

LUNDINGOLD

TSX, Nasdaq Stockholm: LUG

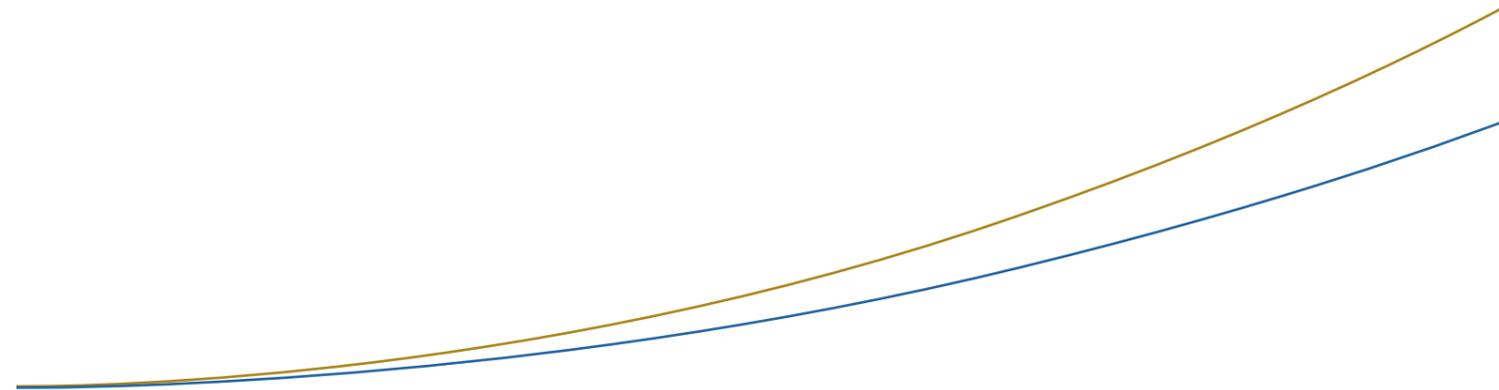


2015 - 2016 Sustainability Report

BUILDING THE FUTURE THROUGH RESPONSIBLE MINING

LUNDINGOLD

2015 - 2016
Sustainability Report



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We welcome your comments and questions about Lundin Gold’s sustainability performance, including our first sustainability report, via email to comunicaciones.fdn@lundingold.com



Ron Hochstein
President and CEO
LUNDIN GOLD INC.

CEO Letter to Stakeholders

Since our arrival in Ecuador in January 2015, Lundin Gold Inc. (Lundin Gold) has set out to develop the Fruta del Norte (FDN) gold mining project according to our three fundamental principles: working safely, environmental stewardship, respect.

We are guests of the people of Ecuador; our role is to convert an inaccessible natural resource into a source of development and financial capital. We recognize that our success at FDN will be measured in great part by fulfilling our commitments and demonstrating that responsible mining is a value-generating industry for local communities and the country.

We are moving this project forward in a challenging context, as Ecuador's major export – petroleum – has suffered long-term price declines from its peak earlier this decade. This has highlighted the strategic need to diversify the national economy. FDN therefore offers an opportunity for Ecuador to establish itself as a leading destination for international mining investment.

Lundin Gold's success begins with meeting our internal commitments to employees. This includes providing a valued work environment and

We are guests of the people of Ecuador; our role is to convert an inaccessible natural resource into a source of development and financial capital. Lundin Gold is committed to the responsible construction and operation of the FDN project, and this philosophy is firmly engrained in our exploration activities, as well. Over the coming year, we will measure progress against the objectives we have highlighted in this report.

ensuring that all activities are undertaken safely. Over the course of 2015 and 2016, as detailed in this report, we have built a strong safety culture. We look forward to improving upon our results in 2017 and beyond.

This success will, though, only be possible if our investments tangibly benefit local communities – both indigenous and non-indigenous. Located in the province of Zamora Chinchipe, FDN's host communities have long faced the challenges of achieving sustainable development in an area where poverty remains widespread, average education levels are low, and there has historically been little industry.

We recognize that a single mining company, and especially one of a size such as Lundin Gold, cannot achieve such development without partners. Over the past two years, we have built a number of deep relationships with external foundations, universities, NGOs, indigenous organizations, and, most importantly, local communities themselves. Through these alliances, we seek to be a source of development in Ecuador.

In keeping with our fundamental principle of respect, Lundin Gold has spent significant time seeking to understand the concerns and expectations of local communities. A key objective in this engagement has been to communicate FDN's development schedule and the long-term nature of mining investments, as well as the fact that the positive socio-economic impacts driven by mining investment are possible over time.

Through this exercise of listening, we heard that communities seek direct job opportunities as well as indirect economic benefits through our local procurement, all while respecting local culture and customs and protecting the environment. Our commitment is to address these priority issues in a collaborative manner and to find creative ways to further our common objectives.

Modern, large-scale gold mining is a skilled industry. Given education levels in the project area, this is both a challenge and an opportunity. As explained in this report, Lundin Gold is committed to helping local community members to complete their high school education. This is not only a requirement to enter into the Company's training programs for the operations phase, but also a chance to open doors to a great number of additional opportunities. We are also formalizing the skills of many community members so that they can benefit from the opportunities of the construction phase.





With respect to local purchasing, we know that we must go beyond those items that can be found easily in local communities if we are to generate long-term local economic benefits. Lundin Gold has, together with external partners and local communities, developed a detailed local procurement strategy. This starts with a certification program and formalizes the process through which we prioritize local suppliers. We are also building training and mentoring programs for local companies. We are pleased to see that the economic impact of our local procurement – even at this early stage of the project – is quite significant to the local economy.

Historically, mining in Ecuador – undertaken on an artisanal scale – has brought not only economic growth but also a host of social issues. Through local and national alliances, including one with the Catholic Church, we have built a program to promote local values and healthy lifestyles, while we also seek to ensure that the youth of local communities are able to reach their potential.

Retaining Zamora Chinchipe’s traditional culture and avoiding the danger of being solely dependent on the economic activities generated by the FDN project also requires the strengthening of economic activities such as agriculture. To date, we have made good progress through a range of initiatives to support these industries, with increased efficiency and quality leading to higher family incomes.

Our principles highlight our commitment to responsible environmental management. Local communities, which are less familiar with such practices, are being integrated into this effort through the establishment of a program for community-based environmental monitoring, which will include relevant training. The design of this program began in 2016 and we look forward to its implementation over the course of 2017.

Lundin Gold is committed to the responsible construction and operation of the FDN project, and this philosophy is firmly engrained in our exploration activities, as well. Over the coming year, we will measure progress against the objectives we have highlighted in this report. We will continue to engage with stakeholders in a transparent manner, build partnerships with external entities, and seek to ensure that local communities benefit from our presence.

We believe that the responsible mining industry has a great future in Ecuador, and we look forward to leading the way in its development.

Sincerely,

Ron Hochstein



1 Introduction

General life cycle of a large-scale mine

Ecuador's experience with non-renewable natural resources has been shaped by the oil sector, which has been adversely affected by declining oil prices, and artisanal and small-scale gold mining activities. However, since 2015, Ecuador has identified modern, industrial-scale mining as an important opportunity for economic diversification.

The large-scale mining industry is typically characterized by a series of phases that continue over prolonged periods of time. This is often referred to as the mining cycle, which commences with exploration and ends with mine closure.

Mining operations are often classified in two types: surface mining and underground mining. Surface mining is typically characterized by relatively large open-pit operations. These can generate large volumes of waste rock over time. In contrast, underground mining, which will be adopted for Fruta del Norte, has a smaller footprint. Underground mining also allows for partial backfilling of previously excavated materials after processing, further reducing the footprint associated with above-ground tailings and waste rock storage facilities.

At the end of 2016, the Fruta del Norte Project was transitioning to the construction phase of its mining life cycle.





Exploration team in the core shack.

Ecuador has made significant efforts to encourage further diversification and foreign direct investment, with emphasis on developing a mining sector. Lundin Gold's Fruta del Norte Project is one of the important projects driving the mining sector in Ecuador.



Signing of the Exploitation Agreement for Fruta del Norte. From left to right: Lukas Lundin, Chairman of the Board of Directors of Lundin Gold; Ron Hochstein, President and CEO, Lundin Gold; Jorge Glas, Vice President of the Republic of Ecuador.

Ecuador and Mining

The Republic of Ecuador, which is a member of the Organization of the Petroleum Exporting Countries (OPEC), has a population of approximately 16 million. Until recent years, oil represented approximately 12 percent of the country's GDP, one half of its exports, and one third of the government's income.

Ecuador features a gross national income of just over US\$6,000 per capita, which positions the country among the upper middle income economies. Between 2006 and 2015, Ecuador's poverty headcount ratio (percentage of the population living below the national poverty lines) declined from approximately 38 percent to 23 percent. This was largely driven by government policies to support poverty alleviation, and was financed in part from the proceeds of oil sales.

Responding to the falling oil prices and declining government revenues, the administration of Ecuadorian President Rafael Correa has made significant efforts to encourage further diversification and foreign direct investment, with emphasis on developing a mining sector. Lundin Gold's Fruta del Norte Project is one of the important projects driving the mining sector in Ecuador.

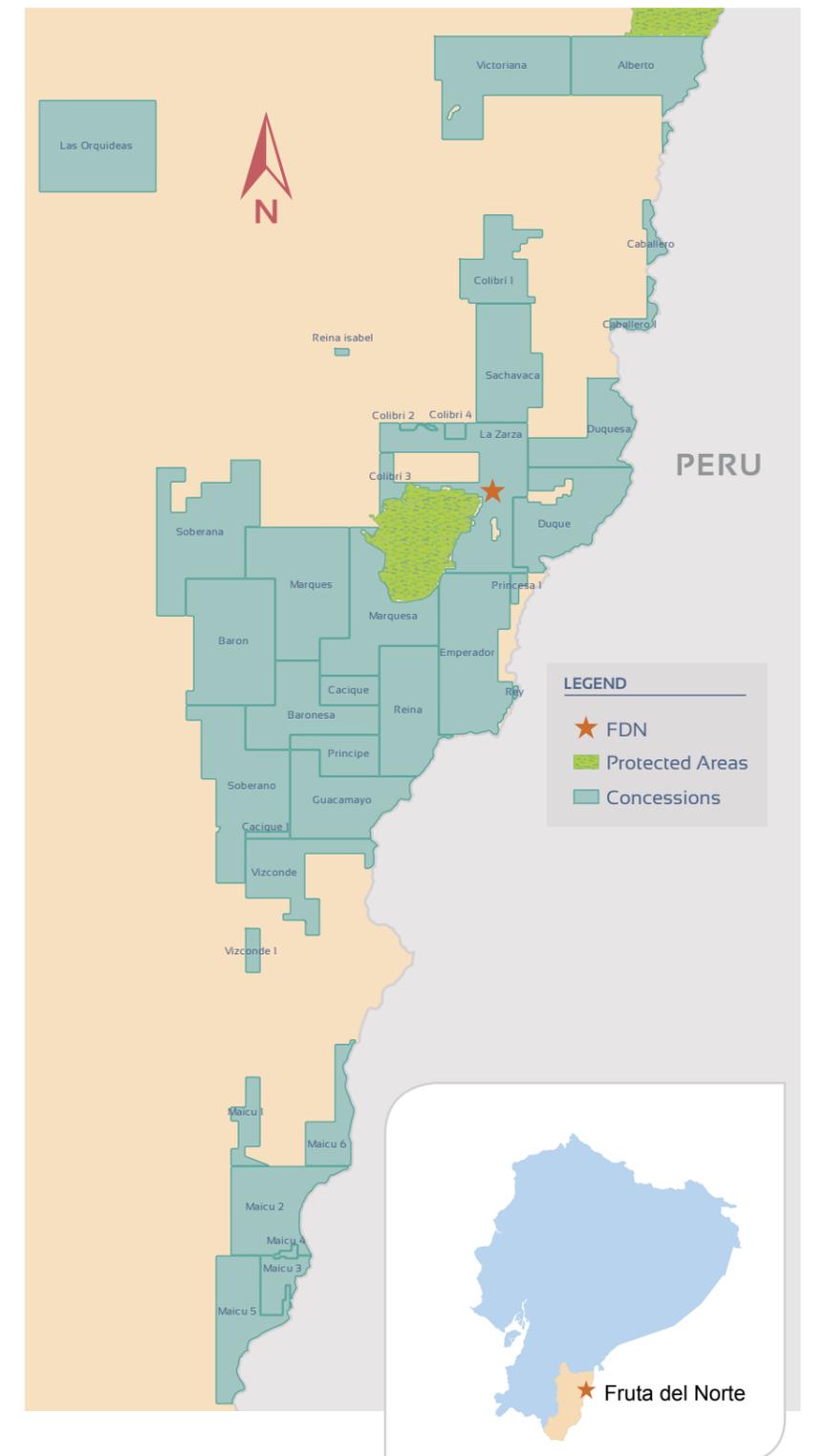
Organizational Profile

Lundin Gold is a Canadian mining company, headquartered in Vancouver, and listed on the Toronto Stock Exchange and Nasdaq Stockholm under the symbol "LUG". In December 2014, Lundin Gold acquired Aurelian Ecuador S.A. (Aurelian), including a series of mining concessions, which currently cover an area of approximately 70,000 hectares in southeast Ecuador. This includes the Fruta del Norte Project, which is being developed to become a large-scale, low-cost, underground gold mining operation. Additionally, Lundin Gold has offices in Quito, the community of Los Encuentros and Las Peñas camp.

As of the end of 2016, Lundin Gold had a market capitalization of 722 million Canadian dollars, and had no producing or revenue-generating mining assets. Pre-construction activities at the Fruta del Norte Project started in late 2016, with gold production anticipated in early 2020. Once constructed, Fruta del Norte is projected to produce in excess of 300,000 ounces of gold per year during a mine life that is expected to exceed 13 years. The gold will be produced and marketed in the form of precious metal doré bars and a gold-silver concentrate.

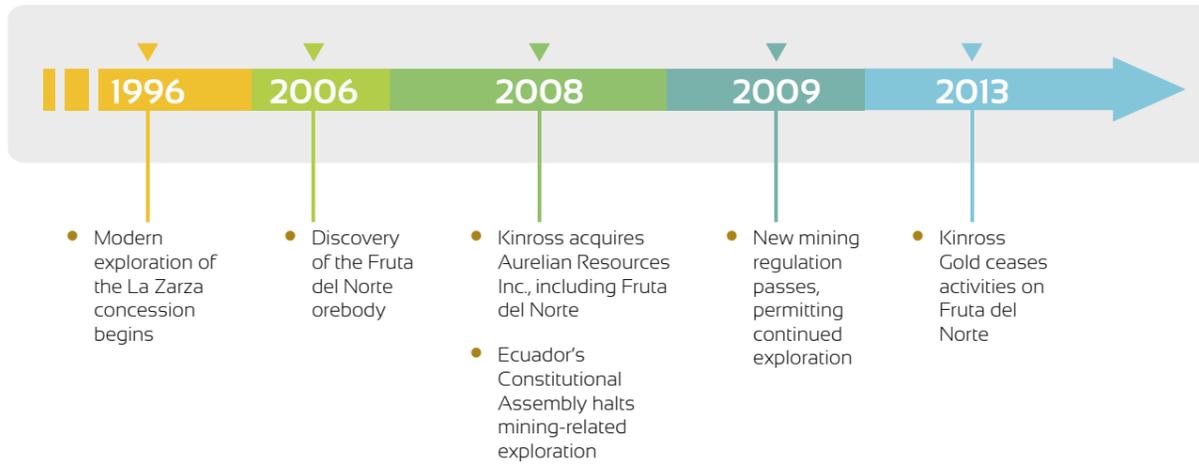
Lundin Gold is part of the Lundin Group of companies. These are 12 publicly-listed companies operating in the oil and gas, mining, and renewable energy sectors, and are active in over 27 countries.

Concession Map

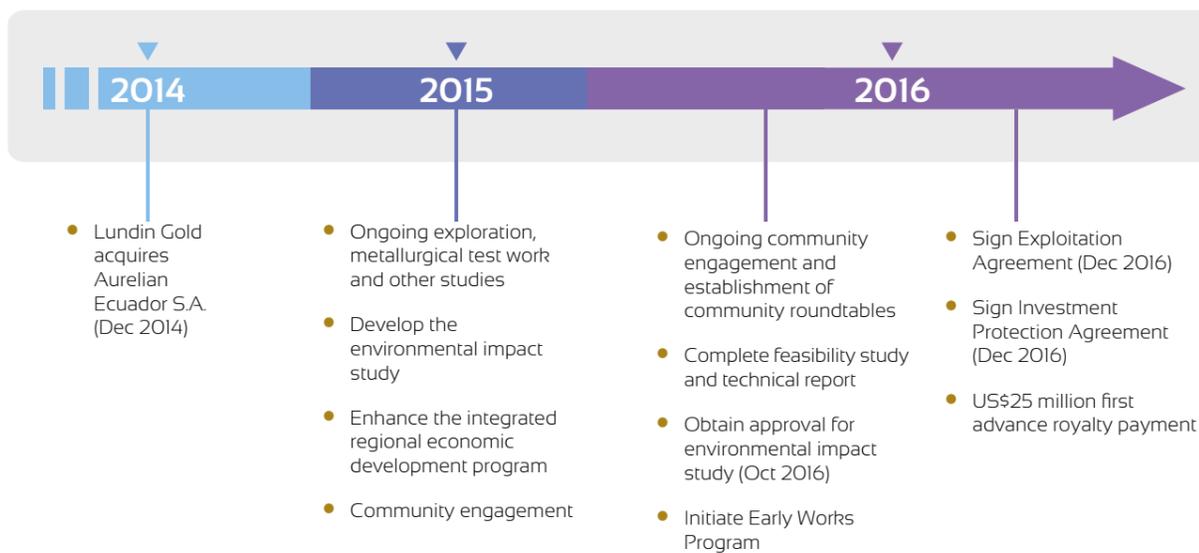


Milestones of the Fruta del Norte Project

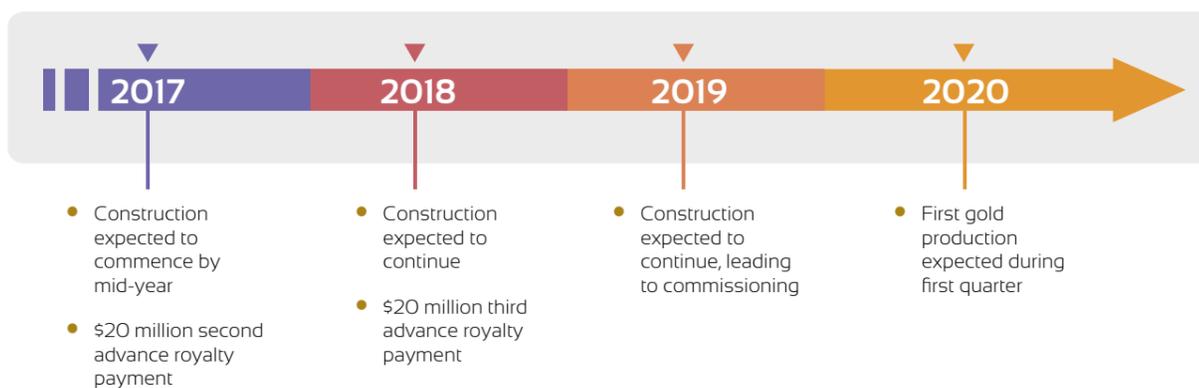
Before Lundin Gold's purchase



After Lundin Gold's purchase



Projected milestones



2 About This Report



About this Report

This is Lundin Gold's first sustainability report. It covers and focuses on Lundin Gold's flagship asset, the Fruta del Norte Project, located in southeastern Ecuador. The report spans the 2015 to 2016 calendar years, and we plan to adopt an annual reporting cycle moving forward.

This report has been prepared in accordance with the 2016 GRI Standards "Core" option. The materiality process utilized to develop the content and topic boundaries is summarized in this report (see page 18).

The GRI Index for this report is presented on page 64. This report has not been subject to an external assurance, and we have not adopted any policies related to external assurance practices for our sustainability reporting. Please note also our Forward-Looking Statement presented on page 68.

We welcome your comments and questions about Lundin Gold's sustainability performance, including our first sustainability report, via email to comunicaciones.fdn@lundingold.com

Sustainability Performance Snapshot

Material Topics	2015-2016 Activities, Performance, and Outcomes	2017 Goals
Stakeholder Engagement	<ul style="list-style-type: none"> Conducted structured and participatory engagement and roundtables, which helped structure relevant CR* program Established grievance mechanism and fairly addressing grievances recorded Public participation process for EIA* 	<ul style="list-style-type: none"> Together with local indigenous organizations, jointly establish dedicated roundtable process for indigenous peoples Sign engagement framework agreement with Shuar Federation of Zamora Chinchipe
Impact investing	<ul style="list-style-type: none"> Developed strategic inclusive procurement, local hiring, and economic diversification initiatives; invested in capacity building and infrastructure improvements, including for the Shuar indigenous people of Zamora Chinchipe 	<ul style="list-style-type: none"> Hire dedicated staff to support inclusive, local procurement efforts Continued drive to improve agricultural productivity

Material Topics	2015-2016 Activities, Performance, and Outcomes	2017 Goals
Environmental Stewardship	<ul style="list-style-type: none"> Collected, treated, and discharged effluents at exploration camp in compliance with required standards, with minor exceedance related to sewage treatment Developed wildlife rescue plan Developed partnership with Conservation International Ecuador 	<ul style="list-style-type: none"> Regulatory compliance Implement improvements to sewage treatment plant to ensure full compliance Develop ESMS* Develop biodiversity conservation plan for FDN* Initiate community water monitoring
Resource Governance	<ul style="list-style-type: none"> Disclosed material payments to Government of Ecuador Through Lundin Foundation, provided training to journalists, local government and agencies 	<ul style="list-style-type: none"> Continue capacity building efforts for local government representatives First disclosure publication based on ESTMA*
Human Rights	<ul style="list-style-type: none"> Used international security service provider, which is a signatory to UN Global Compact and International Code of Conduct for Private Security Providers Undertook desktop due diligence study on salient human rights Implemented a grievance mechanism aligned with good international practice. 	<ul style="list-style-type: none"> Review security practices and consider adopting the Voluntary Principles on Security and Human Rights Effectively manage and resolve all grievances in a fair, timely and transparent manner
Our People	<ul style="list-style-type: none"> Provided safe, rewarding, and meaningful livelihoods Initiated education, training and upskilling initiatives to improved local hiring opportunities 	<ul style="list-style-type: none"> Strive to be an employer of choice Maximize local employment and encourage our contractors to do the same
Occupational health & safety	<ul style="list-style-type: none"> Achieved RIR* of 0.79 and 2.88 in 2015 and 2016, respectively against goal of < 4.00, combined for employees and contractors 	<ul style="list-style-type: none"> No lost time incidents Lowering RIR* by 30% to <1.00, combined for employees and contractors
Economic Performance	<ul style="list-style-type: none"> Successfully advanced FDN through feasibility study, environmental license, Exploitation Agreement and Investment Protection Agreement Embarked on our Early Works Program Paid first advance royalty payment of \$25 million to Ecuador Contributed \$3.9 million in mandatory earthquake relieve efforts 	<ul style="list-style-type: none"> Finalize project finance Award mine development contracts Progress detailed engineering Order long lead-time items Pay second advance royalty payment of \$20 million maximize local hiring and procurement

Abbreviations: FDN – Fruta del Norte Project; ESMS – Environmental and Social Management System; RIR - Recordable Incident Rates; CR – Corporate Responsibility; ESMS – Environmental and Social Management System; ESTMA – Canada's Extractive Sector Transparency Measures Act; EIA – Environmental Impact Assessment



Materiality Analysis

We identified our material issues by considering the risk factors identified in Lundin Gold’s Annual Information Form disclosure, the GRI Standards (2016) and related guidance relevant to the mining sector, internal and external stakeholder interviews, and perspectives provided through a facilitated roundtable dialogue processes (see page 30) linked to the development of the Fruta del Norte Project.

The emerging material issues were linked to topic-specific GRI Standards, reviewed in the context of the United Nations Sustainable Development Goals, and considered in the context of our corporate policies and commitments.

We also considered our ongoing transition from an exploration phase to a construction-stage mining company, and categorized impacts as direct or indirect in terms of our organizational boundaries and influence. As a final step, we validated our material issues and their priorities in discussion with Lundin Gold’s senior management.

The outcomes from these processes and activities are summarized in the following table.

Material topics, their boundaries, our approach and disclosures

Corporate Commitments	Material topics (boundaries)	Potential impact and management approach	Adopted GRI Standards
 Social license to operate	Corporate governance (internal); stakeholder engagement (internal, external); local procurement (internal, external), local employment (internal, external).	<ul style="list-style-type: none"> Impact: Lack of transparency, trust and local benefits undermines social license, and undermines ability to raise finance. Approach: We adopt and apply good governance and disclosure practices based on industry and listing guidelines and requirements. We have developed specific programs to enable and promote more inclusive local employment and procurement. We adopt transparency as a general principal and seek to ensure that key stakeholders remain informed about project progress. 	<ul style="list-style-type: none"> “Core” option: 102-1 to 102-13: Organizational Profile; 102-14: Strategy; 102-16: Ethics and integrity; 102-18: Governance, 102-40 to 102-44: Stakeholder Engagement; 102-45 to 102-56: Reporting practice; 204-1: Local employment and procurement.
 Safe working conditions	Occupational health & safety (internal, external).	<ul style="list-style-type: none"> Impact: Harm to physical, mental and well-being of workers and contractors, resulting in work stoppage, compensation, fines, and reputational damage. Approach: We adopt and apply industry-leading health and safety practices as detailed in this report. 	<ul style="list-style-type: none"> 403-2: Types and rates of injury, occupational diseases, lost days, absenteeism, and fatalities.
 Respecting Human Rights	Human rights assessment (internal, external); indigenous people (internal, external); artisanal mining (internal, external).	<ul style="list-style-type: none"> Impact: Infringements could generate or fuel conflicts, undermine our social and legal licenses, limit access to finance, impede the sale of our products, and result in reputational damage. Approach: We reviewed our salient human rights risks, committed to the UN Guiding Principles, adopted an ASM* strategy, published a grievance mechanism, and continue our structured engagement program. 	<ul style="list-style-type: none"> 412-1: Human rights reviews; 406-1 and 411-1: Incidents of violations involving rights of indigenous peoples; 413-1: Operations with local community engagement, impact assessments, and development programs, including formal grievance processes; MM8: Operating sites where ASM takes place.

Abbreviations: ASM - Artisanal and Small-scale Mining; UN - United Nations; Cyanide Code - International Cyanide Management Code For the Manufacture, Transport, and Use of Cyanide In the Production of Gold; IUCN - International Union for Conservation of Nature.

Corporate Commitments	Material topics (boundaries)	Potential impact and management approach	Adopted GRI Standards
 <p>Environmental stewardship</p>	Water use & quality (internal); biodiversity (internal).	<ul style="list-style-type: none"> Impact: Significant impacts could adversely affect ecosystem services, undermine our licenses, mobilize opposition to mining, and result in fines and/or costly remedial action. Approach: We adopt and apply good planning, impact assessment, engagement, and monitoring practices, including through partnership with conservation groups, and commit to comply with the Cyanide Code*. We also identify and engage with ASM community to manage related risks. 	<ul style="list-style-type: none"> 303-1: Water withdrawal by source; 304-1: Operations in or adjacent to protected areas and areas of high biodiversity value; 306-1: Water discharge by quality and destination; 304-4: IUCN* Red List species and national conservation list species in areas affected by operations MM8: Operating sites where ASM takes place.
 <p>Economic performance</p>	Direct and indirect economic impacts (internal, external).	<ul style="list-style-type: none"> Impact: Poor performance undermines business sustainability, deters investors, reduces or eliminates local and national benefits, such as employment, royalties, taxes, and community programs. Approach: We assemble competent and experienced board, staff, contractors, and vendors, conduct risk-aware planning, monitor performance, and use adaptive management in line with good international mining industry practices. 	<ul style="list-style-type: none"> 201-1: Direct economic value generated and distributed; 203-2: Significant indirect economic impacts; 419-1: Socio-economic compliance.

Abbreviations: ASM - Artisanal and Small-scale Mining; UN - United Nations; Cyanide Code - International Cyanide Management Code For the Manufacture, Transport, and Use of Cyanide In the Production of Gold; IUCN - International Union for Conservation of Nature.



3 Corporate Governance



Lundin Gold's offices in Quito, Ecuador.

At Lundin Gold, we are committed to responsible mining practices and good corporate governance. These commitments are elaborated in our publicly available documents that address our corporate governance practices. Lundin Gold follows the governance guidelines set out in National Policy 58-201 - Corporate Governance Guidelines and National Instrument 58-101 - Disclosure of Corporate Governance Practices (collectively, the "Governance Guidelines") of the Canadian Securities Administrators.

Lundin Gold is a reporting issuer across Canada (excluding Quebec). Lundin Gold's Shares trade on the TSX, and the Corporation has a secondary listing on the Nasdaq Stockholm Exchange. The Nasdaq Stockholm Exchange in Sweden has also established rules of corporate governance (the "Swedish Code"), but because the TSX is the Corporation's primary exchange, Lundin Gold's governance practices follow the Governance Guidelines. Our statement of corporate governance practices is available in our most recent management information circular at www.lundin.com.

Our corporate governance system covers, among other things, internal and disclosure controls, independence, diversity, director education, nominations, executive and director compensation, ethical business conduct and performance assessment related to Lundin Gold's Board of Directors.

Our Board of Directors has the overall decision-making authority on economic, environmental, and

social topics related to Lundin Gold. In supporting its role, the Board has established the following standing committees:

- Audit Committee
- Compensation Committee
- Corporate Governance and Nominating Committee
- Environmental, Health and Safety Committee

All material community issues are raised by the CEO and discussed by the full board. The mandate and membership of each committee is presented in Lundin Gold's publicly available Annual Information Form, which can be accessed at <http://www.lundin.com/s/annual-info-form.asp>, and the management information circular prepared in connection with Lundin Gold's shareholder meetings posted at <http://www.lundin.com/s/meeting-materials.asp>. These publicly available documents also highlight the competencies of each Director, along with their attendance records of Lundin Gold's Board and Committee meetings for 2015 and 2016.

Shareholders, employees, or other interested parties may raise their concerns directly with the Chairman of the Board, the Lead Director, and other independent directors by writing to them via contact details provided on the back cover of this report. Correspondence should be marked "Confidential" and submitted to the attention of the appropriate party.

Corporate Responsibility Commitments

Lundin Gold's Corporate Responsibility Commitment sets out the company's mission, guiding principles, and strategic objectives, with a view to ensuring cross-operational consistency among all exploration, development, and production sites.

1. We consider the health and safety of our employees and adjoining communities foremost in all aspects of our operations.
2. We initiate and promote ongoing dialogue and engagement with a broad range of stakeholders, maintained in a spirit of transparency and good faith.
3. We exercise vigilance in protecting the environment and seek ways to minimize our environmental footprint. We strive to always meet or exceed regulatory requirements in our environmental performance.
4. We conduct our activities in accordance with accepted standards in the protection and promotion of human rights.
5. We recognize that every community is unique and respect the cultural and historical perspectives and rights of those affected by our operations.
6. We provide a rewarding and meaningful livelihood to our employees and strive to be an employer of choice. We provide suitable training opportunities and make resources available to employees to assist them in performing their duties.
7. We seek to provide employment, business, and economic opportunities for local communities from our existing operations and new projects.
8. We work consultatively with our community partners to ensure that our support matches their priorities.
9. We maintain high standards of corporate governance, ethics, and honesty in all of our dealings, and operate in compliance both with Canadian and Nordic stock exchange listing and disclosure requirements, and local laws wherever we work.
10. We engage with our industry peers, associations, governments, non-governmental organizations, and civil society to contribute to best practice development and track evolving global standards.



Lundin Gold believes transparent and sustainable practices and being a good corporate citizen are central to the long-term success of its business.

External Commitments



In addition to meeting listing and disclosure requirements, we have adopted or endorse a number of externally-developed economic, environmental and social charters, principles, or initiatives highlighted below:

- United Nations Guiding Principles on Business and Human Rights
- IFC Performance Standards on Social and Environmental Sustainability
- Global Reporting Initiative sustainability reporting standards
- Canada's Extractive Sector Transparency Measures Act (ESTMA)

We are also considering the adoption of the Voluntary Principles on Security and Human Rights and the International Cyanide Management Code during the next reporting periods, as well as joining the United Nations Global Compact.

Institutional Memberships



Lundin Gold is a member of the following organizations in Ecuador:

- Ecuadorian Mining Chamber
- Ecuadorian Consortium for Social Responsibility (CERES)
- Ecuadorian-Canadian Chamber of Commerce in Quito

Since 2015, Ron Hochstein, Lundin Gold's President and CEO, has been serving as one of the Directors of Ecuador's Mining Chamber.

Human Rights Commitments

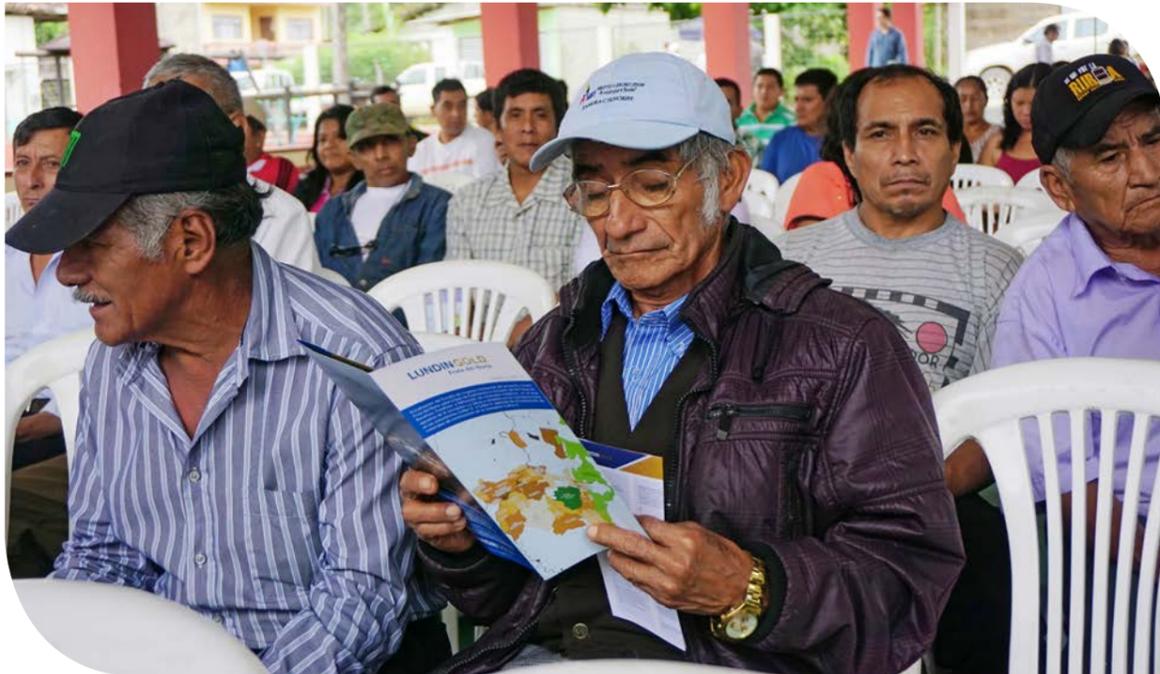


We support the United Nations Guiding Principles on Business and Human Rights, and are committed to respecting internationally recognized human rights, not infringing on individuals' human rights, and not to be complicit nor contribute indirectly to human rights abuses. We expect that all our employees, business partners, contractors, and suppliers respect human rights, and observe highest standards of professional integrity.

In 2016, we conducted a review of our salient human rights issues related to the Fruta del Norte Project. This review confirmed our understanding that human rights issues are cross-cutting themes which permeate our commitments, policies, and activities, including our corporate responsibility commitments, which are shown on page 23.



4 Stakeholder Engagement



Public assembly in the central park of the Los Encuentros Parish as part of the socialization of the environmental impact study for Fruta del Norte.

Since acquiring Aurelian Ecuador S.A. and the Fruta del Norte Project in December 2014, we have continued to pursue respectful and on-going engagement with local communities and other stakeholders.

Our engagement process is well-structured and resourced to ensure effectiveness. We maintain permanent offices and a team in Los Encuentros, a town of approximately 1,200 people located approximately 42 km from the Fruta del Norte Project.

As part of the approval process for the environmental impact assessment, we liaised with the Government of Ecuador and completed a public participation process for the Fruta del Norte Project. This involved meetings with a large number of communities (both indigenous and non-indigenous) in which the Project was presented and questions from local communities were posed and answered. As part of this process, the environmental impact assessment was posted and made publicly available. As per Ecuadorian regulation, all such comments were integrated into the final environmental impact assessment prior to its review and approval by the

As part of the approval process for the environmental impact assessment, we liaised with the Government of Ecuador and completed a public participation process for the Fruta del Norte Project.

Ministry of the Environment. As the Project moves forward, a summarized version of the environmental impact assessment will also be made available.

Since 2016, we have used external facilitators to support a community roundtable dialogue process (see page 30), which is designed to identify and address community concerns and priorities in a participatory manner.

Lundin Gold provides visible leadership support through the office of the Vice President for Business Sustainability, as well as through other senior managers.

Stakeholder Mapping

Our stakeholder mapping lists approximately 50 local, and over 100 additional national and international groups. These were identified during our social baseline studies, feasibility studies, environmental and social impact assessment studies, and engagements and workshops conducted as part of the development of the Fruta del Norte Project.

Additional stakeholders have been identified and engaged during the review of public development plans that exist at different levels of government in Ecuador, as well as through the impact investments (see page 35) we pursue in collaboration with the Lundin Foundation and other partners.

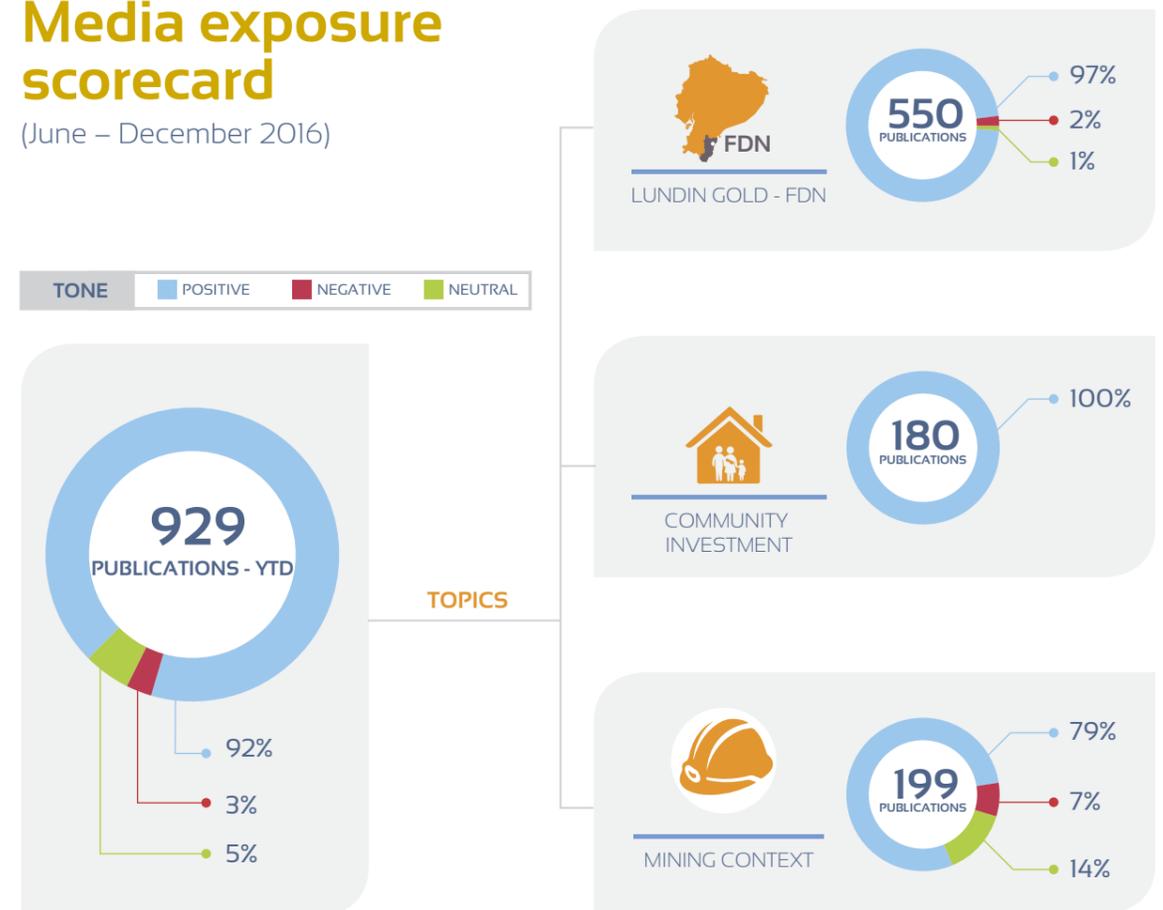
Our public listing requirements in Canada and Sweden also result in structured disclosure and engagement with our business and financial stakeholders.

A summary of our stakeholders, common issues, engagement and its frequency, and relevant sections providing further detail in this sustainability report is provided on page 28.

In mid-2016, we also initiated a more formal media monitoring and analysis process to gain additional insights about the image of mining and our activities in Ecuador. The media scorecard, which is presented below, highlights the extensive coverage our activities have received in media publications, along with an overwhelmingly positive tone.

Media exposure scorecard

(June – December 2016)



Key stakeholders, issues of interest, and engagement approach

Stakeholder	Common issues and interests	Engagement & frequency	See report sections
Local communities	Direct job opportunities, broader economic growth, environmental and water quality impacts, infrastructure improvements, moral fabric	Monthly roundtable dialogue, access to our locally-based staff, grievance mechanism, monthly meetings with local leaders	<ul style="list-style-type: none"> CEO Letter to Stakeholders Stakeholder Engagement Impact Investing Our People Resource Governance Environmental Stewardship Grievance Mechanism
Civil society	Infrastructure improvements, environmental stewardship Broader environmental, social, and economic risks and opportunities	Monthly meetings with local leaders, institutional memberships, events, media, grievance mechanism, brochures, sustainability reporting	<ul style="list-style-type: none"> CEO Letter to Stakeholders Stakeholder Engagement Impact Investing Biodiversity Conservation Resource Governance Economic Diversification
Indigenous groups	Preserving identity and culture, extreme poverty, capacity, building, infrastructure and economic development	Building on 2009 co-operation agreement between Shuar Federation of Zamora Chinchipe and Aurelian Ecuador S.A., instituting regular roundtable meetings to address issues of common priority in 2017	<ul style="list-style-type: none"> CEO Letter to Stakeholders Human Rights Commitments Stakeholder Engagement Indigenous People Biodiversity Conservation Grievance Mechanism
Artisanal miners	Respectful engagement, livelihood, environmental impacts, formalization	Continuous	<ul style="list-style-type: none"> Artisanal Mining Impact Investing Education and Training Security and Community Human Rights Commitments
Conservation groups	Impact on environment and ecosystem services, strengthening biodiversity knowledge and offset policies in Ecuador	Collaboration agreements, site monitoring	<ul style="list-style-type: none"> CEO Letter to Stakeholders Stakeholder Engagement External Commitments Biodiversity Conservation Artisanal Mining Impact Investment

Stakeholder	Common issues and interests	Engagement & frequency	See report sections
Employees, workers	Rewarding, meaningful, and safe livelihood	Code of conduct, daily to weekly meetings, grievance mechanism	<ul style="list-style-type: none"> CEO Letter to Stakeholders Our People Occupational Health & Safety Education and Training Grievance Mechanism
Suppliers	Access to supply chain opportunities	Roundtable dialogue, tender announcements, contractual relationships	<ul style="list-style-type: none"> CEO Letter to Stakeholders Procurement Practices Inclusive Supply Chain Education and Training Participatory Dialogue and Roundtables Occupational Health & Safety Grievance Mechanism
Religious groups	Environmental and social impacts, local social infrastructure, education, moral fabric, vulnerable groups	Regular meetings, roundtable dialogue, participation in media activities operated by local religious group.	<ul style="list-style-type: none"> CEO Letter to Stakeholders Human Rights Commitments Stakeholder Engagement Impact Investing Indigenous People Grievance Mechanism
Government agencies, ministries, representatives	Economic development through responsible mining, capacity building, royalties, taxes and their distribution	Throughout licensing, permitting, and monitoring (monthly to quarterly), roundtables, events, media	<ul style="list-style-type: none"> CEO Letter to Stakeholders Corporate Governance Resource Governance Stakeholder Engagement Indigenous People Economic Responsibility Impact Investing Occupational Health & Safety Environmental Stewardship
Shareholders, investors	Responsible mining practices, good corporate governance, political risk	Ad hoc meetings, quarterly and annual disclosure requirements, media releases, technical reports, sustainability report	<ul style="list-style-type: none"> CEO Letter to Stakeholders Corporate Governance External Commitments Stakeholder Engagement Economic Responsibility Environmental Stewardship Impact Investing Resource Governance



Participatory Dialogue and Roundtables

The participatory roundtables commenced in the second quarter of 2016. They bring together citizens, public authorities, and public and independent institutions to identify community priorities given the arrival of the large-scale mining industry to the area. There are currently six roundtables.

In addition to conducting a detailed stakeholder mapping exercise, we designed and implemented a participatory engagement process in the zone of influence of the Fruta del Norte Project. This process is supported by professional facilitators.

The objectives of our engagement process include the following:

- Avoiding a paternalistic approach and thus positioning our company as one of many relevant local actors
- Understanding expectations, risks, and opportunities driven by the arrival of large-scale mining to south-eastern Ecuador
- Ensuring representative participation to include women, youth, and vulnerable groups
- Collectively identifying and pursuing opportunities to generating shared value

The participatory roundtables commenced in the second quarter of 2016. They bring together citizens, public authorities, and public and independent institutions to identify community priorities given the arrival of the large-scale mining industry to the area.



Promotion of community values



Environmental responsibility



Employment



Traffic accidents and road network maintenance



Local business opportunities



Agricultural development



One of the indigenous groups present in Zamora Chinchipe is the Shuar community.

Indigenous People

Important regional stakeholders include the Shuar and Saraguro indigenous peoples that inhabit the area around the Fruta del Norte Project – though none inhabit the Project’s area of direct influence. These communities are part of Ecuador’s approximately one million indigenous people.

The nearest Shuar communities are the villages of Achunts and Nankais, with populations of approximately 48 and 176, respectively. These villages are located at a distance of approximately 40 km from the Fruta del Norte Project. They are part of approximately 5,500 Shuar people living in Zamora Chinchipe, the province which hosts the Fruta del Norte Project. The Shuar Federation of Zamora Chinchipe was created in 1988, and strives to ensure that the Shuar Nation actively participates in the region’s development process, while preserving the Shuar identity and cultural values. Additionally, there are a small number of Saraguro communities in the general area of the Project.

Aurelian Ecuador S.A. formalized its engagement with the Shuar Federation of Zamora Chinchipe in 2009. This agreement covers various aspects of

their relationship, including identification of areas for collaboration, and the approach to resolving grievances.

We continue to respect this formal agreement and are considering ways to update it in 2017. We engage with the Shuar people both through their local community representatives and through the Federation. We contribute to improving the quality of life of the Shuar people in the region by strengthening their institutional capacity, investing in community infrastructure projects, supporting economic development activities, and contributing to traditional cultural and sporting events.

Over the course of 2015 and 2016, we contributed a total of \$200,000 for capacity building and infrastructure improvements of the Shuar Federation of Zamora Chinchipe. We plan to institute and participate in a more structured, roundtable dialogue process with the Shuar Federation of Zamora Chinchipe during 2017.

During the reporting period, we have not recorded any incidents of violations involving rights of indigenous peoples.



Artisanal Mining

We are aware of small groups of artisanal miners – both formal and informal – who operate within our concession areas. Though such activities play a part in sustaining livelihoods, artisanal mining activities within our concessions can interfere with our planned operations, introduce environmental and health risks, contribute to potential conflict over land access, and raise security concerns.

We formulated a strategy for artisanal mining within our concessions, which included consultation with government agencies, local authorities, public safety bodies, neighboring communities, and the artisanal miners themselves. The preferred outcome of this strategy is co-existence and formalization, though reaching this outcome is predicated on the determination that the location and nature of the artisanal mining activities in question do not interfere with our planned exploration and mining activities.

Once it has been determined that such co-existence is possible, we enter into formal contracts with the artisanal miners. This requires the artisanal miners to formalize their activities, including obtaining the environmental certificate that is required under Ecuador’s regulations. We help to pay the cost for such environmental certificates, and the contracts stipulate a number of requirements, including

health, safety and environmental performance, and the payment of taxes.

As of the end of 2016, we recorded 21 artisanal mining operations within our concessions that are formalized. This figure does not include those artisanal miners detected through our routine surveillance program which abandon the area prior to formal engagement.

Additionally, as of December 2016:

- On 42 occasions, the Ecuadorian authorities intervened on our concessions to inform the artisanal miners of the illegal nature of their activities and the miners voluntarily departed;
- On 11 occasions, the Ecuadorian authorities impounded the equipment of illegal artisanal mining operations on our concessions;
- On one occasion, the Ecuadorian authorities peacefully removed an illegal artisanal mining group that had repeatedly refused to depart;
- The Company received one low-level complaint related to artisanal mining, which is scheduled to be resolved over the course of 2017.

Security and Community

Our commitment to respect human rights extends to our security practices. These services have been outsourced to a reputable international security service provider committed to the UN Global Compact and the International Code of Conduct for Private Security Providers. This Code commits our security provider to good governance, vetting and training of staff and contractors, respect for human rights and international humanitarian law, and a high standard of professional conduct.

Our security provider also provides related training to its staff assigned to the Fruta del Norte Project. This training is aligned with Lundin Gold’s human rights commitments. As we are transitioning from an exploration to the construction phase of the Fruta del Norte Project, we plan to review our security and training practices, and will consider adopting the Voluntary Principles on Security and Human Rights.

During the reporting period, we did not record any significant security related incidents or related grievances.



Our security service provider is committed to the UN Global Compact and the International Code of Conduct for Private Security Providers.



Personnel register the arrival of a visitor to the Las Peñas camp using the Company’s security protocol.

Grievance Mechanism

In line with our corporate responsibility commitments, including our support for the UN Guiding Principles for Business and Human Rights, we developed and implemented a formal grievance mechanism during 2016. Complementing this mechanism is our “whistle blower” process, supervised through a board-level audit committee, to enable detection of and respond to illegal or unethical practices.

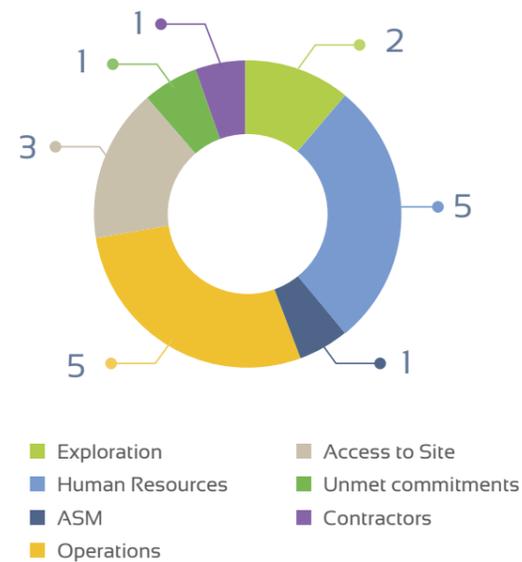
Since rolling out our grievance mechanism in September 2016, we have recorded and investigated 18 cases, all categorized as “Level 1”. This level is assigned for minor one-off or minor short-term community impacts. Eleven grievances were resolved by the end of 2016, while seven were still being processed.



The grievance mechanism includes mailboxes located in the Lundin Gold offices in Quito and Los Encuentros, at the Las Peñas camp, and at the municipal building of the Los Encuentros parish government.

Review of our grievance register (Sept-Dec 2016)

Status of grievances	
Total Number of Grievances Received (YTD)	18
Number of Grievances Closed	11
Number of Grievances in Process	7
% of Grievances that Comply with Mechanism Timing	100%



5 Impact Investing

Focal areas for our impact investments

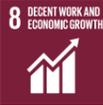
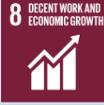
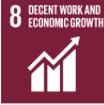
In Ecuador, responsible mining holds tremendous potential to develop a nascent industry, transform local livelihoods, diversify economies, and contribute to the United Nations Sustainable Development Goals (UN SDGs). We believe that we are well positioned to play an important part in this process in Ecuador.

Based on the outcome of our stakeholder engagement processes (see page 25), international best practice, and our collaboration with the Lundin Foundation (in the next page), we identified and committed over US\$1.8 million for the 2016/2017 period for a series of strategic impact investment

opportunities to generate shared value with our local communities and host nation. Throughout our time in Ecuador, we have formulated strategic initiatives, identified and mobilized a partnership network, defined outputs and outcomes, and proposed metrics to monitor the performance for each intervention area. Since early 2016, the roundtable dialogue process has been integral in this work. Selected examples and results are highlighted throughout this sustainability report.

Our four impact investing focal areas, key objectives, selected case studies, and linkages with the UN SDGs are summarized below.

Our focal areas for our impact investments in Ecuador

Focal Area	Objective	Contributes to UN SDG
Education and training skills	<ul style="list-style-type: none"> Enable increased local employment and contracting opportunities 	  
Inclusive procurement	<ul style="list-style-type: none"> Leverage procurement to generate local and regional economic growth 	 
Economic diversification	<ul style="list-style-type: none"> Improve mining-independent livelihoods and economic growth 	 
Resource governance	<ul style="list-style-type: none"> Develop effective, accountable and transparent institutions at all levels; enable municipal and regional agency to access funding for critical infrastructure 	 



Support for the local agricultural and ranching sectors are two of the initiatives that the Lundin Foundation focuses upon in Ecuador.

Collaborating with the Lundin Foundation



The Lundin Foundation is a Canadian non-profit organization. It works in partnership with Lundin Group companies, including Lundin Gold, host governments, and local communities to improve the management of, and benefit streams from, resource development projects. The Lundin Foundation is supported through

contributions from the Lundin Group Companies, Global Affairs Canada, and private donors.

Since the acquisition of Aurelian Ecuador S.A. in December 2014, Lundin Gold has collaborated with the Lundin Foundation to develop and implement a series of impact investment initiatives which are described in this sustainability report. This includes Lundin Gold's commitment of over \$1.8 million for the 2016/2017 period for a series of strategic initiatives focused on education and training, developing a more inclusive supply chain, contributing to economic

Since the acquisition of Aurelian Ecuador S.A., Lundin Gold has collaborated with the Lundin Foundation.

diversification, and improving resource governance through capacity building.

In addition, Lundin Gold also contributed \$2.7 million to the Lundin Foundation during the reporting period, and the significant majority of this sum has been re-invested in Ecuador.

Education and Training

With a desire to generate shared value by maximizing local hiring, we continue to collaborate with a cross-sectoral partnership network – including the Lundin Foundation, the Center for Development and Innovation for Industry and Mining (CIMA), the Entrepreneurship Center Prendho and Fundación para el Desarrollo Social y Empresarial (FEDES), both part of the Universidad Técnica Particular de Loja (UTPL by its Spanish acronym), Ecuador’s Mining Ministry and Ministry of Education, Fe y Alegría (an NGO), and others – to invest in and offer a series of multi-year educational, training, up-skilling and certification programs for the benefit of local communities.

These programs, which were initiated in 2016, are designed to respond to critical educational and training gaps in our Project’s area of influence: many local community members have not completed a secondary education, and few have benefited from formal vocational training in trades or as equipment operators.

The early results of these programs are:

- Enrollment of over 150 adults (with additional learners expected to join in as program progresses to higher grades), to pursue their high school diplomas (Bachillerato Extraordinario), as illustrated by Julia Campos’s story (see next page).
- Enabling vocational training, competency validation, and certification in a variety of trade skills for construction, such as masonry, carpentry, plumbing, and welding, and launch of a pilot certification program for up to 12 employees by April 2017.
- Enabling local technical universities to develop training programs focused on trades and other skills required by mining and other sectors.
- Assisting 18 experienced heavy equipment operators from Los Encuentros to pursue a four month formal training program through the Professional Operator School leading to a nationally recognized license as heavy equipment drivers and operators.



Students of the Professional Operator School learning practical skills at the UTPL campus in Zamora Chinchipe.

Enabling local hiring through education



Julia Campos, student in the accelerated high school program.

Reflections from a 48-year-old farmer pursuing her high school degree in Los Encuentros.



Students in classes at the Gabriela Mistral School.

My name is Julia Campos, I am farmer and housewife. Due to difficulties living in a rural area, I never completed high school. I tried many times, but not all adults in my community were committed, and, because of the small numbers of participants, schools were closed repeatedly.

I faced critics from my own family members telling me that I am too old to go to school. But I have grandchildren and they are my motivation. Even as a grandmother, I want to follow my dream to be a Bachiller (high school graduate in Spanish).

I am almost 50 and I think every year it is more difficult for me to find a job. But I am convinced that by having my high school diploma I will have more opportunities. Completing high school gives me an opportunity to realize my dream of having my own small business.

Many good things have happened to me since I started the program two month ago. For example, I never expected to work with a tablet or a computer. But, since the beginning of the program, we have been using these tools. At first, I was afraid of them. But with the support of my tutor, I learned very quickly to use the tablet, including navigating the Internet, taking notes, searching for videos or content, and taking pictures of my classmates and myself. I can say with confidence that I overcame my fears that I would be unable to complete my high school because of my age.

It is also encouraging to work with classmates who are as motivated as I am. Some of us are talking about building an enterprise. Every day, I feel there are many good reasons to do my best and continue to attend school.



Lundin Gold employees in class at the Las Peñas camp.





Edén de Amazonia is one of the local suppliers that provides transport services in the province of Zamora Chinchipe.

Inclusive Supply Chain

As part of developing an inclusive and local procurement strategy, we worked with the Lundin Foundation and other partners to study the capacity of existing enterprises in the region hosting our Project. We learned, for example, that 78 percent of the businesses surveyed were small and informal concerns, and none had third-party certifications.

The results of these surveys were discussed and validated during the facilitated roundtable dialogue process with our local communities, and their feedback helped us develop a suitable response strategy. This strategy, which is detailed further in Procurement Practices (see page 61), identifies priority areas proximate to the Frute del Norte Project, institutes a subsidized pre-qualification and certification process for locally-based small businesses and suppliers, and expresses a preference for companies that can demonstrate local value creation.

We also consider expedited payment terms, and are working with financial institutions and insurance

providers to make their services more accessible to locally-based suppliers. A successful example of our efforts to develop local procurement opportunities is illustrated through a short case study on Catering Las Peñas on page 41.

Furthermore, together with the Lundin Foundation we plan to hire a staff member who will be dedicated to supporting local procurement efforts. In 2017 we also plan to develop a partnership with a business incubator to help improve the capacity of selected local businesses.

We have instituted a subsidized pre-qualification and certification process for locally-based small businesses and suppliers, and expressed a preference for companies that can demonstrate local value creation.



Jorge Granda, Administrator of Catering Las Peñas, together with members of his team.

Catering Las Peñas

At Fruta del Norte's mine camp – also known as Las Peñas – catering services were originally provided by Aurelian S.A., the mining company acquired by Lundin Gold. The stated dream of the company's catering employees was to establish and operate their own catering venture. This dream was aligned with our preferences to promote local enterprises. With financing and technical assistance provided by the Lundin Foundation, several former catering employees started Catering Las Peñas in mid-2015. This independent company now provides catering and housekeeping services to Lundin Gold.

During its first six months of operation, Catering Las Peñas created approximately 30 direct jobs. These positions were filled by individuals recruited from the local community in a region which has a poverty rate exceeding 64 percent. These workers can now support their families, generating taxes and other benefits. By enabling such entrepreneurial start-ups, we contribute to United Nations Sustainable Development Goal 8, which encourages promotion of inclusive and sustainable economic growth, employment and decent work for all.



Catering services in the Las Peñas dining room.



Laundry services.



Economic Diversification

Our environmental and social impact assessment studies show that the largely rural region hosting the Fruta del Norte Project features poverty rates considerably exceeding the national average. These studies also demonstrate the significance of agricultural commodities in terms of local livelihoods.

Spearheaded by the Lundin Foundation, and in collaboration with several entities that are part of the UTPL, we analyzed the agricultural value chains in our Project region. This study identified several intervention opportunities to improve the agricultural value chains associated with milk, coffee, plantain, and other commodities.

We believe that strengthening and diversifying existing economic activities is an essential part of our commitment to local communities and to the success of Fruta del Norte. No company,

even one developing a large mining project, can meet the expectation for employment and economic opportunity that exists in an area such as Zamora Chinchipe.

Supported by contributions from Lundin Gold and others, the Lundin Foundation disbursed a combination of technical assistance, grants and loans to Ecolac, which is involved in manufacturing and marketing of dairy products, and APEOSAE, which is a federation of small organic agricultural exporters from southern Ecuador.

The benefits of such impact investments are illustrated by the case study (see next page) about Juan Paltín, a dairy farmer from Los Encuentros. This initiative contributes towards the United Nations Sustainable Development Goal 8 (Decent Work and Economic Growth), and Goal 1 (No Poverty).



Members of the Federation of Small Organic Agricultural Exporters from Southern Ecuador (APEOSAE) in their collection center in Panguintza, Zamora Chinchipe.



Juan Paltín, a dairy farmer from the parish of Los Encuentros.

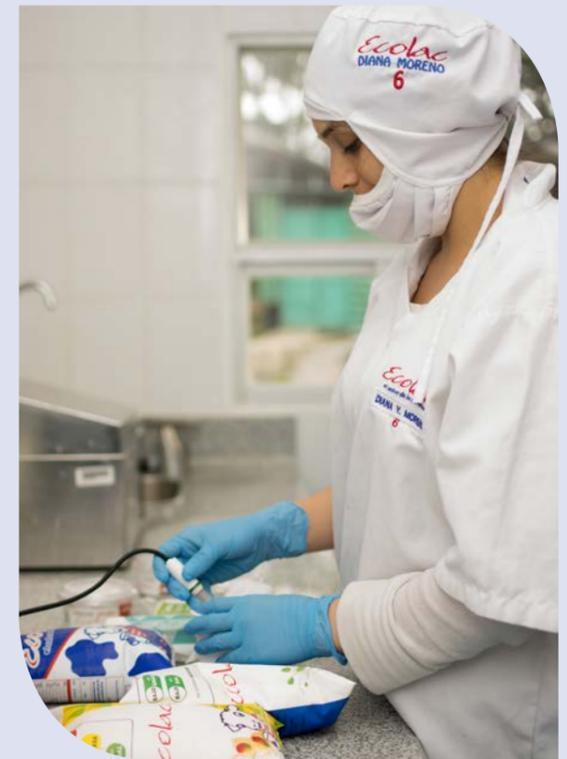


Improving local livelihoods

Juan Paltín, a dairy farmer, lives near Los Encuentros. For years, every morning his family milked six cows which produced approximately 30 liters of milk. About half of this milk was consumed by Juan Paltín's family or was sold to neighbors. The rest of the milk was processed into soft cheese and sold at the local market at the equivalent of \$0.28 per liter of milk. Until mid-2016, this generated a weekly income of approximately \$30 for Juan Paltín's family.

Supported by a grant and an impact investment through the Lundin Foundation, Ecolac, a dairy processing company, opened a refrigerated, 1,000-liter milk collection center in Los Encuentros in July 2016. This enabled Juan Paltín to sell most of his produced milk to Ecolac, realizing a much higher price of US\$0.42 per liter. In addition, he receives a bonus due the high-quality of his milk.

Ecolac also provides its suppliers with access to technical assistance, finance, veterinary inputs and services which can be repaid through milk delivery. Such "milk loans" allowed Juan Paltín to invest in more hygienic stainless steel milk cans, and provide his cows with mineral mix additives and tick control. These activities helped him to improve his milk production by 17 percent, while also generating a 76 percent increase in his milk-related income after just three months.



Central production center of Ecolac, the largest dairy producer in the Loja province.



Dairy farmer on his land in the Yantzaza canton.





Academic material from the Professional Certification on Sustainability and Zoning, delivered to local authorities, community leaders and local citizens.

Resource Governance

Effective and transparent management of resources derived from the mining sector are essential to ensuring that positive benefits accrue to host communities and to Ecuador as a whole.

Working with the Lundin Foundation and other partners, we contributed to the development of hybrid (on-line and class room) training programs for journalists, and local, municipal and regional governments. These programs were launched in 2016 and focused upon resource governance in general and transparency. Initial results are highlighted on the following pages.

These initiatives contribute to United Nations Sustainable Development Goal 9, Industry, Innovation and Infrastructure, by facilitating the realization of resilient infrastructure, promoting sustainable industrialization and fostering innovation; and Goal 16, Peace Justice and Strong Institutions, by supporting the development

The training programs developed with the Lundin Foundation and other partners promote the effective and transparent management of resources derived from the mining sector. They also improve the understanding of modern mining and associated environment issues.

of effective, accountable and transparent institutions at all levels.

In line with our commitment to Canada's Extractive Sector Transparency Measures Act (ESTMA), we plan to disclose our first ESTMA report detailing our material payments to the Government of Ecuador in mid-2017 (see also Economic Responsibility on page 59).



Participants of the Professional Certificate for Reporting on Mining.

Improving governance and transparency

Professional Certificate for Reporting on Mining

Supported by the Lundin Foundation, the UTPL developed and offered a structured, 60-hour, hybrid (on-line and classroom) training course for journalists. The objective of this program, which includes Spanish-language on-line modules from Canadian-based EduMine, is to familiarize journalists with the modern mining industry. A total of 35 journalists enrolled in this program in 2016, of which 68 percent successfully completed their training, and received their professional certificate in January 2017. As part of this program, participants also had the opportunity to visit the Fruta del Norte Project.



This program was created for journalists, opinion leaders and communication directors. Participants that completed both the in-person and on-line courses received a profession certificate accredited by the Social Communication Department of the UTPL.





Professional Certification on Sustainability and Zoning

Working with the Ecuadorian Planning Secretariat (Senplanes), the Lundin Foundation committed \$80,000 for the 2016-2017 period to UTPL to develop and offer a university-certified program to officials from parish and municipal government agencies. The objective of these courses is to improve the abilities of these government entities to apply for funds earmarked for local and regional development. These courses involve 140 hours of structured training covering natural resource governance, economic development for mining, local planning, mining essentials, mining and environmental control, water management, and other subjects. By the end of 2016, 45 participants had enrolled. The program also provides access to nine months of technical assistance to local government agencies to help develop and submit project funding requests.



Professional Certificate on Environment and Mining

Between April and December 2016, the Lundin Foundation also committed US\$65,000 to UTPL, CIMA and EduMine for the development of training materials for public servants at the Ministry of Environment, Ministry of Mining, the National Mining Regulation Agency, Senplanes, and others. The goal of these structured courses, which involve 140 hours of training, is to improve the understanding of modern mining and associated environment issues. By the end of 2016, a total of 120 public servants had enrolled and 82 percent of these had completed the program and received their professional certificate in environment and mining.



6 Our People



Group of employees at Las Peñas camp.

Human Resources

We are committed to providing a safe, rewarding, and meaningful livelihood to our employees. We also strive to be an employer of choice. Given opportunities to generate positive local benefits, we aim to maximize local employment, and encourage our contractors to do the same.

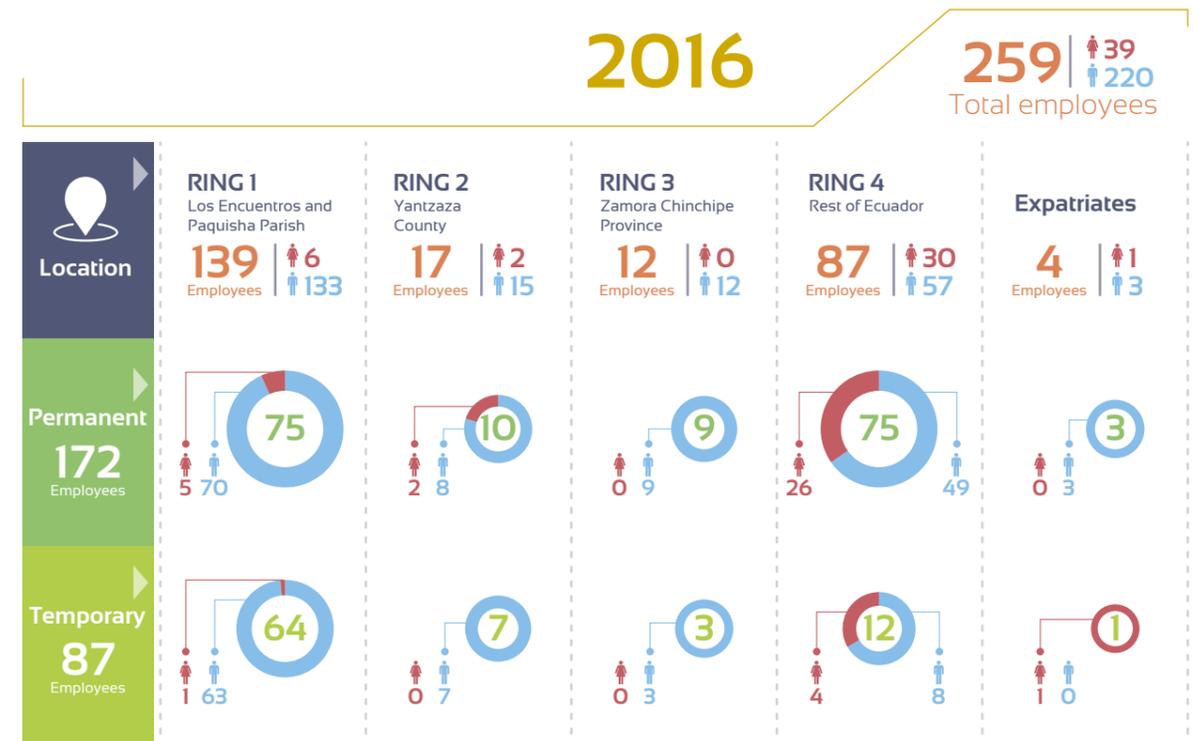
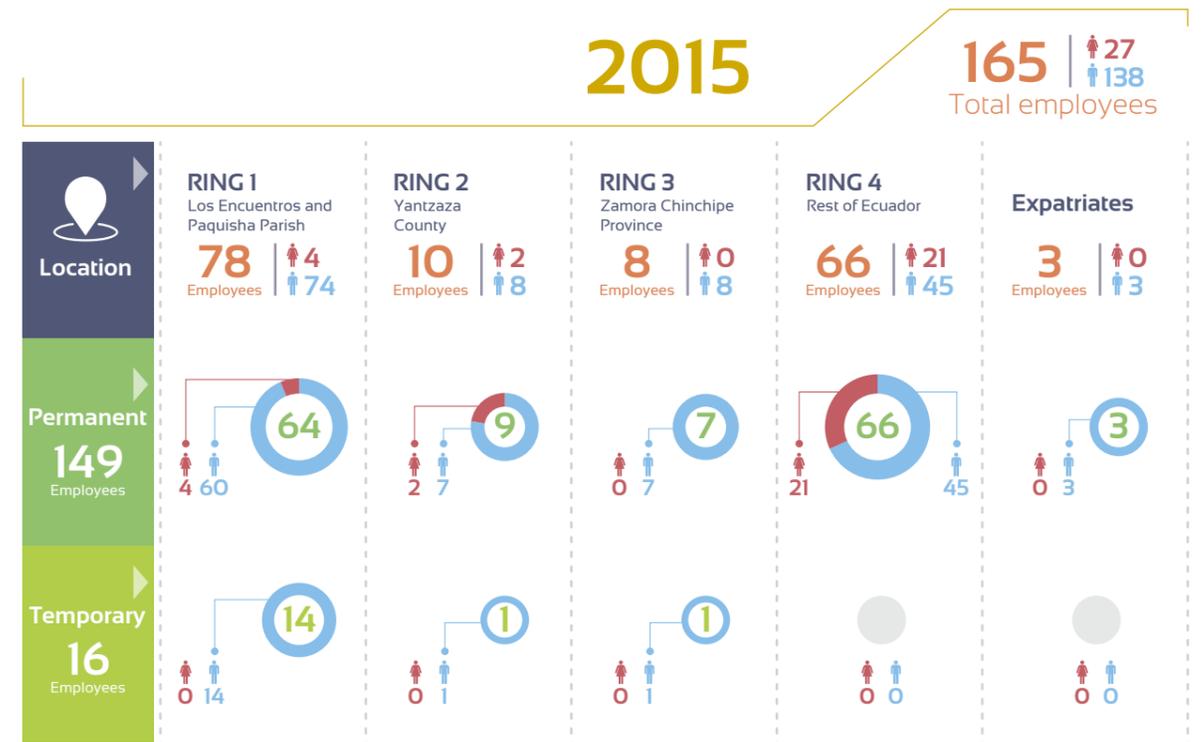
As of the end of 2016, we employed 259 people at Aurelian Ecuador S.A., of which 54 percent were from communities within our indirect area of influence. One percent of our workforce at Aurelian Ecuador S.A. is comprised of expatriates.

As is common in the mining sector, we also utilize contractors and other external parties to support some elements of our activities. Examples include catering, security, drilling contractors, engineers and consultants, or co-operatives providing transport and other logistical support. Lundin Gold encourages its contractors to prioritize hiring efforts from the indirect area of influence.

We are planning for significant changes in the scale and profile of our workforce as we transition to the construction phase of the Fruta del Norte Project. Our workforce is expected to peak at approximately 2,000 in 2019. Subsequently, we expect that our workforce will range between 700 to 800 individuals during the estimated life of mine of approximately 13 years.

Most of the future positions for the mine and the plant require, as a minimum, a high school education. Also, approximately 90 percent of employees operating the gold mine will require technical or other types of qualifications. To improve access to job opportunities for our local communities, we developed a series of educational and training programs, which are highlighted in the Impact Investment section (see page 35). These programs include an accelerated high school program for adult learners, and initiatives to support up-skilling, vocational training, and certification for our local community members and their businesses.

Employment statistics Aurelian Ecuador S.A.





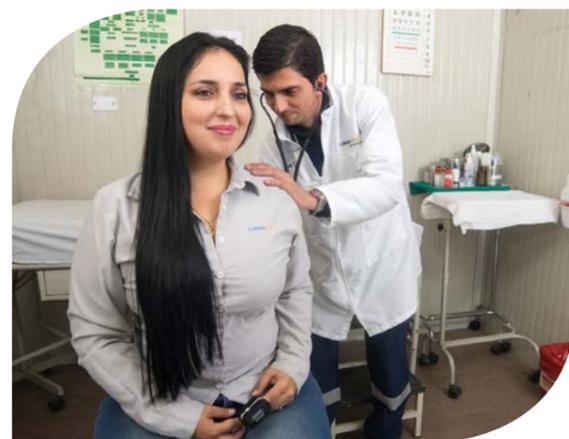
Prior to commencing work each morning, employees and contractors participate in a safety awareness meeting.

Occupational Health & Safety

We consider the health and safety of our employees, contractors and nearby communities foremost in all aspects of our operations. We maintain and resource a health and safety management system, which is aligned with Occupational Health and Safety Assessment Series 18001.

This systematic approach enables us to meet Ecuadorian requirements and pursue best-in-class performance. We record, report, and evaluate our performance using leading and lagging indicators commonly used in the international mining sector. Our activities are also subject to periodic audits by various agencies in Ecuador. We have also developed emergency response and crisis management plans.

We maintain a joint company-employee health and safety committee, which represents all employees at Aurelian Ecuador S.A. and our offices in Quito, Los Encuentros, and the Las Peñas mine camp. The objective of this joint committee is to ensure a participative and shared approach to safety and to develop policies and procedures, understand workplace hazards, provide training and capacity



building, empower employees to refuse unsafe work without fear of reprisal, and generate a responsible health and safety culture.

Our health and safety performance in Ecuador for our employees and contractors is tabulated on page 51. As we continue our transition to the construction phase of Fruta del Norte, we will continue to apply the same high-level health and safety performance expectations for our employees and contractors.



Key health and safety statistics for employees

	2015			2016		
	Men	Women	Total	Men	Women	Total
First Aid Cases	8	0	8	17	2	19
Medical Incidents	1	0	1	4	0	4
Lost Time Incidents	0	0	0	0	0	0
Work Related Fatalities	0	0	0	0	0	0
Occupational Disease	0	0	0	0	0	0
Injury Rate (IR-Ecuador)	0	0	0	0	0	0
Injury Rate (RIR-MSHA)	0.66	0	0.66	2.14	0	2.14
Occupational Disease Rate (ODR)	0	0	0	0	0	0
Lost Days Rate (LDR)	0	0	0.19	0	0	0
Absentee Rate (AR)	0.52	0.05	0.57	0.33	0.12	0.45

Key health and safety statistics for contractors

	2015			2016		
	Men	Women	Total	Men	Women	Total
First Aid Cases	8	0	8	7	3	10
Medical Incidents	1	0	1	4	1	5
Lost Time Incidents	0	0	0	1	0	1
Work Related Fatalities	0	0	0	0	0	0
Occupational Disease	0	0	0	0	0	0
Injury Rate (IR-Ecuador)	0	0	0	0.62	0	0.62
Injury Rate (RIR-MSHA)	0.96	0	0.96	3.75	0	3.75
Occupational Disease Rate (ODR)	0	0	0	0	0	0
Lost Days Rate (LDR)	0	0	0	0.07	0	0.07
Absentee Rate (AR)	0.17	0.02	0.19	0.12	0	0.12

Notes: RIR-MSHA - Injuries/Hours worked * 200,000; IR-Ecuador: Lost Time Incidents/Hours worked * 200,000 ; LDR - Lost Days/Days Worked *100; ; AR - Absentee Days/Days worked *100



Fire drill at the Las Peñas Camp.

Lundin Gold's Health and Safety Tools

In order to re-enforce our health and safety culture, we conduct operational planning, and employ a variety of tools that are applied on a daily basis.



Planning:

A key part of prevention programs



Rules to live by:

Adopting of rules developed from lessons learned across the industry



Risk analysis:

Identifying, measuring, evaluating, and controlling safety and health risks



Work permits:

Communicating the formal assignment of specific work functions



Safe work analysis:

Determining the risks associated with each activity so as to eliminate or mitigate them prior to undertaking the work itself



Stop and think:

Creating a safety consciousness for any situation with the slogan of "stop, think, act in a safe manner"



Observation cards:

Reporting on unsafe conditions or behaviors through the delivery of observations to the occupational health and safety department



Accident investigation:

Analyzing the immediate and root causes subsequent to an event, regardless of its severity, and adopting the resulting action plans



7 Environmental Stewardship



The *Hypsiboas cinerascens* (Hylidae) frog, a typical species of the Cordillera del Cóndor.

We recognize that our operations can have significant environmental impacts, including land use changes. Such impacts are offset by our long-term environmental planning, including the use of biodiversity offsets, as well as increased economic opportunities and development in the areas of infrastructure, education, and micro-enterprise.

In line with the precautionary approach to risk management, we conduct environmental and social impact assessments, engage with our stakeholders, perform monitoring of our activities and impacts, and apply continuous improvement and adaptive management practices to our activities. We are committed to always meet or exceed regulatory requirements, and good international gold mining practices.

Our strategic approach to mitigating impacts related to biodiversity and water, which emerged as our most material environmental topics, are highlighted in the following sections.

Biodiversity Conservation

The La Zarza concession, which hosts the Fruta del Norte deposit, is located in the Cordillera del Condor mountain range. The government of Ecuador has established four types of protected areas with a combined size exceeding 41,000 hectares within the Cordillera del Condor. Each one of the protected areas harbors ecosystems adapted to its altitude.

The El Zarza Wildlife Refuge and El Cóndor Mountain Range Protected Forest are located near to the Project area. No Project activities are planned within these protected areas.

It is important to note that the Fruta Del Norte Project will be an underground mining operation, thus reducing its physical surface footprint. As part of Project development, we conducted a detailed environmental and social impact assessment,

which was approved by Ecuadorian Ministry of Environment in October 2016.

The biological baseline studies did not record critically endangered species within the Fruta del Norte Project area. However, the studies recorded six endangered species, 16 vulnerable species, 11 near-threatened species, and 81 species falling in IUCN's (International Union for Conservation of Nature) least concern category.

We have developed a rescue and relocation plan for biotic species to be applied before, during and

after the construction activities, which describes the management of endangered and vulnerable species. We have also been conducting semi-annual monitoring of flora and fauna using external experts associated with the Catholic University of Ecuador, UTPL, and the National Polytechnical School.

In addition, in September 2016, we signed a collaboration agreement with Conservation International Ecuador for the design of a biodiversity conservation program for the Fruta del Norte Project. The key elements of this agreement are highlighted below.

Partnership with Conservation International Ecuador



In September 2016, we formalized our engagement with Conservation International Ecuador. This conservation group agreed to join forces with Lundin Gold's subsidiary, Aurelian Ecuador S.A., to design a program to prevent, reduce, and develop compensatory measures for the environmental impacts of mining activities.

The biodiversity conservation program will focus on sustainable landscape partnerships. These are designed to promote the effective integration of natural conservation and human well-being in the area, through the protection of natural heritage, the identification and implementation of good production practices, and the effective governance of natural resources.

Conservation International Ecuador and Lundin Gold hope that this collaboration agreement becomes a model for responsible mining, and contributes to the establishment of environmental compensation policies in Ecuador. This initiative contributes to the United Nations Sustainable Development Goal 15 (Life on Land).



Ron Hochstein, President and CEO of Lundin Gold, together with Luis Suarez, Executive Director of Conservation International Ecuador, signing the cooperation agreement.

Conservation International (CI) is a nonprofit environmental organization. Its goal is to protect nature as a source of food, fresh water, livelihoods and a stable climate. CI's work focuses on science, policy, and partnership with businesses and communities.



Water Quality

We completed an environmental and social impact assessment for the Fruta del Norte Project (FDN), and plans to identify, avoid, reduce, mitigate, and control our impacts, including those related to water. These studies and plans considered the full mining life cycle of the FDN.

The FDN Project is located near the equator with annual precipitation of approximately 3,400 millimeters. During the reporting period, our water management was confined to supplying, collecting, treating, and discharging water associated with our Las Peñas mine camp, as well as an existing portal and associated waste rock piles, and other infrastructure. The water treatment processes used during the reporting period include the following:

- **Potable water treatment plant:**
Includes collection, filtration and purification

- **Residual water treatment plant:**
Utilizes an activated sludge system to treat black and grey waters generated by the Las Peñas camp

- **Drilling mud treatment system:**
Involves adding inorganic substances used for the coagulation and flocculation of suspended solids, to allow for sedimentation

- **Tunnel and waste rock piles treatment system:**
Utilizes oxidation followed by coagulation and flocculation of suspended solids, in order to allow for sedimentation



Residual water treatment plant.



Drilling mud treatment system.

The results of the water monitoring from our discharge into the Machinaza river are summarized on page 57. They show that, with minor exceptions, our discharge water quality at Fruta Del Norte complied with the requirements stipulated in our permits. The non-compliance recorded related to short periods during which the discharge quality from our sewage treatment plant did not fully meet the requirements for constituents such as surfactants, biological oxygen demand or total nitrogen. However, the analysis developed downstream the discharge point indicated that the normal conditions of the river were not impacted.

In response to the identified exceedances, we have reviewed the performance of our sewage treatment plant and will be implementing improvements required to fully meet the applicable discharge requirements. The nearest downstream community using surface water from the Machinaza river for irrigation is located at a linear distance of approximately 14 km from our discharge point. In 2017, we are planning the introduction of community-supported monitoring of Fruta del Norte's water quality performance. This effort will be coordinated through the roundtable dialogue process.



Taking samples for water quality analysis.

Our water management strategy and plans recognize that FDN is transitioning to a major construction project, followed by an operating underground mine. This means that our operation will require dewatering to enable access to ore and provide safe working conditions.

Once in production, we will also utilize cyanide for the recovery of gold from processed ore. In line with good international gold mining industry practice, we are committed to adopt responsible transport, use, monitoring, and treatment of cyanide as defined by the International Cyanide Management Code, as highlighted in the next page.

Water withdrawal and use at FDN

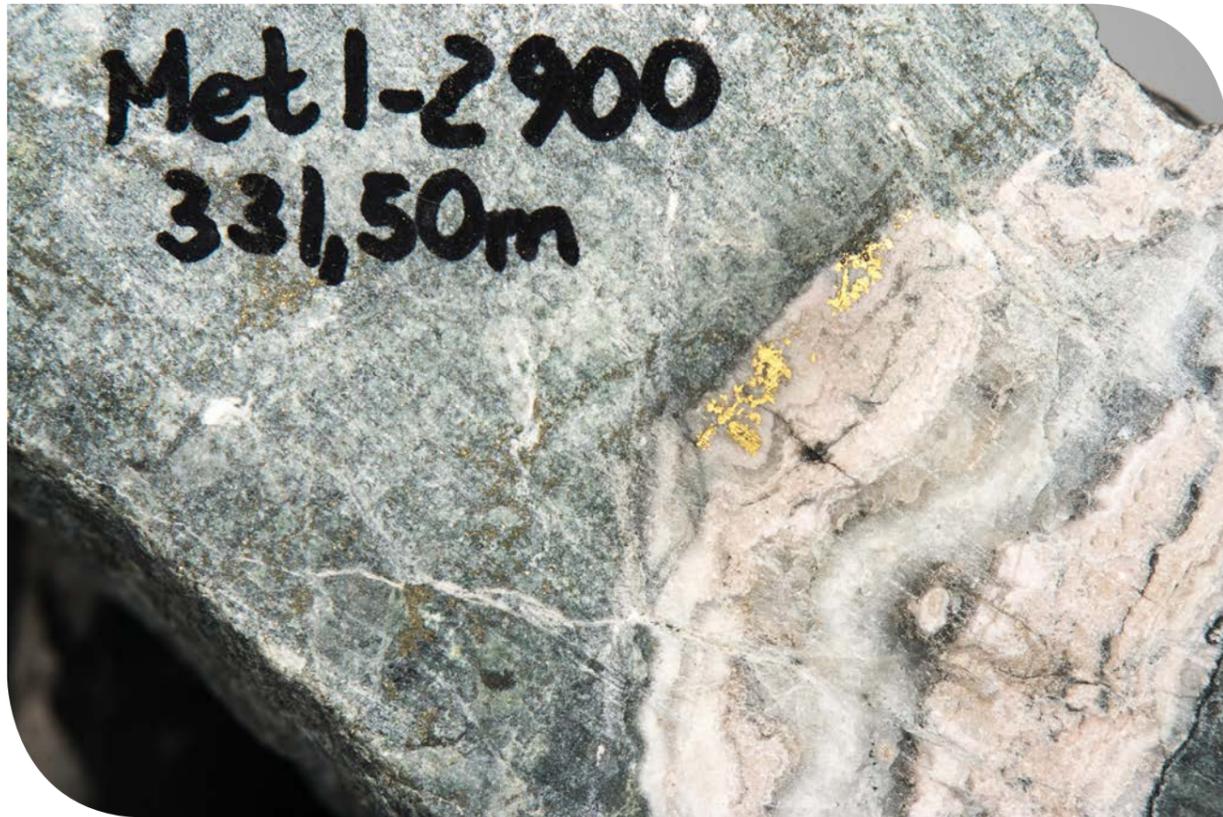
Withdrawal by source	2015	2016
Surface water bodies (Domestic Use)	15,007 m3	16,667 m3
Surface water bodies (Industrial Use)	21,612 m3	10,104 m3
Groundwater	-	-
Portal activities (mainly groundwater, treated and discharged)	8,635 m3	1,643 m3
Rainwater	-	-
Municipality supplies	-	-

Note: Surface water intake (metered) is collected from tributaries to the Machinaza River. We plan to collect and disclose water use and discharge data for our offices in Los Encuentros and Quito in future reporting.

Water treatment at FDN

Treatment Systems	Volume of treated water (m3)		Compliance	
	2015	2016	2015	2016
Sewage treatment plant	17,413	16,667	98%	98%
Portal and related infrastructure	9,188	-	100%	-
Tunnel	-	2,696	-	100%
Potable water	15,007	18,961	100%	100%
Drilling activities	9,908	2,390	100%	100%

Note: All treated water is discharged to the Machinaza river. Limits for discharge into freshwater bodies are defined by Ministerial Agreement 97-A, TULSMA, Appendix 1, Table 9.



This voluntary code was developed by a multi-stakeholder group under the guidance of the United Nations Environment Programme and we are committed to following the requirements defined in the Code.

Adopting the International Cyanide Management Code

The Fruta del Norte underground gold mine is expected to be operational in 2020. As common in the gold mining industry, we will utilize cyanide to recover the gold from the processed ore. This gold recovery process will be conducted using a carefully engineered and contained system, and will be subject to cyanide destruction, monitoring, and periodic external inspections.

We are committed to following the requirements defined

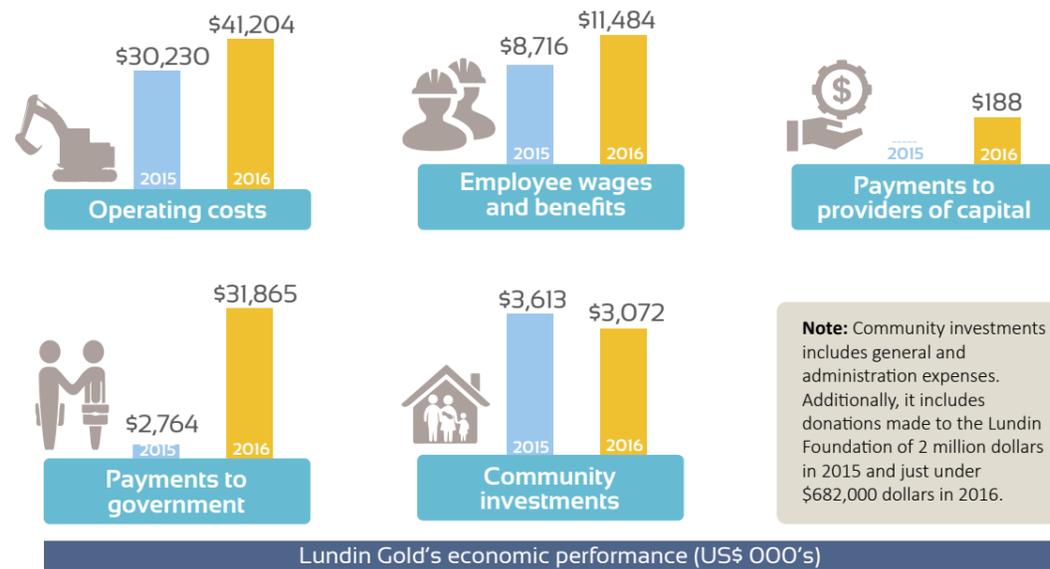
by the International Cyanide Management Code For the Manufacture, Transport, and Use of Cyanide In the Production of Gold and Silver, better known as the Cyanide Code. This voluntary code was developed by a multi-stakeholder group under the guidance of the United Nations Environment Programme. The objective of the Cyanide Code is to improve the management of cyanide used in gold mining, and assist in the protection of human health and the reduction of environmental impacts.



8 Economic Responsibility

As part of the Lundin Group, Lundin Gold is committed to delivering value to our shareholders, providing economic and social benefits to the communities and countries we work in, while minimizing our environmental footprint. This commitment is supported by the Lundin Foundation (see also page 37), which works in partnership with host governments, local communities, and others to improve the management of, and benefit streams from, resource development projects. Since acquiring Aurelian Ecuador S.A. in December 2014, our activities have been focused on the development of the Fruta del Norte Project (FDN) in Ecuador. In 2016, we began to transition towards the construction phase of the Project. We anticipate an estimated investment in capital assets of more US\$670 million to construct FDN.

Economic Performance



We made significant advancements in the development of FDN Project during the reporting period. This includes completing the feasibility study, obtaining the environmental license, signing the Exploitation Agreement and Investment Protection Agreement, and embarking on our Early Works Program. Given our development stage, we did not record any operational revenues during the reporting period.

In 2016, we paid our first advance royalty payment of \$25 million to Government of Ecuador upon signing of the Exploitation Agreement. The balance of the advance royalty payments will be due in two equal disbursements of \$20 million on the first and second anniversary of signing. In 2016, we also paid \$3.9 million as mandatory contribution to the Government of Ecuador for relief efforts following the 7.8 magnitude earthquake in April 2016 which resulted in widespread damage in northwestern Ecuador. We expect to publish our first report under

Canada's Extractive Sector Transparency Measures Act (ESTMA) in May 2017.

Our activities to date have been largely equity financed or through loans provided by company insiders. As detailed further in the annual report and other disclosures, funding for the construction and development of FDN is expected to be done by various financing transactions or arrangements, including equity financing, debt financing, stream financing, joint venturing or other means with the objective of securing the first stage of funding by mid-2017.

Our procurement practices and performances are described on page 61, and our community investments are highlighted as part of our Impact Investment section on page 35.

We have not identified any material non-compliance with laws and/or regulations in the socio-economic area.

Procurement Practices

Lundin Gold is committed to developing the Fruta del Norte Project into a leading gold mining operation in Ecuador, and one which creates shared value with local communities and its host nation.

A construction project of this scale entails the procurement of goods and services representing approximately 15,000 line items. This means that our Project has a significant opportunity to leverage its purchasing power to stimulate the long-term economic development of the region through job creation and business growth.

As part of developing an inclusive and local procurement strategy, we worked with the Lundin Foundation and other partners to study the capacity of existing enterprises in the region hosting our Project. This study assessed over 500 such organizations. The evaluation considered management, legal structure, industry experience, existing contracts, and access to financing.

The results of the study highlight some of the barriers we, as well as other prospective suppliers, contractors and employers, face. We learned that 78 percent of the businesses studied were small, private concerns. Only 13 percent were formally registered, for example, as limited liability companies. Only 23 percent had insurance coverage for key functions or assets, such as infrastructure, inventory, vehicles, or employees, while none had any third-party certification or accreditation. Overall, the study showed typical conditions observed in relatively remote mining regions or new mining economies.

Given this context, we drafted a local procurement strategy which defines four priority areas linked to their geographic proximity to the Fruta del Norte Project, as well as other criteria. This strategy was developed together with members of the community through the roundtable dialogue process (see page 30).

In response to this dialogue, we are making our supplier and procurement platforms more accessible, continue to provide tender workshops, provide constructive feedback for unsuccessful bidders, and seek to manage expectations. We also expressed a preference for companies that can demonstrate local value creation, local



Catering Las Peñas takes delivery of produce at their warehouse in the central square of Los Encuentros.

employment and ownership, and fall within the small- and medium-sized businesses category.

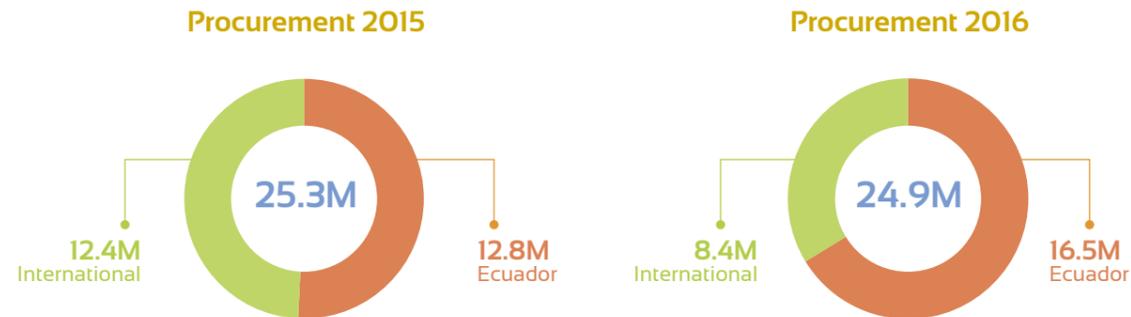
Through the Lundin Foundation, we plan to hire staff dedicated to support local procurement efforts, and have developed partnerships with a business incubator to help improve the capacity of selected local businesses. We continue to raise awareness about our procurement practices through the roundtable dialogue process, and continue to assist local business to register in our supplier database. We consider expedited payment terms for local suppliers, and are working with financial institutions and insurance providers to address some of the challenges faced by local suppliers.

A successful example of our efforts to develop local procurement opportunities includes the start-up of Catering Las Peñas, which is described in the Impact Investment section (see page 41). Our local procurement spending is illustrated on page 62.

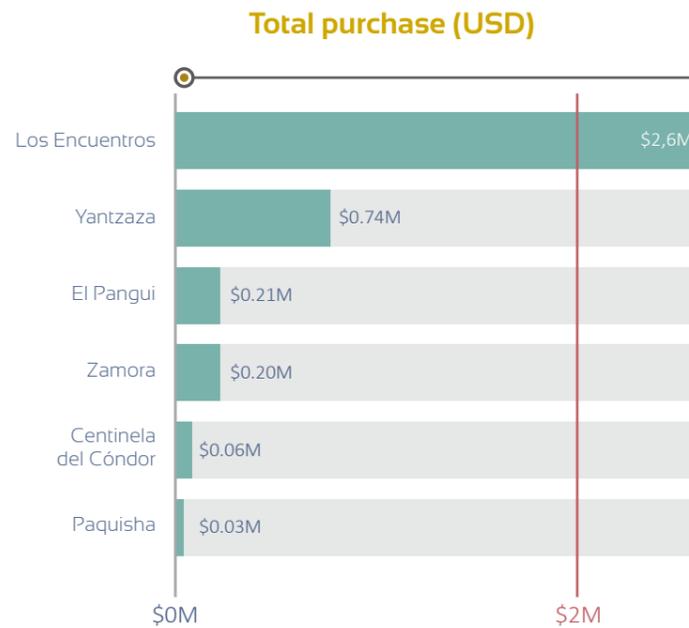
Procurement spending

The breakdown of local, national and international procurement spending by Aurelian Ecuador is presented below.

Lundin Gold / Aurelian Ecuador procurement spending



Lundin Gold / Aurelian Ecuador procurement in the Zamora Chinchipe province 2016*



*Lundin Gold commenced detailed analysis of local procurement in January 2016. Comparative statistics will be provided in future reports.



GRI Standards Index (2016)

ID	Content	Section or page, URL, omission or comment
101	Reporting Principles (Content: Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness; Quality: Accuracy, Balance, Clarity, Comparability, Reliability, Timeliness), Using GRI Standards, Making claim	Lundin Gold's 2015-2016 Sustainability Report was prepared in accordance with the GRI Standards (2016): Core option. GRI notified of use of Standards by sending e-copy to standards@globalreporting.org
102	General Disclosures: Organizational Profile	
102-1	Name of the organization	Organizational Profile
102-2	Activities, brands, products, and services	
102-3	Location of headquarters	
102-4	Location of operations	
102-5	Ownership and legal form	
102-6	Markets served	
102-7	Scale of the organization	Human Resources About this Report
102-8	Information on employees and other workers	Human Resources
102-9	Supply chain	Procurement Practices
102-10	Significant changes to the organization and its supply chain	Inclusive Supply Chain
102-11	Precautionary Principle or approach	Environmental Stewardship
102-12	External initiatives	External Commitments
102-13	Membership of associations	Institutional Memberships
102-14	Statement from senior decision-maker	CEO Letter to Stakeholders
102-16	Values, principles, standards, and norms of behavior	CEO Letter to Stakeholders Corporate Responsibility Commitments Corporate Governance Human Rights Commitments
102-18	Governance structure	Corporate Governance
102-40	List of stakeholder groups	Stakeholder Mapping Key stakeholders, issues of interest, and engagement approach

ID	Content	Section or page, URL, omission or comment
102-41	Collective bargaining agreements	None (zero percent) of the employees at Lundin Gold's Aurelian Ecuador S.A. are covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	Stakeholder Mapping
102-43	Approach to stakeholder engagement	Corporate Responsibility Commitments Stakeholder Engagement Participatory Dialogue and Roundtables
102-44	Key topics and concerns raised	Key stakeholders, issues of interest, and engagement approach
102-45	Entities included in the consolidated financial statements	Fortress Minerals Cyprus (I) Ltd. (wound up during 2016), Aurelian Resources Inc., Aurelian Resources Corporation Ltd., Aurelian Ecuador S.A., Aurelian Ecuador Holding S.A., Ecoaurelian Agricola S.A., see also Financial Statements available under the Lundin Gold's profile on the SEDAR website at www.sedar.com
102-46	Defining report content and topic Boundaries	Materiality Analysis
102-47	List of material topics	Materiality Analysis
102-48	Restatements of information	This is our first sustainability report and, therefore, does not contain any restatements or changes in reporting
102-49	Changes in reporting	None
102-50	Reporting period	About this Report
102-51	Date of most recent report	
102-52	Reporting cycle	
102-53	Contact point for questions regarding the report	About this Report Back Cover
102-54	Claims of reporting in accordance with the GRI Standards	About this Report
102-55	GRI content index	This index
102-56	External assurance	About this Report
103	Management Approach	
103-1	Explanation of the material topic and its boundary	Materiality Analysis
103-2	Management approach and its components	
103-3	Evaluation of the management approach	Sustainability Performance Snapshot Participatory Dialogue and Roundtables
201	Economic Performance	

ID	Content	Section or page, URL, omission or comment
201-1	Direct economic value generated and distributed	CEO Letter to Stakeholders Economic Performance Ecuador and Mining Procurement Practices Inclusive Supply Chain
203	Indirect Economic Impacts	
203-1	Infrastructure investments and services supported	Impact Investing Education and Training Economic Diversification Indigenous People Resource Governance Artisanal Mining Economic Responsibility
203-2	Significant indirect economic impacts	Impact Investing Education and Training Inclusive Supply Chain Economic Diversification Indigenous People Resource Governance
204	Procurement Practices	
204-1	Proportion of spending on local suppliers	Procurement Practices
300	Environment	
303-1	Water withdrawal by source	Water Quality
303-2	Water sources significantly affected by withdrawal of water	No water sources significantly affected, see also Water Quality
304	Biodiversity	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity Conservation
304-2	Significant impacts of activities, products, and services on biodiversity	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	
306	Effluents and Waste	
306-1	Water discharge by quality and destination	Water Quality
306-3	Significant spills	None, see also Environmental Stewardship
307	Environmental Compliance	
307-1	Non-compliance with environmental laws and regulations	Environmental Stewardship Water Quality

ID	Content	Section or page, URL, omission or comment
MM8	Operating sites where ASM takes place	Artisanal Mining
403	Occupational Health and Safety	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health & Safety
403-3	Workers with high incidence or high risk of diseases related to their occupation	None, see also Occupational Health & Safety
410	Security Practices	
410-1	Security personnel trained in human rights policies or procedures	Security and Community
411	Rights of Indigenous Peoples	
411-1	Incidents of violations involving rights of indigenous peoples	None, see also Indigenous People
412	Human Rights Assessment	
412-1	Operations that have been subject to human rights reviews or impact assessments	Fruta del Norte Project, the non-producing asset of Lundin Gold, see also Human Rights Commitments
413	Local Communities	
413-1	Operations with local community engagement, impact assessments, and development programs	Fruta del Norte Project, the non-producing project or asset of Lundin Gold, see also Human Rights Commitments, Stakeholder Engagement, Environmental Stewardship, Impact Investing
419	Socioeconomic Compliance	
419-1	Non-compliance with laws and regulations in the social and economic area	None, see also Economic Performance

Caution Regarding Forward-Looking Information and Statements

Certain of the information and statements in this document 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 document, and the Company will not necessarily update this information, unless required to do so by securities laws.

This document contains forward-looking information in a number of places, such as in statements pertaining to: the benefits to be derived under the exploitation agreement and the investment protection agreement; the timing, progress and success of the Early Works program; the success of the Company's exploration plans and activities; planned exploration and development expenditures and reclamation costs; the timing and success of permitting and regulatory approvals; the completion of a new production plan within the expected timeframe; future sources of liquidity, capital expenditures and requirements; the expectations of market prices and costs; the development, construction and operation of FDN; anticipated 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 Management Discussion and Analysis for the financial year ended December 2016, which is available on SEDAR at www.sedar.com.

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