

Lundin Gold Reports Fourth Quarter And Full Year Results

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Production and Cost Performance Beats Guidance for Second Year Running

VANCOUVER, Feb. 23, 2023 - [Lundin Gold Inc.](#) (TSX: LUG) (Nasdaq Stockholm: LUG) (OTCQX: LUGDF) ("Lundin Gold" or "Company") is pleased to report results for the fourth quarter and year ended December 31, 2022 (the "2022 Year"). The 2022 Year is highlighted by its production of 476,329 oz of gold at an all-in sustaining cost ("AISC")¹ of \$805 per oz, beating production guidance of 430,000 to 460,000 oz and AISC guidance of \$820 to \$870 per oz, respectively, and resulting in free cash flow of \$269 million for the year. All amounts are in U.S. dollars unless otherwise indicated. View PDF version.

Ron Hochstein, President and CEO commented, "I am proud to announce that for a second consecutive year, Lundin Gold has beaten its production and cost guidance. In a short two and a half years of operations, the Company has increased average mill throughput at Fruta del Norte ("FDN") from an initial design capacity of 3,500 tonnes per day ("tpd") to 4,272 tpd with recovery now averaging close to 90%. With the gold prepay facility paid back in full and the South Ventilation Raise complete, the Company is firmly positioned to continue generating significant cash flow and creating shareholder value in the years to come."

OPERATING AND FINANCIAL RESULTS SUMMARY

The following two tables provide an overview of key operating and financial results.

	Three months ended Year ended			
	December 31		December 31	
	2022	2021	2022	2021
Tonnes ore mined	365,250	412,081	1,492,230	1,557,859
Tonnes ore milled	420,838	379,166	1,559,178	1,415,634
Average mill head grade (g/t)	10.0	9.9	10.6	10.6
Average recovery	89.6 %	89.7 %	89.5 %	88.6 %
Average mill throughput (tpd)	4,574	4,121	4,272	3,878
Gold ounces produced	121,139	107,915	476,329	428,514
Gold ounces sold	119,890	108,476	470,103	427,298

¹ Certain additional disclosures for these specified financial measures have been incorporated by reference and can be found on page 15 of the Company's MD&A for the year ended December 31, 2022 available on SEDAR.

	Three months ended Year ended			
	December 31		December 31	
	2022	2021	2022	2021
Revenues (\$'000)	210,961	186,440	815,666	733,329
Income from mining operations (\$'000)	92,095	91,646	369,754	355,712
Earnings before interest, taxes, depreciation, and amortization (\$'000) ¹	141,274	63,113	543,660	415,588
Adjusted earnings before interest, taxes, depreciation, and amortization (\$'000) ¹	112,057	108,819	467,343	436,006
Net income (loss) (\$'000)	(68,259)	28,789	73,558	221,426
Cash flow from operations (\$'000)	133,390	108,006	426,145	417,752
Free cash flow (\$'000) ¹	91,179	74,681	269,435	268,370
Average realized gold price (\$/oz sold) ¹	1,814	1,779	1,789	1,772
Cash operating cost (\$/oz sold) ¹	713	625	671	632
All-in sustaining costs (\$/oz sold) ¹	865	715	805	762
Free cash flow per share (\$) ¹	0.39	0.32	1.15	1.16
Adjusted net earnings (\$'000) ¹	33,584	77,902	125,003	248,907
Adjusted net earnings per share (\$) ¹	0.14	0.33	0.53	1.07

FOURTH QUARTER AND FULL YEAR 2022 HIGHLIGHTS

Financial Results - Strong Free Cash Flow¹ Generation Highlights Strength of FDN

- Fourth quarter sales of 119,890 oz gold, consisting of 77,622 oz of concentrate and 42,268 oz of doré, at an average gold price¹ of \$1,814 per oz for total gross revenues from gold sales of \$217 million. For 2022, sales totalled 470,000 oz of gold, and total revenues from gold sales amounted to \$841 million.
- Net of treatment and refining charges, revenues in the fourth quarter and 2022 were \$211 million and \$816 million, respectively.
- Cash operating costs¹ and AISC¹ for the quarter were \$713 and \$865 per oz of gold sold, respectively. For 2022, cash operating costs¹ were \$671 and AISC¹ was \$805 per oz of gold sold.
- Income from mining operations was \$92.1 million in the fourth quarter, and the Company generated free cash flow from operations, or \$0.39 per share. For 2022, income from mining operations was \$370 million, and the Company generated free cash flow¹ of \$269 million, or \$1.15 per share.
- A loss of \$68.3 million was incurred in the fourth quarter, after deducting corporate, exploration and finance costs of \$18.3 million, net of derivative gains of \$29.2 million, and an income tax expense of \$18.3 million. As a result of the early termination of the gold prepay facility, results for the quarter were impacted by a one-time accrued finance charge, partially offset by a related derivative gain. In addition, net income was affected by a one-time adjustment to deferred income taxes of \$10 million relating to a revised interpretation of the application of certain tax laws in Ecuador. Net income of \$73.6 million was generated in 2022.
- Adjusted earnings¹ for the quarter, which exclude the accrued, one-time finance charge on the repayment of the gold prepay facility and derivative gain, were \$33.6 million, or \$0.14 per share. Adjusted earnings¹ during 2022 were \$125 million, or \$1.07 per share.
- At the end of the 2022 Year, the Company had a cash balance of \$363 million.

¹ Certain additional disclosures for these specified financial measures have been incorporated by reference and can be found on page 15 of the Company's MD&A for the year ended December 31, 2022 available on SEDAR.

Production Results - Continuing to Beat Expectations

- Gold production during the fourth quarter totalled 121,139 oz, comprised of 78,756 oz of concentrate and 42,383 oz of gold. Gold production for 2022 totalled 476,329 oz.
- The mine delivered 365,250 tonnes of ore to the stockpile and mill in Q4. The mining rate was reduced during the quarter to better manage ore stockpiles and reduce the impact of oxidation on mill recoveries. The average throughput at the mill for the quarter was 4,574 tpd, its highest since the beginning of operations.
- The average ore grade milled in the fourth quarter was 10.0 g/t, with average recovery at 89.6%. For 2022, the average ore grade milled was 10.6 g/t with average recovery at 89.5%.

Early Repayment in Full of the Gold Prepay Facility

- In late December, Lundin Gold delivered an irrevocable notice to fully repay the gold prepay facility. On January 5, 2023, the Company settled amounts due under the gold prepay facility by paying a total of \$207.5 million, inclusive of applicable taxes of \$16.2 million and interest of \$0.1 million accrued between December 31, 2022 and January 5, 2023.
- The repayment amount of the gold prepay facility was the product of (a) the gold price on a pre-determined date in late December 2022, and (b) an amount of equivalent gold ounces, which was a negotiated number between 9,775 and 10,000 ounces per quarter for the last ten remaining quarters to maturity of the facility, plus applicable taxes.
- The early repayment of the gold prepay facility resulted in the one-time accrual of a finance charge of \$128 million and a derivative gain of \$71 million in 2022. No future payments at the then-applicable gold prices will be due under this facility going forward, including interest and finance charges that would have been incurred over the next ten quarters until the facility's originally scheduled maturity.
- Payment was made early in the first quarter of 2023, from the Company's strong treasury of \$363 million at year end. This strategic transaction is expected to result in increased net cash flows, to provide the Company with greater exposure to the positive outlook on gold price, and to give Lundin Gold greater flexibility in its capital structure to pursue operational and corporate opportunities for the benefit of the Company and its shareholders.

Liquidity and Capital Resources

At the end of 2022, the Company is in a strong financial position:

(in thousands of U.S. dollars)	As at December 31, 2022	As at December 31, 2021
Financial Position:		
Cash	363,400	262,608
Working capital	237,187	217,221
Total assets	1,668,865	1,685,113
Long-term debt	667,966	739,977

The increase in cash during the 2022 Year was primarily due to cash generated from operating activities of \$426 million and proceeds from the exercise of stock options, warrants and anti-dilution rights of \$11.2 million. This is offset by scheduled principal, interest and finance charges paid under the loan facilities totalling \$228 million, dividends of \$47 million, and cash outflows of \$60.1 million for capital expenditures which include sustaining capital of \$35.5 million and costs for completion of the SVR.

Capital Expenditures

- **South Ventilation Raise ("SVR"):** The SVR was completed and fully commissioned in the fourth quarter, bringing FDN's original construction project to its conclusion. As a result, ventilation in the mine has increased resulting in improved efficiencies and enabling mining activities on all levels.

During the fourth quarter, there were no Lost Time Incidents ("LTIs") and Medical Aid Incidents ("MAIs"). For 2022, the Company recorded two LTIs and four MAIs. The Total Recordable Incident Rate for 2022 was a very low 0.24 per 200,000 hours worked.

- **Sustaining Capital:** The 2022 conversion drilling program at FDN was completed during the third quarter, and final assay results received. This conversion drilling campaign provided additional data for an updated geological model. The Company anticipates announcing an updated estimate of Mineral Resources and Reserves for FDN and filing a technical report prepared in accordance with National Instrument 43-101 ("NI_43-101") before the end of Q1 2023. Based on the geological model, further conversion drilling targets will be defined for 2023 and 2024.

- **Community:** Other sustaining capital projects, such as construction of a new warehouse and improvements in the sewerage system, were initiated in 2022 and will continue in 2023.

Various community projects supported by the Company have progressed over the course of 2022. Several new micro businesses have been established by local entrepreneurs and supported to facilitate the process of becoming a supplier to FDN. A local textile manufacturer, fire extinguisher maintenance company, and pest control/fumigation company have all secured contracts with Lundin Gold. Additional efforts to promote the integration of local farmers into the FDN supply chain are also in place to create local benefits.

Longstanding projects such as road maintenance, educational support to promote access to higher education, improving the efficiency of the agricultural sector and addressing infrastructure challenges also progressed through the year.

The Company continues to engage with local indigenous peoples, especially the Shuar Federation of Zamora Chinchipe, to jointly implement projects that promote economic opportunities and the Shuar culture.

Corporate

The Company paid an inaugural dividend of \$0.20 per share on September 13, 2022 for a total of \$47.0 million under its newly established dividend. With the release of its 2022 year end results, the Company has declared a cash dividend of \$0.10 per share which is payable on March 31, 2023 (April 4, 2023 for shares trading on Nasdaq Stockholm) to shareholders of record on March 13, 2023. The Company anticipates declaring quarterly dividends of at least \$0.10 per share, equivalent to approximately \$100 million annually based on currently issued and outstanding shares.

Near the end of Q2 2022, the Company upgraded the trading of common shares in the U.S. to the OTCQX Market under the symbol LUGDF. In Q3 2022, its common shares also became eligible for electronic clearing and settlement in the U.S. through the Depository Trust Company simplifying the process of trading with the objective of enhancing the liquidity of Lundin Gold shares.

During 2022 and in line with the conclusion of the FDN construction and expansion projects, Mr. Dave Dicaire, the Company's Vice President Projects, departed Lundin Gold. After the end of the year, Iliana Rodriguez, Vice President Human Resources, also left the Company.

EXPLORATION - VALUE CREATION AND UPSIDE OPTIONALITY UNDERPINNING FDN

Near-Mine Exploration Program

The near-mine exploration program commenced in the third quarter of 2022 and has focused on expanding the FDN mineral resource envelope and testing several unexplored sectors near the mine site. In 2022, approximately 8,600 metres were drilled across 16 holes, from surface and underground.

- The surface drilling program completed nine drill holes in 2022. Its objective is to explore sectors along the two main controlling structures of the FDN deposit, the East and West faults. Along the southern extension of the East fault, a mineralized zone has been intercepted. Initial promising results suggest continuity of the epithermal system in this direction as most of the drill holes intercepted wide hydrothermal alteration zones of similar characteristics to those of the FDN deposit. This zone remains open at depth, along strike to the north and to the south. The 2023 surface drilling program has already started, with two rigs drilling on this new zone.
- The underground drilling program focused on the continuity of the FDN deposit and west structure at depth. A total of 10 drill holes were completed under the southern portion of the FDN mineral resource envelope. Most of the results from underground drilling exhibit the same mineral hydrothermal alteration to that related to mineralization in the southern extension of FDN's Mineral Resource and confirm the continuity of the deposit at depth, below the current resource envelope. Underground drilling is being expanded in 2023 to continue to explore at depth. The initial focus will be to the north sector, with one rig currently drilling, below the highest-grade portion of the mineral deposit, where the mine is currently operating.

Regional Exploration Program

A total of 17,600 metres across 25 drill holes were drilled under the 2022 regional program, of which approximately 4,490 metres across seven holes were drilled in the fourth quarter. The program has successfully advanced in the identification of important indicators that point toward the presence of buried epithermal deposits in the southern basin. Through a detailed geological interpretation of exploration data and additional surface works, several targets of interest have been identified, tested and resulted in locating new potentially mineralized structures. They include:

- Along the southwestern basin border, the Quebrada La Negra and Puente Princesa targets were investigated with a total of 6,987 metres drilled across nine holes. At Quebrada La Negra, the drilling program identified a new structure along the west border, represented by wide hydrothermal alteration zones with breccias and/or veins and disseminated sulfides. The program also drilled an arsenic soil anomaly, where drilling intercepted a major structure with quartz veins, hydrothermal carbonate-silica breccias and sulfides hosted in the Santiago formation, which is also the FDN hosting sequence. This hydrothermal alteration zone possibly represents the north continuity of the Puente Princesa structure, defined in the fourth quarter and located one kilometre (km) further south. All results are pending.
- Four drill holes were completed at Barbasco Norte for a total of 2,123 metres to test a continuous geochemical gold anomaly at the eastern edge of the Suarez Basin. The drilling program intercepted low grade values of gold and trace amounts of epithermal pathfinder element arsenic in narrow hydrothermal alteration zones of similar composition to that found in other epithermal systems like FDN. The obtained geological data suggests an increase of the hydrothermal alteration to the east, close to the basin border and where additional drilling is being planned in 2023.
- At Barbasco, the program explored for several indicators of epithermal systems in distinct sectors of the target. A total of 6,351 metres were completed. Drilling only intercepted few and limited zones of hydrothermal alteration and the current interpretation suggests additional drilling is required to explore untested sectors located further east.

Newcrest Earn-In Agreement

Early in the second quarter, 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 FDN. Newcrest exercised its option to proceed to the second stage of the earn-in on May 28, 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. To date, drill testing of two copper-gold porphyry targets has detected low-level porphyry style copper mineralization. This work is being conducted by Newcrest as the operator under the earn-in agreement. The next phase of drilling will focus on testing priority copper-gold porphyry targets starting in the first quarter of 2023.

OUTLOOK - POSITIONED TO GENERATE STRONG SHAREHOLDER VALUE FOR YEARS TO COME

Consistent with previously announced guidance, gold production at FDN for 2023 is estimated to be between 425,000 to 475,000 oz based on an average throughput rate of 4,400 tpd, an increase from the average throughput of 4,274 tpd achieved in 2022. The head grade is estimated to average 9.67 g/t, with fluctuations expected during the year as different sections of the ore body are mined. Average mill recovery for the year is estimated at 90%.

Cash operating costs¹ are estimated to range between \$700 and \$760 per oz of gold sold in 2023, with variability expected during the year. Sustaining capital for 2023 is estimated at \$45 to \$55 million and AISC¹ is expected to range between \$870 and \$940 per oz of gold sold, based on an assumed gold price of \$1,650 per oz and silver price of \$18.50 per oz. The projected increase in AISC¹ in 2023 can be attributed principally

to higher unit costs compared to 2022 due to mining and milling ore with lower grade, inflationary pressures resulting in increased costs of consumables and transportation, higher maintenance requirements as equipment ages and higher sustaining capital expenditures.

The early repayment of the gold prepay facility is expected to result in increased net cash flow, providing Lundin Gold with greater flexibility to pursue operational and corporate opportunities for the benefit of the Company and its shareholders.

The Company is also continuing its regional and near mine exploration drilling programs with a total of 28,000 metres of drilling planned for 2023. The near-mine program will include underground and surface drilling to further investigate the significant potential for the extension of FDN Mineral Resources. At depth, the initial focus will be below the north-central sector of the FDN deposit, the highest-grade portion of the mineral deposit. Surface drilling will continue to investigate a potential extension of FDN to the east, west and south of the current mineral resource envelope. The 2023 near-mine program is targeting at least 15,500 metres of drilling with an estimated cost of \$9.4 million. The regional drilling program will consist of approximately 12,500 of drilling with an estimated cost of \$11.7 million and focus on the southern basin, advancing toward the east and west border sectors. Its objective is to follow up on the numerous target areas identified during the 2022 program and test new and unexplored targets.

¹ Certain additional disclosures for these specified financial measures have been incorporated by reference and can be found on page 15 of the Company's MD&A for the year ended December 31, 2022 available on SEDAR.

In 2023, dividends of at least \$0.10 per share are expected to be declared on a quarterly basis totalling approximately \$100 million for the year. The first quarterly dividend in 2023 is payable on March 31, 2023 (April 4, 2023 for shares trading on Nasdaq Stockholm) based on record date of March 13, 2023.

The Company anticipates updating its estimates of Mineral Resources and Reserves and filing a technical report prepared in accordance with NI 43-101 before the end of Q1 2023.

Qualified Persons

The technical information relating to FDN 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 NI 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 Friday, February 24 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 / 39587818

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 Friday, March 10, 2023.

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

International Replay Number: +1 416-764-8677

Replay passcode: 587818 #

About Lundin Gold

Lundin Gold, headquartered in Vancouver, Canada, owns the Fruta del Norte gold mine in southeast Ecuador and a large exploration land package that hosts the Fruta del Norte deposit at its northern edge. 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, with the achievement of commercial production, they are of assistance in the understanding of the results of operations and its financial position. Certain additional disclosures for these specified financial measures have been incorporated by reference and can be found on page 15 of the Company's MD&A for the year ended December 31, 2022 available on SEDAR.

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 February 23, 2023 at 4:30 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.

Contact

Ron F. Hochstein, President and CEO, Tel (Ecuador): +593 2-299-6400, Tel (Canada): +1-604-806-3589, This press release contains forward-looking information in a number of places, such as in statements relating to the Company's 2020 production outlook, including estimates of gold production, grades recoveries and AISC; expected sales receipts, cash flow forecasts and financing obligations; the benefits to be derived from the early payment of the gold prepay facility; its estimated capital costs, the benefits of increased ventilation in the mine, the Company's declaration and payment of dividends pursuant to its dividend policy; the timing and the success of its drill program at FDN and its other exploration activities; plans to update estimates of mineral resources and reserves at FDN, the benefits from its community investment, 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 Management Discussion & Analysis dated February 23, 2023, which is available at www.lundin角度.com or on SEDAR.

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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 related to political and economic instability in Ecuador; risks associated with the Company's community relationships; risks related to estimates of production, cash flows and costs; risks inherent to mining operations; shortages of critical supplies; control of the Company's largest shareholders; volatility in the price of gold; failure of the Company to maintain its obligations under its debt facilities; risks related to Lundin Gold's compliance with environmental laws and liability for environmental contamination; the lack of availability of infrastructure; the Company's reliance on one mine; security risks to the Company, its assets and its personnel; risks related to illegal mining; exploration and development risks; the impacts of a pandemic virus outbreak; risks related to the Company's ability to obtain, maintain or renew regulatory approvals, permits and licenses; uncertainty with and changes to the tax regime in Ecuador; the reliance of the Company on its information systems and the risk of cyber-attacks on those systems; the imprecision of Mineral Reserve and Resource estimates; deficient or vulnerable title to concessions, easements and surface rights; inherent safety hazards and risk to the health and safety of the Company's employees and contractors; risks related to the Company's workforce and its labour relations; key talent recruitment and retention of key personnel; volatility in the market price of the Company's shares; measures to protect endangered species and critical habitats; social media and reputation; the cost of non-compliance and compliance costs; the adequacy of the Company's insurance; risks relating to the declaration of dividends; 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; limits of disclosure and internal controls; the potential for litigation; and risks due to conflicts of interest.

SOURCE [Lundin Gold Inc.](#)