

VANCOUVER, BRITISH COLUMBIA--(Marketwired - May 16, 2016) - Lundin Gold Inc. ("Lundin Gold" or the "Company") (TSX:LUG)(OMX:LUG)is pleased to announce its results for the three months ended March 31, 2016. All amounts in this release are in U.S. dollars.

## Highlights

- On January 14, 2016, the Company announced the completion of negotiations of the definitive form of the exploitation agreement (the "Definitive EA") for the Fruta del Norte Project with the Government of Ecuador. Once signed, the Definitive EA combined with existing laws and regulations, establishes the fiscal terms and conditions for the development of the Fruta del Norte Project.
- The feasibility study activities continued during the first quarter of 2016 with anticipated release of the feasibility study results in the second quarter of 2016.
- Progress continued on the environmental aspects of the Fruta del Norte Project. An amendment to the mine Environmental Impact Assessment ("EIA") to include the anticipated plant and infrastructure was submitted to the Ministry of Environment in April. The next step is a public participation process, which is anticipated to take approximately sixty days, after which the final EIA may be submitted. The EIA process remains on schedule along with other permits required for development and exploration.
- The Company continued exploration activities on some of its higher priority concessions near the Fruta del Norte Project. During the first quarter, field programs were carried out including soil geochemical surveys, detailed mapping and prospecting. These programs have helped to optimize existing high priority drilling targets and define new areas of interest. A 10,500 metre drilling program focused on the high priority targets began on April 26, 2016.
- The Company hired Mr. David Dicaire as Project Director in April 2016 to further strengthen the management team. David has over 35 years of experience in the mining, engineering and construction industry on a variety of global projects leading both Owners and EPCM teams.

"We are pleased with the progress made on the feasibility study during the first quarter and are happy to be on track and in the homestretch, with completion anticipated before the end of the second quarter," said Lundin Gold President and CEO, Ron Hochstein. "At the same time, we are excited by the start of our exploration drilling program and look forward to a successful program that could lead to the discovery of a mining district in Southern Ecuador."

## Financial Results

| <i>(in thousands, except per share amounts)</i> | Three months ended<br>March 31,              |            |
|---|--|------------|
|   | 2016   | 2015       |
| <b>Results of Operations:</b>                   |  |            |
| Operating expenses                              | \$ (14,501)                                  | \$ (8,265) |
| Other income (expense)                          | (209)  | 3,203      |
| Net loss for the period                         | (14,710)                                     | (5,062)    |
| Basic and diluted loss per share                | (0.15)                                       | (0.05)     |
|   | As at March 31, 2016 As at December 31, 2015 |            |
| <i>(in thousands)</i>                           |  |            |
| <b>Financial Position:</b>                      |  |            |
| Cash  | 7,809  | 21,360     |
| Working capital                                 | 2,922  | 16,314     |
| Property, plant and equipment                   | 8,305  | 8,557      |
| Mineral properties                              | 236,874                                      | 236,874    |
| Total assets                                    | 253,617                                      | 267,400    |
| Long-term liabilities                           | 893  | 867        |

The current quarter's net loss is higher compared to the first quarter of 2015 as a result of project evaluation expenditures of \$11.6 million incurred on the feasibility study and at the FDN Project. Project evaluation expenditures are \$6.5 million higher compared to the same period in 2015 because activities relating to the feasibility study increased significantly in the first quarter of 2016. The Company also incurred general and administrative expenditures of \$2.6 million, which includes \$0.8 million in professional fees in connection with the negotiations with the Government of Ecuador and financing initiatives. Exploration expenditures of \$0.3 million were also incurred during the first quarter of 2016 as the Company increased exploration activities on its higher priority concessions near the FDN Project.

## Liquidity and Capital Resources

As at March 31, 2016, the Company had cash of \$7.8 million and a working capital surplus of \$2.9 million compared to cash of \$21.4 million and a working capital surplus of \$16.3 million at December 31, 2015. The decrease in cash of \$13.6 million was

primarily due to \$11.6 million of project evaluation expenditures relating to the feasibility study.

Any potential development activities at the FDN Project or other concessions require substantial additional capital. As the Company does not have any sources of revenue, the Company expects to pursue various financing transactions or arrangements, including equity financing, debt financing, stream financing, joint venturing or other means. 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. Moreover, Lundin Gold may not be successful in locating suitable financing when required or at all. A failure to raise capital when needed would have a material adverse effect on Lundin Gold's business, financial condition and results of operations.

## Outlook

The Company is on the verge of finalizing and issuing the results of the feasibility study in the second quarter of 2016. In addition, the Company expects to submit the final EIA to the Ministry of the Environment in the third quarter following the public participation process and anticipates obtaining the approval of the EIA in the third quarter of 2016 and receipt of the Environmental License shortly thereafter. A production decision by the Company is anticipated by late 2016 or early 2017.

By June 17, 2016, the Company must submit the Phase Change Application. The Government of Ecuador then has up to sixty (60) days to approve the Phase Change Application. Once the Phase Change Application is approved, the Company has up to six months to execute the exploitation agreement with the Government of Ecuador.

During 2016, the Company intends to work with its financial advisors and legal advisors to evaluate and put in place the financing for the construction of the FDN Project. The Company intends to have its financing in place coincident with its production decision.

The Company may also undertake certain early works activities in order to optimize certain aspects of the project and carry out field activities to facilitate a construction start in the second quarter of 2017.

An exploration drilling campaign has begun to test high priority concessions near the FDN Project. The staged 10,500 metre campaign will drill five high priority targets outside of the La Zarza Concession which hosts the FDN deposit. The Company may also undertake an exploration geophysical program (IP) during the fourth quarter of 2016, which will target new areas of interest identified from the completed geochemical survey.

## Qualified Person

The technical information relating to the Fruta del Norte Project contained in this press release has been reviewed and approved by Anthony George, P. Eng, a mining engineer and Lundin Gold's Vice-President Project Development, and Nicholas Teasdale, MAusIMM CP(Geo), Lundin Gold's Vice-President Exploration, both of whom are Qualified Persons under NI 43-101.

## Annual General Meeting

The Company announces that its Annual General Meeting of Shareholders will be held at Suite 2600, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3 on Thursday, June 23, 2016, at 11:00 a.m. (Vancouver time), for the following purposes:

1. to receive the consolidated audited financial statements of the Company for the year ended December 31, 2015 together with the report of the auditors thereon;
2. to elect the directors to the Board for the ensuing year;
3. to reappoint PricewaterhouseCoopers LLP as auditor of the Company for the ensuing year and to authorize the directors to fix the remuneration of the auditor; and
4. to transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

The record date for the Annual General Meeting is Monday, May 16, 2016.

## Additional Information

The Company's consolidated financial statements for the three months ended March 31, 2016 and related management's discussion and analysis are available on the Company's website at [www.lundingold.com](http://www.lundingold.com) or under its profile on SEDAR at [www.sedar.com](http://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 May 16, 2016 at 5:00 a.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 press release 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](http://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.

## Contact

### [Lundin Gold Inc.](#)

Ron F. Hochstein  
President and CEO  
593 2-299-6400  
604-806-3589

### [Lundin Gold Inc.](#)

Sophia Shane  
Corporate Development  
604-689-7842  
604-689-4250  
info@lundingold.com  
www.lundingold.com