

Lundin Gold Announces Strong Third Quarter Results And Is Firmly On Track To Achieve High End Of Gold Production Guidance For 2022

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Fruta del Norte achieves gold production of 355,190 oz and an AISC¹ of \$785/oz sold in the first nine months of 2022

VANCOUVER, Nov. 8, 2022 - [Lundin Gold Inc.](#) (TSX: LUG) (Nasdaq Stockholm: LUG) (OTCQX: LUGDF) ("Lundin Gold" or the "Company") today reports results for the third quarter of 2022, highlighted by Q3 production of 121,635 ounces ("oz") of gold and sales of 134,640 oz at a cash operating cost¹ of \$656 per oz sold and all-in sustaining cost ("AISC")¹ of \$807 per oz sold. For the first nine months of 2022, Lundin Gold produced 355,190 oz and sold 350,213 oz of gold at an AISC¹ of \$785 per oz sold, putting the Company firmly on track to meet the upper end of its production guidance of 430,000 to 460,000 oz and lower end of or slightly below its AISC¹ guidance of \$820 to \$870 per oz sold. All amounts are in U.S. dollars unless otherwise indicated. PDF version.

In the third quarter, Lundin Gold generated net revenues of \$210 million, adjusted earnings¹ of \$20.4 million and free cash flow¹ of \$65.2 million, resulting in a cash balance of \$304 million at quarter end. With operations at Fruta del Norte ("FDN") generating sizeable free cash flow and considering the Company's existing cash balance, Lundin Gold paid an inaugural semi-annual dividend of \$0.20 per share on September 13, 2022 (September 15 for shares trading on Nasdaq Stockholm) based on a record date of August 24, 2022. Under its recently established dividend policy, Lundin Gold anticipates continuing to pay dividends of at least \$0.40 per share annually, equivalent to approximately \$100 million, based on current gold prices, expected production levels, and current issued and outstanding shares.

Ron Hochstein, President and CEO of Lundin Gold commented, "Once again, I am pleased to report another fantastic quarter for Lundin Gold. We continue to strive for operational excellence at Fruta del Norte, and remain focused on further optimization, improved efficiencies and lowering costs. Now that the South Ventilation Raise is complete, we will have more flexibility to mine on all levels, allowing us to continue generating strong results. Payment of our first dividend was a great milestone, and we see potential to create further shareholder value through the significant free cash flow we are generating from this tier one asset. With this cash flow we will continue to evaluate restructuring and paying down our debt, funding exploration, evaluating throughput expansion and M&A opportunities."

¹ Certain additional disclosures for these specified financial measures have been incorporated by reference and can be found on pages 13 to 16 of the Company's MD&A for the three and nine months ended September 30, 2022 available on SEDAR.

- The Company sold a total of 134,640 oz of gold, consisting of 88,083 oz of concentrate and 46,557 oz of doré at an average realized gold price¹ of \$1,618 per oz for total gross revenues from gold sales of \$218 million. Net of treatment and refining charges, revenues were \$210 million. As a result of the recent decline in the gold price, revenues from concentrate sales reflect a gold price adjustment of \$10.8 million for sales whose provisional gold price is settled after quarter end. This adjustment is estimated using the forward gold price at quarter end for the expected month of settlement of each individual sale.
- Cash operating costs¹ and AISC¹ were \$656 and \$807 per oz of gold sold, respectively. Sustaining capital is expected to remain high in the last quarter of the year due to the ongoing construction of the third tailings dam raise and other site infrastructure projects.

- Income from mining operations was \$83.9 million. The Company generated cash flow of \$105 million from operations and ended the quarter with a cash balance of \$304 million. Free cash flow¹ for the quarter was \$65.2 million or \$0.28 per share.
- Earnings before interest, taxes, depreciation, and amortization¹ ("EBITDA") and adjusted EBITDA¹ were \$159 million and \$117 million, respectively. The difference is the derivative gain of \$41.8 million in the quarter.
- Net income was \$62.7 million including a derivative gain of \$41.8 million, and net of corporate, exploration, finance costs, and associated taxes on earnings. Adjusted earnings¹, which exclude derivative gains, were \$20.4 million, or \$0.09 per share. Net income was positively impacted by the recording of gold sales from the delay of shipments of gold concentrate from the second quarter, offset by the lower gold price realized on sales in Q3 2022.
- While quarterly revenues were affected by the declining gold price, they were positively impacted by the sale of additional ounces produced late in the second quarter but not shipped and sold until the third quarter. This was due to blockades on some of Ecuador's major highways during a national strike in the country, which ended on June 30th and resulted in a positive impact on revenues, income from mining operations, earnings, and cash flow in Q3 2022.

Third Quarter of 2022 Production Overview

- Mine production was 377,921 tonnes of ore at an average grade of 12.4 grams per tonne. Consistent with the previous quarter, efforts are underway to reduce the ore stockpile in order to minimize future potential oxidization of ore as it affects mill recoveries.
- The mill processed 379,258 tonnes of ore at an average throughput rate of 4,122 tpd, slightly below design capacity due to an earlier than planned SAG and ball mill re-lining completed in late September.
- The average grade of ore milled was 11.0 grams per tonne with average recovery at 90.3%. Recoveries in the third quarter were positively impacted by the higher grade and improved blending strategies put in place to reduce the impact of oxidized ore.
- Gold production was 121,635 oz, comprised of 81,607 oz of concentrate and 40,028 oz of doré.

Third Quarter of 2022 Operating and Financial Highlights

The following two tables provide an overview of key operating and financial results during the third quarter and first nine months of 2022.

¹ Certain additional disclosures for these specified financial measures have been incorporated by reference and can be found on pages 13 to 16 of the Company's MD&A for the three and nine months ended September 30, 2022 available on SEDAR.

| | Three months ended | | Nine months ended | |
|-------------------------------|--------------------|---------|-------------------|-----------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Tonnes ore mined | 377,921 | 382,667 | 1,126,980 | 1,145,778 |
| Tonnes ore milled | 379,258 | 365,316 | 1,138,340 | 1,036,468 |
| Average head grade (g/t) | 11.0 | 10.3 | 10.9 | 10.9 |
| Average recovery | 90.3 % | 88.8 % | 89.4 % | 88.2 % |
| Average mill throughput (tpd) | 4,122 | 3,971 | 4,170 | 3,797 |
| Gold ounces produced | 121,635 | 107,663 | 355,190 | 320,599 |
| Gold ounces sold | 134,640 | 111,605 | 350,213 | 318,822 |

| | Three months ended | | Nine months ended | |
|--|--------------------|---------|-------------------|---------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Net revenues (\$'000) | 210,425 | 190,753 | 604,705 | 546,800 |
| Income from mining operations (\$'000) | 83,930 | 89,431 | 277,659 | 264,000 |
| Earnings before interest, taxes, depreciation, and amortization (\$'000) ¹ | 158,876 | 112,832 | 402,386 | 352,400 |
| Adjusted earnings before interest, taxes, depreciation, and amortization (\$'000) ¹ | 117,038 | 113,468 | 355,286 | 327,100 |
| Net income (\$'000) | 62,673 | 56,673 | 141,817 | 192,600 |
| Free cash flow (\$'000) ¹ | 65,202 | 47,114 | 178,256 | 193,600 |
| Average realized gold price (\$/oz sold) ¹ | 1,618 | 1,769 | 1,781 | 1,770 |
| Cash operating cost (\$/oz sold) ¹ | 656 | 650 | 656 | 635 |
| All-in sustaining costs (\$/oz sold) ¹ | 807 | 804 | 785 | 778 |
| Free cash flow per share (\$) ¹ | 0.28 | 0.20 | 0.76 | 0.84 |
| Adjusted net earnings (\$'000) ¹ | 20,379 | 58,796 | 91,419 | 171,000 |
| Adjusted net earnings per share (\$) ¹ | 0.09 | 0.25 | 0.39 | 0.74 |

Liquidity and Capital Resources

At the end of the third quarter of 2022, the Company is in a strong financial position.

| (in thousands of U.S. dollars) | As at September 30, 2022 | As at December 31, 2021 |
|--------------------------------|-----------------------------|----------------------------|
| Financial Position: | | |
| Cash | 303,639 | 262,608 |
| Working capital | 253,673 | 217,221 |
| Total assets | 1,634,590 | 1,685,113 |
| Long-term debt | 589,919 | 739,977 |

As at September 30, 2022, the Company had cash of \$304 million and a working capital balance of \$254 million compared to cash of \$263 million and a working capital balance of \$217 million at December 31, 2021. The change in cash during the nine months ended September 30, 2022 was primarily due to cash generated from operating activities of \$293 million and proceeds from the exercise of stock options, warrants, and anti-dilution rights of \$9.4 million. This is offset by principal repayments, interest, and finance charges, including associated taxes, under the gold prepay and stream credit facilities totaling \$89.1 million, interest and principal repayments under the senior debt of \$72.5 million, dividends of \$47.0 million and cash outflows of \$44.6 million for capital expenditures, which include costs for the South Ventilation Raise ("SVR") and sustaining capital.

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The Company's strong operating cash flow during the first nine months of 2022 is expected to continue for the remainder of the year based on its production and AISC guidance. This strong operating cash flow will continue to support aggressive debt repayments, regional and near mine exploration, conversion drilling at FDN, planned capital expenditures, growth initiatives and regular dividend payments under the dividend policy approved in the second quarter of this year.

Capital Expenditures

- **South Ventilation Raise:** Following the end of the quarter, Lundin Gold announced that the SVR at Fruta del Norte is now complete and operational. As a result of the completion of the SVR, ventilation in the mine will increase from 180 m³/s to 350 m³/s resulting in improved efficiencies and enabling mining activities on all levels.
- **Sustaining Capital:** The third raise of the tailings dam started during the second quarter, continued in the third, and construction is anticipated to be completed in Q4. Conversion drilling at Fruta del Norte is now complete for 2022, and final results were received during the quarter. The results of the 18,341 metre conversion drilling campaign will provide a significant improvement in the current deposit geological model by enabling better delineation of the distribution of and controls on higher grade mineralized zones within the known resource. A new resource model is underway, and the Company anticipates updating its estimates of Mineral Resources and Reserves at Fruta del Norte before the end of Q1 2023. Expenditures for other sustaining capital projects, such as construction of a new warehouse and improvements in the sewage treatment plants, will ramp up during the remainder of the year.

Health and Safety

With the Company's success in facilitating the provision of COVID-19 vaccines to its workforce and sub-contractor personnel, including booster shots, COVID-19 protocols have been essentially eliminated. Through vaccination campaigns by Ecuador's Ministry of Public Health, 100% of the Company's employees and on-site contractors were vaccinated and, as at September 30, 2022, 97.8% had received at least one booster shot.

During the quarter there was one Lost Time Incident and no Medical Aid Incidents. The Total Recordable

Incident Rate was 0.33 per 200,000 hours worked during the nine months ended September 30, 2022.

Community

Various community projects supported by the Company are under way, including sponsoring the establishment of micro businesses providing ancillary services to Fruta del Norte and the community, such as a textile manufacturer, fire extinguisher maintenance, and pest control. These are in addition to the ongoing projects such as road maintenance, education projects, and broader-based development, with a focus upon the agricultural sector and infrastructure challenges.

The Company continues to implement a range of initiatives. They include working with Shuar indigenous communities to promote improved agricultural practices, as well as the further development of a Shuar-owned company. Together with the NGO Junior Achievement Ecuador, efforts to prepare local students for the national high school exit exam (and thus access to post-secondary education) continue to show very strong results. Efforts to address social challenges in the local community have continued, for example through the ongoing implementation of after-school activities.

Exploration

Near Mine Exploration Program

The Company's 2022 near mine exploration started in Q3 2022 with two rigs testing potential targets both at depth and to the south of Fruta del Norte. During the third quarter of 2022, a total of 3,936 metres were drilled across eight holes.

- 1,953 metres were completed across five underground drill holes testing FDN's continuity at depth in the southern portion of the mine. All the holes intercepted similar hydrothermal alteration zones consistent with the Fruta del Norte deposit (silicification, chalcedony and marcasite, veins, and veinlets or breccias), with different intensities and thickness.
- 1,983 metres were completed across three surface drill holes to test the southern continuity of the main controlling structures of the Fruta del Norte deposit. Drilling intercepted a wide zone of intense hydrothermal alteration represented by silicification, chalcedony veins, pyrite and marcasite.

Results are pending. Drilling is continuing with a third rig now added to test the east structure of Fruta del Norte.

Regional Exploration Program

The Company's 2022 regional exploration continued on the Barbasco target and at new targets Capullo and Barbasco Norte with three drill rigs turning. During the third quarter of 2022, a total of 6,187 metres were drilled across nine holes, mainly at Barbasco and Capullo.

- Two drill holes were completed at Barbasco Norte for a total of 1,327 metres to test a continuous geochemical gold soil anomaly at the edge of the Suarez Basin. Drilling intercepted a narrow hydrothermal alteration zone with quartz veins and illite-smectite-carbonate alteration, similar to that found in epithermal systems like Fruta del Norte.
- At Barbasco, drilling continued to explore beneath the thick sequence of finely laminated silica on top of the volcanic rocks in the Santiago Formation, a proximal indicator of epithermal systems. Three drill holes were completed for a total of 2,700 metres with limited hydrothermal alteration intercepted.
- At Capullo, a total of 2,159 metres were drilled across four holes. Drilling tested a major geological fault, associated with anomalous geochemical values for gold and epithermal pathfinder elements in rock samples. The first hole intersected a hydrothermal alteration zone containing a one meter breccia zone with silica, carbonate veinlets, enveloped by a wider 15 metre silica alteration with disseminated sulfides. Other follow up drill holes intersected narrower zones.

Results are pending. Drilling is continuing with two drill rigs, one at Barbasco Norte and one to test other targets such as Capullo and Quebrada La Negra before the end of the year.

Newcrest Earn-In Agreement

Newcrest International Pty Ltd. ("Newcrest"), a wholly owned subsidiary of [Newcrest Mining Ltd.](#), met the first expenditure requirement of \$4.0 million under the Earn-In Agreement covering eight of Lundin Gold's early-stage concessions to the north and south of Fruta del Norte and exercised its option to proceed to the second stage of the earn-in in Q2 2022. Through completion of the second stage, which requires the expenditure of a further \$6.0 million, Newcrest would earn an initial 25% interest in the eight concessions

indirectly through a subsidiary of Lundin Gold. Newcrest is advancing the planning of a new program focused on drill testing priority copper-gold porphyry targets which to date detected low-level porphyry style copper mineralization. Drilling is anticipated to restart in late Q4 2022.

Outlook

Lundin Gold's strong performance in the first nine months of 2022 points to a strong overall result for the year. Management is confident that the Company's production will be at or near the high end of its guidance of 430,000 to 460,000 oz and at the low end of or slightly below its AISC¹ guidance of \$820 to \$870 per oz gold sold.

The SVR, the last remaining scope of work under the original FDN construction project, was completed shortly after the end of the third quarter. As a result, ventilation in the mine will increase from 180 m³/s to 350 m³/s resulting in improved efficiencies and enabling mining activities on all levels.

Sustaining capital will continue to be high for the last quarter of 2022 with completion of construction of the third raise of the TSF and several other capital projects underway or planned for 2022.

The conversion drilling program at Fruta del Norte is now complete for 2022. All results were returned, data review and the design of a new geological model is underway and is planned to be completed in the last quarter of 2022. The Company is working on an update to its estimates of Mineral Resources and Reserves and anticipates filing an updated technical report prepared in accordance with National Instrument 43-101 ("NI 43-101") for the Fruta del Norte deposit before the end of Q1 2023.

The regional and near mine exploration drill programs are continuing with a total of five rigs operating. Targets of interest on the regional program currently are Barbasco Norte, Capullo, Puma and Quebrada La Negra. Results are pending on drilling carried out during Q3 2022. Under the near mine drill program, one rig is operating underground to test extension of the deposit at depth and to the east and west of the current edges of the deposit. On surface, drilling is continuing to test potential mineralization along the structural trend to the south of FDN and a second surface rig will be moved from the regional program to test the east structure of Fruta del Norte.

Qualified Persons

The technical information relating to Fruta del Norte contained in this News Release has been reviewed and approved by Ron Hochstein P. Eng, Lundin Gold's President and CEO who is a Qualified Person under National Instrument 43-101. The disclosure of exploration information contained in this press release was prepared by Andre Oliveira, P.Geo, Lundin Gold's V.P. Exploration, who is a Qualified Person in accordance with the requirements of NI 43-101.

Webcast and Conference Call

The Company will host a conference call and webcast to discuss its results on Wednesday, November 9, 2022 at 7:00 a.m. PT, 10:00 a.m. ET, 4:00 p.m. CET.

Conference Call Dial-In Numbers:

Participant Dial-In North America: +1 416-764-8659

Toll-Free Participant Dial-In North America: +1 888-664-6392

Participant Dial-In Sweden: 0200899189

Conference ID: Lundin Gold / 93837422

A link to the webcast is available on the Company's website, www.lundingold.com. A replay of the conference call will be available two hours after the completion of the call until November 23, 2022.

Toll Free North America Replay Number: +1 888-390-0541

International Replay Number: +1 -416-764-8677

Replay passcode: 837422 #

¹ Certain additional disclosures for these specified financial measures have been incorporated by reference and can be found on pages 13 to 16 of the Company's MD&A for the three and nine months ended September 30, 2022 available on SEDAR.

Lundin Gold, headquartered in Vancouver, Canada, owns the Fruta del Norte gold mine in southeast Ecuador. Fruta del Norte is among the highest-grade operating gold mines in the world.

The Company's board and management team have extensive expertise in mine operations and are dedicated to operating Fruta del Norte responsibly. 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 citizens of Ecuador.

Non-IFRS Measures

This news release refers to certain financial measures, such as average realized gold price per oz sold, EBITDA, adjusted EBITDA, cash operating cost per oz sold, all-in sustaining cost, free cash flow, free cash flow per share, and adjusted earnings, which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. These measures may differ from those made by other companies and accordingly may not be comparable to such measures as reported by other companies. These measures have been derived from the Company's financial statements because the Company believes that they are of assistance in the understanding of the results of operations and its financial position. Please refer to the Company's MD&A for the third quarter of 2022 for an explanation of non-IFRS measures used.

Additional Information

The information in this release is subject to the disclosure requirements of Lundin Gold under the EU Market Abuse Regulation. This information was publicly communicated on November 8, 2022 at 2:30 p.m. Pacific Time through the contact persons set out below.

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 relating to Company's 2022 production outlook, including estimates of gold production, grades recoveries and AISC; expected sales receipts, cash flow forecasts and financing obligations; its estimated capital costs, the

benefits of increased ventilation in the mine, the recovery of VAT; the Company's declaration and payment of dividends pursuant to its dividend policy; the timing and the success of its drill program at Fruta del Norte and its other exploration activities; plans to update estimates of mineral resources and reserves at Fruta del Norte and file a related technical report; and the Company's efforts to protect its workforce from COVID-19. 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 21, 2022, which is available at www.lundingold.com or on SEDAR.

Lundin Gold's actual results could differ materially from those anticipated. Factors that could cause actual results to differ materially from any forward-looking statement or that could have a material impact on the Company or the trading price of its shares include: risks relating to the impacts of a pandemic virus outbreak, political and economic instability in Ecuador, production estimates, mining operations, the Company's community relationships, ability to maintain obligations or comply with debt, financing requirements, volatility in the price of gold, shortages of critical supplies, compliance with environmental laws and liability for environmental contamination, lack of availability of infrastructure, the Company's reliance on one mine, deficient or vulnerable title to concessions, easements and surface rights, uncertainty with the tax regime in Ecuador, the Company's workforce and its labour relations, inherent safety hazards and risks to the health and safety of the Company's employees and contractors, the Company's ability to obtain, maintain or renew regulatory approvals, permits and licenses, the imprecision of mineral reserve and resource estimates, key talent recruitment and retention of key personnel, volatility in the market price of the shares, the potential influence of the Company's largest shareholders, measures to protect endangered species and critical habitats, the reliance of the Company on its information systems and the risk of cyber-attacks on those systems, the cost of non-compliance and compliance costs, exploration and development risks, risks related to illegal mining, the adequacy of the Company's insurance, uncertainty as to reclamation and decommissioning, the ability of Lundin Gold to ensure compliance with anti-bribery and anti-corruption laws, the uncertainty regarding risks posed by climate change, the potential for litigation, limits of disclosure and internal controls, security risks to the Company, its assets and its personnel, conflicts of interest, risks that the Company will not declare dividends and social media and reputation.

SOURCE [Lundin Gold Inc.](#)

Contact

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