

NEWS RELEASE

LUNDIN GOLD ORDERS LONG-LEAD TIME PROCESS PLANT EQUIPMENT AND CONFIRMS MINE DEVELOPMENT IS UNDERWAY

October 18, 2017 (Vancouver, Canada) Lundin Gold Inc. ("Lundin Gold" or the "Company") (TSX: LUG, Nasdaq Stockholm: LUG) is pleased to announce that long-lead time process plant equipment for its Fruta del Norte gold project ("Fruta del Norte" or the "Project") in Ecuador has been ordered and that soft tunneling is well advanced.

Further Highlights

- Detailed engineering contracts for the process plant, tailings facility and water management have been awarded
- Engineering, procurement and construction ("EPC") contract for the power transmission line from the Bomboiza substation to Fruta del Norte has been awarded
- Major earthworks activities are progressing and work on the process plant has started

"The Project has very quickly transitioned from basic to detailed engineering and onsite earthwork and mining activities have successfully ramped up according to plan," said Ron Hochstein, President and CEO of Lundin Gold. "We continue to de-risk Fruta del Norte with long-lead time purchase orders confirmed, advancement of the Project's infrastructure and significant progress on the civil earthworks programs."

Mine Development

The mine contractor, SME, which is a consortium of Ingeniería y Construcciones Mas Errazuriz Limitada y Filiales (Chilean) and Sevilla y Martínez Ingenieros C.A. (Semaica) (Ecuadorian) began work on the twin portals in May of this year. Both portals are in place and soft tunneling through the initial clay commenced on September 20th for the first decline and October 7th for the second. Currently, soft tunneling has advanced approximately 23 metres in the first decline and seven metres in the second. The transition from soft tunneling to hard rock development is expected to begin as scheduled by the end of the year.

The facilities to support mine development, including offices, mine dry, warehouse, maintenance, and batch plant have also been built and are operational.

Process Plant Equipment Procurement

Lundin Gold is moving forward with the engineering and procurement of the process plant. The long-lead time grinding equipment package, including the SAG and ball mills, complete with motors, was awarded to Outotec Chile S.A. ("Outotec"). Outotec was also awarded the flotation and filtration packages. The procurement of the remaining process plant equipment packages is well advanced and is expected to be awarded by the end of the year.

Detail Engineering Contracts

Process plant detailed engineering was awarded to Ausenco Engineering Canada Inc. (“Ausenco”) and is expected to be completed in the fourth quarter of 2018. Earlier this year, Ausenco also completed optimization work for the process plant.

Klohn Crippen Berger Ltd. will provide detailed designs and site quality control for the tailings storage facility and site geotechnical engineering. Site-wide water management design has been awarded to SRK Consulting (Canada) Inc.

Bidding for the design and supply of the mine paste plant has commenced, and this contract is expected to be awarded in the first quarter of 2018.

Powerline

The EPC contract for the 42 kilometre, 230 kilovolt transmission line that will connect the national grid at Bomboiza to Fruta del Norte was awarded to a consortium that will be formed by two Ecuadorian companies, Coinfect S.A Ingenieros Contratistas and Energic y Petrolia’s Enerpetrol, S.A. Detailed engineering has started and construction is expected to begin in the first quarter of 2018.

The draft Environmental Impact Assessment report for the powerline was submitted to the Ministry of Environment in May 2017 and the Company anticipates receiving final approval and granting of the license by the end of the year.

Major Earthworks Activities

Major earthworks activities are advancing, including clearing of the plant site, construction of the main North Access road and the River road on site. The earthworks for the 1,000 person construction camp is mostly complete along with the installation of utilities. Building out of the facilities has begun and the construction camp is expected to be completed in the first quarter of 2018.

About Lundin Gold

Lundin Gold, headquartered in Vancouver, Canada, is developing its wholly-owned Fruta del Norte gold project in southeast Ecuador. Fruta del Norte is one of the highest-grade and largest gold projects currently under construction. The Company’s board and management team have extensive expertise in mine construction and operations, and are dedicated to advancing this project through to first gold production in 2019.

The Company operates with transparency and in accordance with international best practices. Lundin Gold is committed to delivering value to its shareholders, while simultaneously providing economic and social benefits to impacted communities, fostering a healthy and safe workplace and minimizing the environmental impact. The Company believes that the value created through the development of Fruta del Norte will benefit its shareholders, the Government and the people of Ecuador.

This press release has been reviewed and approved by Ron Hochstein, P. Eng., a metallurgical engineer and the Company's President and CEO, who is a Qualified Person under National Instrument 43-101.

Additional Information

The information in this release is subject to the disclosure requirements of Lundin Gold under the EU Market Abuse Regulation and the Swedish Securities Markets Act. This information was publicly communicated at 5:00 am Pacific Time on October 18, 2017.

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Caution Regarding Forward-Looking Information and Statements

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 and progress of the development, construction and operation of FDN; the timing and success of permitting and regulatory approvals and the award of certain purchase orders and contracts. 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; 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 Annual Information Form for the financial year ended December 2016, which is available on SEDAR at www.sedar.com.