

**IMPORTANT TAX NOTICE:****Special U.S. Federal Income Tax Filing Requirements Related to Your Investment in Lundin Gold Inc.**

This statement is provided for Investors who are United States persons for purposes of the U.S. Internal Revenue Code of 1986, as amended (“IRC”) and the regulations thereunder. It is not relevant to other Investors.

Shareholders who are U.S. persons<sup>1</sup> (“U.S. Shareholders”) should be aware that Lundin Gold Inc. expects to be a passive foreign investment company (“**PFIC**”)<sup>2</sup> for its current fiscal year, expects that it was a PFIC in its taxable year ended December 31, 2016 and expects that it may also be a PFIC in subsequent years.

The attached combined **PFIC Annual Information Statement** is being provided to you pursuant to the requirements of Treasury Regulations Section 1.1295-1(g)(1). This PFIC Annual Information Statement contains information to enable you, should you choose, based on the advice of your tax advisors in light of your personal tax circumstances, to elect to treat Lundin Gold Inc. as a qualified electing fund (“**QEF**”).

A U.S. shareholder who makes a QEF election is required to annually include in his or her income his or her pro rata share of the ordinary earnings and net capital gains of Lundin Gold Inc., whether or not Lundin Gold Inc. distributes any amounts to its shareholders.

If you do not elect to treat Lundin Gold Inc. as a QEF, then if Lundin Gold Inc. is a PFIC for any year during your holding period, then you would be subject to the PFIC rules, which could result in adverse tax consequences to you. For example, if you were to receive a so-called “excess distribution” or if you sell your Lundin Gold Inc. stock in the future at a gain, you could be required to allocate such distribution or gain, as the case may be, ratably over the time period during which you held your stock while Lundin Gold Inc. was a PFIC, and pay tax at the highest marginal tax rate (rather than, if otherwise applicable, the long-term capital gain rate) on ordinary income in effect for each taxation year to which the gain is allocated plus interest on the tax.

The QEF election is made by completing and attaching U.S. Internal Revenue Service (“IRS”) Form 8621 (“Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund”) to a U.S. federal income tax return filed on or before the due date of the return, including extensions, for the income tax return with respect to the tax year to which the election relates.

**The information in this letter and the attached PFIC Annual Information Statement does not constitute tax advice and should be confirmed by your own tax advisor. We strongly urge you to consult your own tax advisor for advice concerning the application of the U. S. federal income tax rules governing PFICs and the advisability of making a QEF election or any of the other elections available to a holder of shares of a PFIC.**

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<sup>1</sup> A shareholder that is considered to be a “U.S. person” will be subject to the PFIC rules if the foreign corporation is considered to be a PFIC. A U.S. person generally includes a U.S. domestic corporation, a U.S. domestic partnership, a U.S. citizen or resident of the United States and certain estates and trusts.

<sup>2</sup> The definition of a PFIC can be found in IRC §1297(a).

You can also find information on U.S. tax rules applicable to investments in a PFIC on the IRS website, [www.irs.gov](http://www.irs.gov), by searching “Form 8621 Instructions”.

Sincerely,

Lundin Gold Inc.

**Lundin Gold**  
**PFIC Annual Information Statement**  
**For the Year ended December 31, 2016**

- 1) This Information Statement applies to the taxable year of Lundin Gold Inc. for the year beginning January 1, 2016 and ending on December 31, 2016.
- 2) The Lundin Gold Inc. per share amount of ordinary earnings and net capital gains for common shares of Lundin Gold Inc. for the period specified in paragraph (1) is as follows:

	<b>Ordinary Earnings (US\$)</b>	<b>Net Capital Gains (US\$)</b>
<b>Lundin Gold Inc.</b>	\$0.00000	\$0.00000

To determine your pro-rata share of the amounts above, multiply the amounts by the number of shares you held during the year.

- i. If you owned the same number of shares from January 1, 2016 through December 31, 2016 multiply the number of such shares by the amounts above.
  - ii. If you did not own the same number of shares from January 1, 2016 through December 31, 2016, multiply the number of shares you owned by the amounts above as well as by the number of days the shares were held in 2016 and divide the result by 365.
- 3) The per share amount of cash distributions and property distributions for Lundin Gold Inc. for the period specified in paragraph (1) is as follows:

	<b>Cash Distributions (US\$)</b>	<b>Property Distributions (US\$)</b>
<b>Lundin Gold Inc.</b>	\$0.00000	\$0.00000

To determine your pro-rata share of the amounts above, multiply the amounts by the number of shares held during the year.

- i. If you owned the same number of shares from January 1, 2016 through December 31, 2016 multiply the number of such shares by the amounts above.
- ii. If you did not own same number of shares from January 1, 2016 through December 31, 2016, multiply the number of shares you owned by the amounts above as well by the number of days the shares were held in 2016 and divide the result by 365.

- 4) Lundin Gold will permit you to inspect a copy of its permanent books of account, records, and such other documents as may be maintained that are necessary to establish that PFIC ordinary earnings and net capital gain, as provided in IRC section 1293(e) of the U.S. Internal Revenue Code, are computed in accordance with U.S. income tax principles.

No legal opinion from US legal counsel or ruling from the Internal Revenue Service (the “IRS”) has been requested or will be obtained, regarding the US federal income tax consequences of the Arrangement to US Holders. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, or contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the US courts could disagree with one or more of the positions taken in this summary.

The undersigned is executing this letter on behalf of Lundin Gold and not in his personal capacity.

Lundin Gold Inc.

*/s/ Chester See*

By: Chester See  
Title: VP Finance  
Date: May 4, 2017

THIS INFORMATION CONTAINED HEREIN IS TAKEN FROM THE AUDITED FINANCIAL STATEMENTS OF LUNDIN GOLD INC. AND IS PROVIDED IN ORDER TO ASSIST INVESTORS IN MAKING CALCULATIONS AND DOES NOT CONSTITUTE TAX ADVICE. COPIES OF THE FINANCIAL STATEMENTS ARE AVAILABLE ON THE LUNDIN GOLD INTERNET SITE AT [www.lundingold.com](http://www.lundingold.com). INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE OVERALL TAX CONSEQUENCES OF THE OWNERSHIP OF SECURITIES ARISING IN THEIR OWN PARTICULAR SITUATIONS UNDER UNITED STATES FEDERAL, STATE, LOCAL OR FOREIGN LAW.