

NEWS RELEASE

Lundin Gold Inc. Reports 2014 Results

February 23, 2015 (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 and year ended December 31, 2014. All amounts in this release are in U.S. dollars unless otherwise stated.

2014 Highlights

- The Company completed the acquisition of a 100% interest in the Fruta del Norte gold project in Ecuador (the "Fruta del Norte Project") through the acquisition of all of the issued and outstanding shares of Aurelian Resources Inc. ("Aurelian"), a wholly owned Canadian subsidiary of Kinross Gold Corporation ("Kinross").
- To fund the acquisition and development of the Fruta del Norte Project, the Company completed:
 - A public offering of subscription receipts to raise aggregate gross proceeds of approximately \$172.5 million (CAD\$200 million) (the "Public Offering"). The subscription receipts were converted into common shares upon completion of the acquisition of the Fruta del Norte Project.
 - A private placement of convertible loan notes with an aggregate principal amount of \$34.6 million (CAD\$40 million) (the "Note Offering"). 10,060,000 common shares of the Company were issued but held in escrow related to these convertible loan notes.
- The Company commenced trading on the Toronto Stock Exchange ("TSX") and the NASDAQ OMX Stockholm ("Nasdaq Stockholm") under the symbol "LUG".

Financial Results

<i>(in thousands, except per share amounts)</i>	Three months ended December 31,		Year ended December 31,	
	2014	2013	2014	2013
Results of Operations:				
Operating expenses	\$ (1,857)	\$ (170)	\$ (5,336)	\$ (544)
Other income	4,287	80	4,587	285
Net income (loss) for the period	2,430	(90)	(749)	(259)
Basic and diluted earnings (loss) per share	0.09	(0.05)	(0.04)	(0.02)
Financial Position:				
Cash			70,919	21,328
Working capital surplus			65,977	21,294
Property, plant and equipment			9,512	-
Mineral properties			236,874	-
Total assets			318,033	21,364
Long-term liabilities			793	-

The Company's operating expenses increased during the three months and year ended December 31, 2014 compared to the previous year due to increased corporate activities surrounding the acquisition of the Fruta del Norte Project.

Other income has increased during the three months and year ended December 31, 2014 compared to the previous year due to foreign exchange gains realized from the strengthening of the U.S. dollar against the Canadian dollar.

The Acquisition of the Fruta del Norte Project

On December 17, 2014, the Company acquired a 100% interest in the Fruta del Norte Project in Ecuador through the acquisition of all of the issued and outstanding shares of Aurelian from Kinross. Aurelian's results of operations are included in the Company's consolidated financial statements from December 18, 2014.

The Company has accounted for the acquisition of Aurelian as an asset acquisition. The purchase consideration was as follows:

Cash consideration	\$	150,000,000
Issuance of 26,156,250 shares of the Company		90,000,000
Aurelian cash on hand adjustment		962,130
Transaction costs		6,199,140
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Total purchase consideration	\$	247,161,270

The Public Offering involved the issuance of 50,128,250 subscription receipts of the Company at a price of CAD\$4.00 each to raise aggregate gross proceeds of approximately \$172.5 million (CAD\$200 million). Escrow conditions were satisfied on December 17, 2014, and the funds were released to the Company to complete the acquisition. The subscription receipts converted on a one for one basis into common shares of the Company on the same day.

In addition, Aurelian completed the Note Offering to raise an aggregate principal amount of \$34.6 million (CAD\$40 million), which each note being convertible into a common share of the Company at CAD\$4.00 per common share. The proceeds from the Note Offering are being used to upgrade, expand and develop the mineral resources of the Fruta del Norte Project. 10,060,000 common shares of the Company were issued but held in escrow related to these convertible loan notes. The Public Offering and the Note Offering together raised proceeds of approximately \$207 million (CAD\$240 million).

Liquidity and Capital Resources

As at December 31, 2014, the Company had cash of \$70.9 million compared to cash of \$21.3 million at December 31, 2013. The increase of \$49.6 million was due primarily to cash provided by financing activities of \$202.4 million offset by cash used in investing activities of \$152.0 million and cash used in operating activities of \$1.2 million.

Net cash used in operating activities of \$1.2 million during the year ended December 31, 2014 was primarily driven by operating expenses offset by changes in working capital items.

Net cash provided by financing activities of \$202.4 million was primarily driven by the completion of the Public Offering for gross proceeds of approximately \$172.5 million (CAD\$200 million) and the Note Offering for an aggregate principal amount of \$34.6 million (CAD\$40 million).

Net cash used in investing activities of \$152.0 million was mainly made up of the cash consideration portion of the acquisition of Aurelian.

The Company anticipates that its current financial position will provide sufficient working capital to fund its planned expenditures in 2015. As the Company does not have any sources of revenue, additional financing may be required from external sources, which may include the issuance of equity, debt or a combination thereof. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to Lundin Gold.

Outlook

During the next 18 months, the Company plans to conduct feasibility studies and environmental permitting at the Fruta del Norte Project in an effort to complete a feasibility study and reach a production decision by mid-2016. In addition, the Company plans to carry out regional exploration on its extensive land position in Ecuador.

During the year ending December 31, 2015, the Company anticipates spending approximately \$22.4 million on the feasibility study, including drilling, metallurgical test work and environmental permitting in support of the feasibility study. In addition, approximately \$1.8 million is expected to be spent on regional exploration activities. The Company expects to incur other expenditures totaling \$23.5 million for corporate social responsibility programs in conjunction with the Lundin Foundation, operation and maintenance of the Las Peñas camp, and general and administrative expenditures. The Company anticipates increasing employment during the year such that, at peak, Lundin Gold will employ approximately 150 individuals between Canada and Ecuador.

Additional Information

The Company's consolidated financial statements for the year ended December 31, 2014 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.

About the Company:

In December, 2014 the Company acquired the Fruta del Norte gold project located in southeast Ecuador. Fruta del Norte ("FDN") is one of the largest and highest grade undeveloped gold projects in the world and is the Company's flagship project. The Company plans to advance 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 partners 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.

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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: capital expenditures, exploration and development expenditures and reclamation costs, expectations of market prices and costs, the receipt of regulatory approvals, permits and licenses under governmental and regulatory regimes, exploration plans, timing and success of permitting, development, construction and operation of the Fruta del Norte Project, the feasibility study to be prepared for the Fruta del Norte Project, future tax payments and rates, future sources of liquidity, cash flows and their uses and estimates of Mineral Resources.

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 timely receipt of regulatory approvals, permits and licenses and the cost of compliance with applicable laws; difficulty complying with changing government regulations and policy, including without limitation, compliance with environment, health and safety regulations; uncertainty as to reclamation and decommissioning liabilities, risks related to carrying on business in an emerging market such as possible government instability and civil turmoil, economic instability and uncertain tax environments, unreliable infrastructure and local opposition to mining; the accuracy of the mineral resource estimates for the Fruta del Norte Project and the Company’s reliance on one project; vulnerability of title and surface rights and access; shortages of resources, such as labour, and the dependence on key personnel; the Company’s lack of operating history in Ecuador and negative cash flow; the inadequacy of insurance; the potential for litigation; potential conflicts of interest for the Company’s directors who are engaged in similar businesses; limitations of disclosure and internal controls; the risk to shareholders of dilution from future equity financings; volatility in the market price of the Company’s shares; and the potential influence of the Company’s largest shareholders.

Please also see the Company’s most recent management information circular available on SEDAR at www.sedar.com for other risks and assumptions relevant to the forward-looking information in this news release.