

NEWS RELEASE

LUNDIN GOLD INC. REPORTS Q1 2017 RESULTS

May 15, 2017 (Vancouver, Canada)... Lundin Gold Inc. ("Lundin Gold" or the "Company") (TSX: "LUG", Nasdaq Stockholm: "LUG") is pleased to announce its results for the three months ended March 31, 2017. All amounts in this release are in U.S. dollars unless otherwise indicated.

Highlights

Fruta del Norte Project

- The Company continued to progress its Early Works program focusing on completion of basic engineering and continuation of site capture activities to maintain the project critical path.
- On February 22, 2017, the Company awarded the mine development contract for the portals and soft tunneling work and the development of the twin declines and the mine in preparation for operations. The mine development contractor has now mobilized to site and construction of the mine portals has begun.

Financing

- On January 16, 2017, the Company secured a \$35 million short-term credit facility from an insider of the Company (the "Facility"). As at March 31, 2017, \$19 million was drawn down and outstanding.

Exploration

- Exploration activities focused on target definition, advancing inside and outside of the southern extension of the Suarez Pull-Apart basin hosting the Fruta del Norte deposit. New epithermal gold targets include Puma and Gata Salvaje.

Corporate

- On March 16, 2017, Ms. Chantal Gosselin was appointed to the Board of Directors. Ms. Gosselin brings over 25 years of combined experience in the mining industry and capital markets.

"The start of the portal work at the Fruta del Norte Project is a significant milestone as we begin transitioning from the Early Works Program to the start of construction." said Lundin Gold President and CEO, Ron Hochstein, "In addition, we are pleased with the progress made on the project update and financing initiatives both of which are on track with completion anticipated before the end of the second quarter."

Financial Results

<i>(in thousands, except per share amounts)</i>	Three months ended	
	March 31,	
	2017	2016
Results of Operations:		
Net loss for the period	\$ (6,387)	\$ (14,710)
Basic and diluted loss per share	(0.05)	(0.15)
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<i>(in thousands)</i>	As at	As at
	March 31,	December
	2017	31, 2016
Financial Position:		
Cash	8,415	8,503
Working capital	(18,776)	1,022
Property, plant and equipment	22,569	7,822
Mineral properties	239,020	236,874
Total assets	295,795	278,906
Long-term liabilities	3,170	974

Note: the complete analysis of the Q1 2017 financial results can be found in the MD&A and financial statements dated May 15, 2017 filed on SEDAR.

The current quarter's net loss is lower compared to the first quarter of 2016 mainly due to the commencement of capitalization of expenses relating to the development of the Fruta del Norte Project in accordance to the Company's accounting policy. This resulted in the reduction of project evaluation expenditures. In addition, the Company incurred finance fees relating to the Facility.

Liquidity and Capital Resources

As at March 31, 2017, the Company had cash of \$8.4 million and a working capital deficit of \$(18.8) million compared to cash of \$8.5 million and a working capital balance of \$1.0 million at December 31, 2016. The change in cash was primarily due to costs incurred for the development of the Fruta del Norte Project of \$14.6 million and exploration expenditures of \$2.9 million offset by drawdowns from the Facility (see below).

Short-term credit facility

On January 16, 2017, the Company secured a short-term \$35 million credit facility from an insider of the Company. As at March 31, 2017, \$19 million was drawn down and outstanding.

The Facility is evidenced by a debenture (the "Debenture") which is unsecured and is due on the earlier of the closing of a financing by the Company or May 31, 2017 (the "Maturity Date"). No interest is payable in cash during the term of the Debenture. Any amount of the Facility remaining unpaid and outstanding on or after the Maturity Date bears interest at a rate of 5.00% per annum until repaid in full.

The Company issued an aggregate of 60,000 common shares on January 16, 2017 as consideration for the Facility in lieu of fees. The Company will also issue an additional 1,700 common shares per month for each \$1 million of the Facility drawn down and outstanding until the Maturity Date. As at March 31, 2017, 11,818 common shares have been issued for amounts drawn down and outstanding under the Facility. All securities issued in conjunction with the Facility are subject to a four-month hold period under applicable securities law.

Outlook

The Fruta del Norte Project remains on track with its Early Works program, the highlight of which was the start of the mine portals on May 1, 2017. Work will progress on the portal and soft tunneling after which underground development in rock is targeted to commence early in the fourth quarter of 2017.

Key activities at the Fruta del Norte Project over the next 12 months are expected to include:

- process plant earthworks and start of process plant foundations by the first quarter of 2018;
- completion of the construction camp in the first quarter 2018;
- commencement of tailings dam construction in the first quarter of 2018;
- approval of the power line EIA by the end of 2017 and approval of the new Mountain Pass quarry EIA in the first quarter 2018; and
- progressing work on the North Access Road and Zamora River bridge.

The project update, which includes basic engineering on some facilities, will be finalized in the second quarter of 2017 and will form the baseline for the Project and detailed engineering, which is expected to start in July 2017. Design work is expected to be substantially complete by the third quarter of 2018. Plant and mine equipment procurement is expected to start in the second quarter of 2017.

The Company is engaged in advanced discussions with a number of parties, including financial institutions, strategic and other potential investors on project financing. During the next 12 months, the Company will continue to work with its financial advisors to put in place the financing for the construction of the Fruta del Norte Project. Funding for the construction and development of the Fruta del Norte Project could include various financing transactions or arrangements, including equity financing, debt financing, stream financing, joint venturing or other means.

During the second quarter, the exploration group plans to continue to advance existing targets to be drill-ready late this year. An airborne resistivity survey is planned to better define targets in the Pull-Apart basin, and an airborne MAG/RAD survey will be carried out on outlying concessions to facilitate reconnaissance in those areas.

Qualified Person

The technical information relating to the FDN contained in this press release has been reviewed and approved by Ron Hochstein P. Eng, Lundin Gold's President & CEO, and Nicholas Teasdale, MAusIMM CP(Geo), Lundin Gold's Vice-President Exploration, both of whom are Qualified Persons under NI 43-101.

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

Additional Information

The Company's consolidated financial statements for the three months ended March 31, 2017 and related management's discussion and analysis are available on the Company's website at www.lundingold.com or under its profile on SEDAR at www.sedar.com.

The information in this release is subject to the disclosure requirements of Lundin Gold Inc. under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication by the persons below at 2:30 p.m. Vancouver time on May 15, 2017.

About the Company:

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

The Company believes that the value created will not only greatly benefit shareholders, but also the Government and people of Ecuador who are the Company's most important stakeholders in this project. Lundin Gold views its commitment to corporate social responsibility as a strategic advantage that enables it both to access and effectively manage business opportunities in increasingly complex environments. Lundin Gold is committed to addressing the challenge of sustainability - delivering value to its shareholders, while simultaneously providing economic and social benefits to impacted communities and minimizing its environmental footprint.

For more information, please contact

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Caution Regarding Forward-Looking Information and Statements

Certain of the information and statements in this press release are considered "forward-looking information" or "forward-looking statements" as those terms are defined under Canadian securities laws (collectively referred to as "forward-looking statements"). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "believes", "anticipates", "expects", "is expected", "scheduled", "estimates", "pending", "intends", "plans", "forecasts", "targets", or "hopes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "will", "should" "might", "will be taken", or "occur" and similar expressions) are not statements of historical fact and may be forward-looking statements.

By their nature, forward-looking statements and information involve assumptions, inherent risks and uncertainties, many of which are difficult to predict, and are usually beyond the control of management, that could cause actual results to be materially different from those expressed by these forward-looking statements and information. Lundin Gold believes that the expectations reflected in this forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct. Forward-looking information should not be unduly relied upon. This information speaks only as of the date of this press release, and the Company will not necessarily update this information, unless required to do so by securities laws.

This press release contains forward-looking information in a number of places, such as in statements pertaining to: 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 results of the project update; 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.