mine and mill at Fruta del Norte. With this added gold production coming online in the last quarter of 2021, we will increase the average annual gold production from 325,000 oz per year to 340,000 oz per year over the life of mine," said Ron Hochstein, President and CEO of Lundin Gold. "Our increase in probable reserves demonstrates the further upside potential we see in the ore body, and we anticipate adding even more to these estimates upon completion of an underground drilling program which began last month. Fruta del Norte continues to be one of the few multi-million ounce, high-grade gold assets in production."

2021 Guidance

Gold production at Fruta del Norte for 2021 is estimated to be between 380,000 to 420,000 ozs. Mill production is estimated at an average rate of 3,500 tpd until the fourth quarter when production is planned to ramp up to 4,200 tpd following completion of the planned mill expansion. The head grade is estimated to average 10.4 g/t, with variations expected during the year as different sections of the ore body are mined. Average mill recovery for the year is estimated at 90%.

All-in-Sustaining-Costs ("AISC")[1] for 2021 are expected to range between $770 and $830 per oz of gold sold. AISC for 2021 reflects continuing COVID-19 costs, reaching steady-state maintenance programs and high sustaining capital resulting from the completion of the first and second raises of the tailings dam for the increased throughput and from other one-time improvements at the mine site some of which had to be deferred this year due to COVID-19. The Company has assumed that COVID-19 protocols at Fruta del Norte will remain in place for the full year; which represents a cost of approximately $27 per oz.

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[1] Refer to "Non-IFRS Measures" at the end of this news release.

Total sustaining capital is estimated at $32.6 million, of which $14.6 million is for tailings dam construction, $5.4 million for a resource expansion drilling program, and $5.5 million for surface infrastructure. The remainder is for underground infrastructure and technology and other efficiency improvements and additional small projects in the plant and on surface.

In addition, the Company is planning to complete the South Ventilation Raise near the end of the first quarter of next year, which is critical to achieving expansion mining rates. Lundin Gold also expects to complete construction of the Zamora River bridge, the only remaining scope of work under the original Project. These two projects have a combined cost of $9.5 million.

In 2021, Lundin Gold will also embark on a $11 million, 9,000 metre drilling program on two high priority exploration targets in its portfolio of concessions, Barbasco and Puente-Princesa, which are located along the Suarez Pull-Apart Basin approximately seven kilometres from Fruta del Norte.

Throughput Expansion Study

The results of a recently completed internal expansion study confirm that a throughput rate of 4,200 tpd can be achieved at an estimated capital cost of $18.6 million. Based on these positive results, the Company plans to commence construction in the first quarter of 2021, followed by the mine ramping production to 4,200 tpd in the third quarter and the mill in the fourth quarter of 2021. It is anticipated that the expansion can be completed with minimal disruption to operations and be funded by cash flow from operations.

The project entails the purchase of two 45 tonne mine haul trucks, one in 2021 and one in 2022, additional rougher flotation capacity, the installation of a third gravity concentrator, a second concentrate filter press and a second tailings paste pump. Detailed engineering has commenced and orders for the key pieces of equipment have been placed.

The throughput expansion modifications are expected to improve mill recoveries through the addition of retention time in the flotation process of the plant.

The throughput expansion project is not expected to impact any of the undisturbed area around the site and is within the scope of the Environmental and Social Impact Assessment for Fruta del Norte approved by the Ecuadorian Government. The Company intends to notify the Ecuadorian Ministry of Environment and Water this month in relation to the expansion plans.

Increase in Mineral Reserves

Due to changes in planned mining method, the Company has updated its estimates of Probable Mineral Reserves for Fruta del Norte ("2020 Reserve") to 5.41 million oz, an increase of 427,000 ozs compared to the 2019 year end reconcilation of Probable Mineral Reserves presented in the Company's Annual Information Form (the "AIF"), dated March 24, 2020. The 2020 Reserve, which is effective as of July 31, 2020, is as follows:

Table 1. Probable Mineral Reserves[(1)]

	AIF[(2)(3)(4)(5)(6)]	**2020 Reserve**[(2)(3)(4)(5)(6)]
Mt	17.6	20.8
Au (g/t)	8.74	8.1
Au (Moz)	4.99	5.41
Ag (g/t)	12.1	11.8
Ag (Moz)	6.92	7.68

See "Additional Technical Information" below for further information on the 2020 Reserve.

The increase in the 2020 Reserve is primarily due to the conversion of a significant portion of the sections of the ore body originally mined by Drift and Fill to Long Hole Stoping, based on the good ground conditions experienced in the mine to date, which resulted in a slight increase in dilution and decrease in average grade. There was no increase in estimates of Mineral Resources for Fruta del Norte.

The new Life of Mine Plan, which is based on the 2020 Reserve and throughput expansion, provides for a total of 4.8 million oz of gold production over a 14 year mine life to 2034. The annual average gold production over the first five years (2021 – 2025) is estimated at 390,000 oz, and for the life of mine (2021 - 2034) is estimated at 340,000 oz.

Conference Call and Webcast

The Company will host a conference call and webcast to discuss its 2021 Guidance, Throughput Expansion Study results and 2020 Reserve on Wednesday, December 9 at 7:30 a.m. PT, 10:30 a.m. ET, 4:30 p.m. CET.

Conference Call Dial-In Numbers:

Participant Dial-In North America:	+ 1 416-764-8659
Toll-Free Participant Dial-In North America:	+ 1 888-664-6392
Participant Dial-In Sweden:	0200899189
Conference ID:	Lundin Gold / 81313073

A link to the webcast and a presentation is available on the Company's website,www.lundingold.com.

A replay of the conference call will be available two hours after the completion of the call until Tuesday, December 23, 2020.

Toll Free North America Replay number:	+1 888-390-0541
International Replay number:	+1 416-764-8677
Replay passcode:	313073 #

Additional Technical Information

Qualified Person

The technical information relating to the Fruta del Norte Project contained in this Press Release, including the 2020 Reserve, has been reviewed and approved by Ron Hochstein P. Eng, Lundin Gold's President and CEO, who is a Qualified Person under NI 43-101.

Notes to Table 1. Probable Mineral Reserves

(1) The 2020 Reserve has been estimated in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") and NI 43-101. Additional information on Mineral Resource and Mineral Reserve estimates for Fruta del Norte is contained in the AIF and the *Fruta del Norte Project Ecuador NI 43-101 Technical Report on Feasibility Study* dated June 15, 2016 (the "Technical Report"), which are available under the Company's profile at www.sedar.com. Except as set out below, the assumptions, parameters and risks associated with the Company's Mineral Resource and Mineral Reserve estimates included in the AIF and in this news release are as set out in the Technical Report.

(2) All Mineral Reserves in this table are Probable Mineral Reserves. No Proven Mineral Reserves were estimated.

(3) Mineral Reserves were estimated using key inputs listed below

Key Input	AIF	2020 Reserve	Unit
Gold Price	1,250	1,400	$/oz
TS	48	47	$/t
D&F	81	69	$/t
Process, Surface Ops, G&A	58	57	$/t
Dilution Factor	10	8	Percent
Concentrate Transport & Treatment	68	92	$/oz
Royalty	71	77	$/oz
Gold Metallurgical Recovery	91.7	91.7	Percent

(4) Gold cut-off grades for the different mining methods are listed in the table below:

Gold Cut-off Grade	AIF	2020 Reserve	Unit
Transverse Stope	3.8	3.8	g/t
Drift and Fill	5.0	4.4	g/t

(5) Silver was not considered in the calculation of the cut-off grade.

(6) Tonnages are rounded to the nearest 1,000 t, gold grades are rounded to two decimal places, and silver grades are rounded to one decimal place. Tonnage and grade measurements are in metric units; contained gold and silver are reported as thousands of troy ozs.

Non-IFRS Measures

This news release refers to certain financial measures, such as average realized gold price per oz sold, all-in sustaining cost per oz sold, which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. These measures may differ from those made by other companies and accordingly may not be comparable to such measures as reported by other companies. These measures have been calculated on a basis consistent with historical periods. Please refer to the Company's MD&A for the third quarter of 2020 for an explanation of non-IFRS measures used.

About Lundin Gold

Lundin Gold, headquartered in Vancouver, Canada, owns the Fruta del Norte gold mine in southeast Ecuador. Fruta del Norte is among the largest and highest-grade gold projects in the world currently in production.

The Company's board and management team have extensive expertise in mine operations and are dedicated to advancing Fruta del Norte responsibly. 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 citizens of Ecuador.

Additional Information

The information in this release is subject to the disclosure requirements of Lundin Gold under the EU Market Abuse Regulation. This information was publicly communicated on December 8, 2020 at 2:00 p.m. Pacific Time through the contact persons set out below.

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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 relating to the Company's 2021 production outlook, including estimates of gold production, grades and recoveries and its expectations regarding capital costs, the expected timing of completion of capital projects including the SVR, the Company's bridge over the Zamora River and the throughput expansion project, the Company's estimates of mineral reserves, the timing of regulatory reviews and success of its exploration activities. 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 the AIF and its short form prospectus dated June 8, 2020, which are available at www.lundingold.com or on SEDAR.

Lundin Gold's actual results could differ materially from those anticipated. Factors that could cause actual results to differ materially from any forward-looking statement or that could have a material impact on the Company or the trading price of its shares include: risks relating to the impacts of a pandemic virus outbreak; risks associated with the Company's community relationships; risks related to financing requirements; failure by the Company to maintain its obligations under its credit facilities; operating risks; risks associated with the ramp up of mining operations; risks related to political and economic instability in Ecuador; risks related to production estimates; risks related toLundin Gold's compliance with environmental laws and liability for environmental contamination; volatility in the price of gold; shortages of critical supplies; lack of availability of infrastructure; deficient or vulnerable title to mining concessions; easements and surface rights; risks related to the Company's workforce and its labour relations; inherent safety hazards and risk to the health and safety of the Company's employees and contractors; risks related to the Company's ability to obtain, maintain or renew regulatory approvals, permits and licenses; the imprecision of mineral reserve and resource estimates; key talent recruitment and retention of key personnel; volatility in the market price of the Company's shares; the potential influence of the Company's largest shareholders; uncertainty with the tax regime in Ecuador; measures to protect endangered species and critical habitats; the cost of non-compliance and compliance costs; exploration and development risks; the Company's reliance on one project; risks related to illegal mining; the reliance of the Company on its information systems and the risk of cyber-attacks on those systems; the adequacy of the Company's insurance; uncertainty as to reclamation and decommissioning; the ability of Lundin Gold to ensure compliance with anti-bribery and anti-corruption laws; the uncertainty regarding risks posed by climate change; the potential for litigation; limits of disclosure and internal controls; security risks to the Company; its assets and its personnel; conflicts of interest; the risk that the Company will not declare dividends; and social media and the Company's reputation.

SOURCE Lundin Gold Inc.

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Additional assets available online: Documents (1)

https://lundingold.mediaroom.com/2020-12-08-Lundin-Gold-Announces-2021-Production-Guidance-of-380-000-To-420-000-Ounces-of-Gold-at-Fruta-Del-Norte