

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Apr 20, 2016) - Lundin Gold Inc. ("Lundin Gold" or the "Company") (TSX:LUG)(OMX:LUG) is pleased to announce the start-up of exploration drilling on five regional targets near its Fruta del Norte ("FDN") project in Ecuador.

A 26-hole, 10,500 metre drill program is planned on five high priority targets located 15 to 20 kilometres south of FDN (please see attached map). The drilling campaign is planned to be carried out in two phases with the first phase comprising 20 holes totalling approximately 7,500 metres. Based on results, a second phase of follow up drilling is anticipated with current plans of up to 3,000 additional metres.

Ron Hochstein, President and C.E.O. of Lundin Gold, commented, "Our extensive land package encompasses a highly prospective mineralized trend that includes the high grade FDN gold deposit. We believe there is great potential for new discoveries and the potential to become a new mining district in Southern Ecuador."

Based on IP Geophysics (Gradient Array and Pole-Dipole), field programs, and reinterpretation of historical data, previously existing targets have been improved significantly and new targets have been defined. The following describes some of the key features for three of the highest priority targets.

Emperador Target

- Sinter found in outcrop in 2015 indicating that the drill locations are in the very top of an epithermal system (paleo surface expression of hydrothermal activity).
- Favourable geological and structural environment interpreted, potentially representing the incipient phases of a previously unknown pull apart basin. This is based on updated structural interpretation and geophysical survey results.
- Mineralization in volcanic breccia boulders consists of silica and marcasite much like FDN.
- Coincident anomalous gold and arsenic in previous soil surveys extending over 800 metres over the target.
- Coincident chargeability anomaly and subtle resistivity anomaly.
- Located in what is interpreted as the southern extension of the Bonza - Las Peñas fault zone which hosts the FDN deposit.

Robles Target

- Surface grab samples from stockwork veining in outcrops had previously returned values in the 1.0 to 4.0 g/t Au range, and locally up to 86.0 g/t Au based on 2016 sampling. These results have extended the target area to the southeast. Channel sampling over the same outcrops returned values of 6.5 g/t Au over 7 metres, including 11.8 g/t Au over 3 metres.
- Mineralization is again associated with silicification and marcasite. The mineralization is believed to be from the upper level of an epithermal system based on mineralogy, geochemistry and presence of opaline silica veinlets. Highest assays are associated with sub-horizontal silica and marcasite filling fractures, and to a lesser extent with sub-vertical quartz veinlets.
- IP Survey (Pole-Dipole) shows a well defined and strongly discordant resistivity anomaly, coincident with the gold geochemical anomaly. Well defined resistivity may be associated with silicification, which is typical alteration associated with epithermal gold deposits like FDN.
- Coincident anomalous gold and arsenic in previous soil surveys extending over 900 metres over the target as well as in boulders.

Chanchito Target

- Mineralization associated with silicification and marcasite.
- Opaline silica, quartz crystal lined open space cavities, and very low base metals suggest the target is at high level with respect to the underlying epithermal system.
- Well defined IP Resistivity anomalies (gradient array and Pole-Dipole) spatially coincident with the gold-mineralized boulders.
- Target associated with an important NNE structure which could be structurally related to the Bonza - Las Peñas fault zone.
- Coincident high mercury and moderate arsenic in previous soil surveys, much like the original FDN soil anomaly.

The drill rigs have arrived on site as well as the helicopter support. Drilling is anticipated to start within a week.

Qualified Person

The disclosure of a scientific or technical nature contained in this news release was prepared by Nicholas Teasdale, MAusIMM CP(Geo), Lundin Gold's Vice President, Exploration, who is a Qualified Person in accordance with the requirements of NI 43-101. For a description of the assay procedures and the quality assurance program and quality control measures applied by Lundin Gold on the Robles target, please see Lundin Gold's Annual Information Form dated March 14, 2016 filed under the Company's profile on SEDAR at www.sedar.com.

The information in this release is subject to the disclosure requirements of Lundin Gold under the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. This information was publicly communicated on April 20, 2016 @ 2:30 p.m. Pacific Time.

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 and is currently working on the FDN feasibility study scheduled to be completed in Q2 2016.

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.

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 MD&A contains forward-looking information in a number of places, such as in statements pertaining to: completion of the feasibility study for the Fruta del Norte Project, exploration and development expenditures and reclamation costs, the negotiation and signing of the investment protection agreement and signing of the exploitation agreement with the government, exploration plans, timing and success of permitting and regulatory approvals, future sources of liquidity, capital expenditures and requirements, expectations of market prices and costs, development, construction and operation of the Fruta del Norte Project, future tax payments and rates, cash flows and their uses and estimates of Mineral Resources.

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 dated March 14, 2016 available at www.sedar.com.

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, the timely receipt of regulatory approvals, permits and licenses, risks related to carrying on business in an emerging market such as possible government instability and civil turmoil and economic instability, measures required to protect endangered species, deficient or vulnerable title to mining concessions and surface rights; the potential for litigation; volatility in the market price of the Company's shares; the risk to shareholders of dilution from future equity financings; the cost of compliance or failure to comply with applicable laws; difficulty complying with changing government regulations and policies, including without limitation, compliance with environment, health and safety regulations; illegal mining; uncertainty as to reclamation and decommissioning liabilities, 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; volatility in the price of gold; 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; potential conflicts of interest for the Company's directors who are engaged in similar businesses; limitations of disclosure and internal controls; and the potential influence of the Company's largest shareholders.

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