

# Lundin Gold Underground Mine Development Into Hard Rock at Fruta Del Norte

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Note to editors: There are three photos associated with this press release.

Lundin Gold Inc. ("Lundin Gold" or the "Company") (TSX:LUG)(OMX:LUG) is pleased to announce that soft tunneling was completed in December 2017 and mine development is now into hard rock at its Fruta del Norte gold project ("Fruta del Norte" or the "Project") in Ecuador.

## Further Highlights

- Award of all major process plant equipment packages
- Mobile equipment packages, including underground mine scoop trams and haul trucks, have been awarded
- Process plant excavation is progressing ahead of schedule
- 1,000-person construction camp is nearing completion
- Approval of powerline Environmental Impact Assessment ("EIA")

"Tunneling through soft clay was a significant risk factor to underground mine development due to the potential for ground failure. We were able to get through this challenging task, and the mine development is now advancing at a quicker pace," said Ron Hochstein, President and CEO of Lundin Gold. "We are also ramping up other major projects, including the process plant and powerline."

## *Mine Development*

The Company transitioned from soft tunneling to hard rock tunneling in December 2017, working through 77 metres of soft clay in the first decline and 69 metres in the second. Drilling and blasting in hard rock commenced on December 11<sup>th</sup> in the first decline and December 17<sup>th</sup> in the second, and currently the advance in hard rock reached 100 metres and 78 metres in the first and second declines, respectively.

## *Process Plant Equipment Procurement*

In October 2017, Lundin Gold awarded the long-lead time grinding equipment packages, including the SAG and ball mill packages (complete with motors) and the flotation and filtration packages to Outotec Chile S.A.

The gravity mill, CIL and detox tanks, and ADR plant and gold room packages were recently awarded to FLSmidth USA. TelSmith Inc. will provide the crushing packages for both the process plant and aggregate quarry crushers. ABB Inc. has awarded switchgear and substation equipment and transformers packages.

## *Mobile Equipment*

Most of the mobile mine equipment orders have been placed. Importadora Industrial Agricola S.A./Caterpillar will provide the underground mine scoop trams and trucks, as well as the surface earthworks and quarry equipment. Orders for the mobile crushers and bolters are expected to be awarded this quarter.

## *Powerline*

The EIA for the powerline received final approval at the end of 2017. Easement agreements have been reached with 91% of affected landholders, and the Company expects the remaining easements to be obtained this quarter. Detailed engineering and procurement is well underway, and the engineering, procurement and construction contractor is on track to begin building the powerline this quarter.

### *Major Earthworks*

Regardless of difficult ground conditions, site earthworks are on schedule. Earthworks on the process plant is 13% complete with concrete mill foundations planned to start this quarter.

The North Access Road is progressing well, and 32% of the road has been built. A second earthworks contractor was mobilized at El Pindal, where the North Access Road will link to the national highway system. Approximately six kilometres needs to be built to connect the North Access Road from either side.

### *Construction Camp*

All other construction disciplines are actively working on the 1,000-person construction camp which is nearing completion, with over 60% of the units currently available for occupancy. Combined with the existing camp, there are more than 1,200 beds available. During the last month, approximately 800 people were at site, including contractors.

### *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 Canadian 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 January 10, 2018.*

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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

