

Lundin Gold Reports First Quarter Of 2023 Results

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Momentum From 2022 Continues with Strong Production and Cost Performance

VANCOUVER, May 10, 2023 - [Lundin Gold Inc.](#) (TSX: LUG) (Nasdaq Stockholm: LUG) (OTCQX: LUGDF) ("Lundin Gold" or "Company") is pleased to report results for the first quarter of 2023, highlighted by all-time high gold production of 140,021 ("oz") and gold sales of 134,691 oz at a cash operating cost¹ of \$644 per oz sold and all-in sustaining cost ("AISC")¹ of \$1,000 per oz sold. Although the robust performance provides a strong start for the year, the Company's production guidance for 2023 remains unchanged as grade and gold production are expected to vary over the coming quarters. Due to the ramp up of sustaining activities starting in the second quarter, the most significant being the construction of the fourth tailings dam raise, the Company also maintains its AISC¹ guidance. All amounts are in U.S. dollars unless otherwise indicated. [View PDF Version.](#)

As at March 31, 2023, the Company maintained a strong cash balance of \$210 million compared to \$363 million as at March 31, 2022 with the decrease being driven by the use of cash for debt reduction initiatives and dividends to shareholders. Over the three months ended March 31, 2023, the Company utilized cash to optimize its balance sheet through the full repayment of the gold prepay facility ("GPP") of \$208 million which provides the Company with greater exposure to the positive outlook of gold prices. This one-time transaction resulted in additional interest and finance charges of \$129 million with a resultant first quarter cash flow of \$(11.7).

Ron Hochstein, President and CEO commented, "Our strong operating and financial results were achieved while maintaining an outstanding safety record. On the heels of an excellent quarter, the operations team at FDN recently reached the milestone of 100 million hours worked without a Lost Time Incident or Medical Aid Incident. We continue to realize increased cash flows from the del Norte as a result of our commitment to operational excellence and the full repayment of the gold prepay at the start of the year. The team at FDN is doing a great job, and I expect this positive momentum to continue."

¹ Certain additional disclosures for these specified financial measures have been incorporated by reference and can be found on page 13 of the Company's MD&A for the first quarter ended March 31, 2023 available on SEDAR.

OPERATING AND FINANCIAL RESULTS SUMMARY

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

	Three months ended	
	March 31	
	2023	2022
Tonnes ore mined	427,735	379,629
Tonnes ore milled	392,332	373,407
Average mill head grade (g/t)	12.3	11.2
Average recovery	90.6 %	90.2 %
Average mill throughput (tpd)	4,359	4,149
Gold ounces produced	140,021	121,665
Gold ounces sold	134,691	119,282

	Three months ended	
	March 31	
	2023	2022
Revenues (\$'000)	256,728	216,472
Income from mining operations (\$'000)	132,708	111,207
Earnings before interest, taxes, depreciation, and amortization (\$'000) ¹	143,632	98,822
Adjusted earnings before interest, taxes, depreciation, and amortization (\$'000) ¹	159,066	133,546
Net income (\$'000)	51,465	23,182
Cash flow from operations (\$'000)	144,439	127,330
Free cash flow (\$'000) ¹	(11,653)	91,806
Average realized gold price (\$/oz sold) ¹	1,952	1,862
Cash operating cost (\$/oz sold) ¹	644	619
All-in sustaining costs (\$/oz sold) ¹	728	696
Free cash flow per share (\$) ¹	(0.05)	0.39
Adjusted net earnings (\$'000) ¹	67,014	57,550
Adjusted net earnings per share (\$) ¹	0.28	0.25
Dividends paid per share (\$)	0.10	-

FIRST QUARTER HIGHLIGHTS

Financial Results - Strong Cash Flow From Operations Underlines Inherent Strength of FDN

- First quarter sales of 134,691 oz gold, consisting of 85,122 oz in concentrate and 49,569 oz as doré, at an average gold price¹ of \$1,952 per oz for total gross revenues from gold sales of \$263 million.
- Net of treatment and refining charges, revenues in the first quarter were \$257 million.
- Cash operating costs¹ and AISC¹ for the quarter were \$644 and \$728 per oz of gold sold, respectively. Sustaining costs are expected to increase significantly in future periods with the start of the fourth tailings dam raise and ramp up of other infrastructure and improvement projects which is expected to result in higher AISC¹ for the remainder of the year.
- The Company generated cash flow of \$144 million from operations and negative free cash flow¹ of \$(11.7) million per share. Free cash flow¹ was impacted by the full repayment of the GPP which resulted in additional interest and principal charge paid during the period of \$129 million.
- Notwithstanding the payment of \$208 million to extinguish the GPP, the Company ended the quarter with a cash and cash equivalents balance of \$210 million.
- Earnings before interest, taxes, depreciation, and amortization¹ ("EBITDA") and adjusted EBITDA¹ were \$144 million and \$159 million, respectively. The difference is the derivative loss of \$15.4 million in the quarter.
- Net income was \$51.5 million including a derivative loss of \$15.4 million, and net of corporate, exploration, financial and associated taxes on earnings. Adjusted earnings¹, which exclude the derivative loss, were \$67.0 million, or \$0.28 per share.

¹ Certain additional disclosures for these specified financial measures have been incorporated by reference and can be found on page 13 of the Company's MD&A for the first quarter ended March 31, 2023 available on SEDAR.

Production Results - All Time Highs Across the Board

- Gold production during the first quarter totalled 140,021 oz, comprised of 88,236 oz of concentrate and 51,785 oz of doré.
- Mine production ramped up to 427,735 tonnes of ore at an average grade of 11.7 grams per tonne.
- The mill processed 392,332 tonnes of ore at an average throughput rate of 4,359 tonnes per day ("tpd"). The throughput was below the guided average for the year of 4,400 tpd due to the completion of the relining of the SAG and ball mills during the quarter.
- The average grade of ore milled was 12.3 grams per tonne with average recovery at 90.6%. Recoveries were positively impacted by processing high-grade ore and an ore blending strategy that improved flotation recoveries.

Liquidity and Capital Resources

At the end of the first quarter of 2023, the Company is in a strong financial position:

(in thousands of U.S. dollars)	As at March 31,	As at December 31,
	2023	2022
Financial Position:		
Cash	209,714	363,400
Working capital	256,853	194,804
Total assets	1,467,040	1,668,865
Long-term debt	434,175	667,966

The change in cash during the first quarter of 2023 was primarily due to the full repayment of the GPP of \$208 million; principal repayments, interest and finance charges, including associated taxes, under the stream credit facility totalling \$21.0 million; interest and principal repayments under the senior debt of \$42.8 million; dividends of \$23.6 million; and cash outflows of \$7.2 million for sustaining capital expenditures. This is offset by cash generated from operating activities of \$144 million and proceeds from the exercise of stock options and anti-dilution rights of \$4.0 million.

Capital Expenditures

- Sustaining Capital:
 - Preparations were underway for the fourth raise of the tailings dam late in the first quarter with work starting in the second quarter and completion expected in the fourth quarter.
 - Construction of the new warehouse progressed as planned during the quarter with completion expected late in the quarter.
 - Other sustaining capital projects such as a new sewage treatment plant, underground mine maintenance and efficiency improvement projects are expected to ramp up during the remainder of the year.

- The 2023 conversion drilling program completed eight drill holes of approximately 1,400 metres during the first quarter in the north and south sectors of the FDN deposit. In the north-central sector, four drill holes were completed with positive assay results, including two with hydrothermal breccias that confirmed mineralization continuity along the downdip extension. In the south-central sector, four drill holes were completed and intercepted veins and veinlets hosted in volcanic rocks, generally associated with the FDN mineralization at FDN. A complete table of results received to date can be found in Lundin Gold's press release dated June 1, 2023.

Health and Safety

During the first quarter there were no Lost Time Incidents ("LTIs") and one Medical Aid Incident ("MAIs") on exploration activities. The Total Recordable Incident Rate across exploration and operations was 0.15 per 200,000 hours worked. In April 2023, the FDN operations reached a significant milestone of 4.0 million hours worked with neither an LTI nor a MAI.

Community

Various community projects supported by the Company continued to progress in the first quarter. Micro

businesses established by local entrepreneurs and supported by the Company and Lundin Foundation have successfully become suppliers to FDN. The local textile manufacturer, fire extinguisher maintenance company, and pest control / fumigation company continue to work with the mine. Also in the first quarter, the evaluation of potential new areas for local businesses has commenced. Efforts have continued to ensure that local farmers retain access to local, national, and international markets.

Longstanding projects such as road maintenance, educational support to promote access to higher education, efficiency improvements in the agricultural sector and addressing infrastructure challenges continue to progress.

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. In the first quarter, the Shuar Cultural Centre, which was constructed and is managed in partnership with the Lundin Foundation, hosted multiple events and received an increased number of visitors.

Corporate

The Company paid its quarterly dividend of \$0.10 per share on March 31, 2023 (April 4 for shares trading on Nasdaq Stockholm) based on a record date of March 13, 2023, for a total of \$23.6 million. With the release of its first quarter 2023 results, the Company has declared a cash dividend of \$0.10 per share, which is payable on June 27, 2023 (June 30 for shares trading on Nasdaq Stockholm) to shareholders of record on June 13, 2023.

Several Board and Management changes were also made in the first quarter. At the end of the quarter, one of Newcrest's representatives, Mr. Robert Thiele, resigned from the board of directors, and Ms. Jill Terry was appointed as his replacement. The Company also appointed Mr. Terry Smith as Chief Operating Officer and Mr. Chester See as Interim Chief Financial Officer during the quarter, concurrent with the retirement of Mr. Alessandro Bitelli, Executive Vice President and Chief Financial Officer. In April 2023, the Company announced that Mr. Christopher Kololian was hired as the Company's Chief Financial Officer and is expected to commence in the role on July 1, 2023. Chester See will continue in the role of Senior Vice President, Finance.

EXPLORATION - EXCITING DEVELOPMENTS BEING MADE IN HIGHLY PROSPECTIVE LAND PACKAGE

Near-Mine Exploration Program

The near mine drilling program restarted in February, following a change in drilling contractors at year end, and continues to explore extensions of major controlling structures of the FDN deposit targeting distinct sectors near FDN. In the first quarter, the program completed a total of 3,660 metres across eight holes, from surface and underground.

- The surface drilling program is focused along the south extension of the East Fault. A total of six drill holes were completed with most intercepting significant hydrothermal alteration from epithermal systems. Initial positive intercepts indicate a new mineralized zone, FDN Sur ("FDNS"), and identified targets for further evaluation, Bonza Sur and Castillo. Three holes are currently drilling, two of them exploring the extensions of FDNS and another at Bonza Sur.
- The drilling program focused on the continuity of FDN at depth and explored
 - At FDNS, three surface drill holes were completed, and all successfully intercepted hydrothermal alteration underground composition to that found at FDN. The most recent results from hole FDNS-2023-19 point to significant exploration potential to be developed along the north strike and at depth, parallel to the operating mine. Remaining results from drilling in the first quarter are pending.
 - At Bonza Sur, three surface drill holes were completed, and initial results suggest a new mineralized zone located one kilometre south from FDN. The intercepted gold mineralization is hosted in a wide hydrothermal alteration zone along the north-south strike direction. This is coincident with a large soil gold anomaly that extends continuously for more than five kilometres.
 - At Castillo, drill results indicate a new mineralized zone to the south of FDN. This sector is located underneath the Basin and to the west of the East Fault, in a similar geological setting to FDN and FDNS.

new areas across the West Fault. Two drill holes were completed in the north central part of FDN, and drill hole UGE-W-23-018 intercepted narrow gold mineralization located west from the West Fault, which will be followed up with further drilling during the year.

A complete table of results received to date can be found in Lundin Gold's press release dated May 4, 2023.

Regional Exploration Program

The regional drilling program restarted late in the first quarter with one drill hole in progress at Quebrada La Negra located along the southwestern basin border. The drill hole is investigating the northern continuity of a major fault where wide hydrothermal alteration zones with breccias and/or veins and disseminated sulfides were intercepted during the 2022 drilling program.

The regional program will continue to advance in the identification of important indicators that point toward the presence of buried epithermal deposits in the southern basin. New targets of interest have been identified and will be tested targeting new potentially mineralized structures.

Newcrest Earn-In Agreement

On the concessions held by the Company's subsidiary, Surnorte S.A., a second phase of scout drilling commenced at the Gamora Project, located in southeast Ecuador. This work is being conducted by [Newcrest Mining Ltd.](#) ("Newcrest") as the operator under an earn-in agreement with Lundin Gold pursuant to which

Newcrest can earn up to a 50% interest in eight exploration concessions located to the north and south of Fruta del Norte. The current phase of diamond core drilling at Gamora is focused on testing priority copper-gold targets in the Mirador copper porphyry district. The program is planned to finish in June 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%.

Lundin Gold's performance in the first quarter of 2023 provides a strong foundation for the rest of the year, and the Company's production guidance of 425,000 to 475,000 oz and AISC¹ of \$870 to \$940 for 2023 remain unchanged.

Sustaining capital is expected to increase over the remaining quarters of 2023 with construction of the fourth raise of the tailings dam starting in the second quarter as well as several other capital projects. In addition, the conversion drilling program, aiming to convert Inferred to Indicated Mineral Resources is planned to continue.

Exploration drilling, on the near mine program, is planned to increase from 15,500 metres to 23,000 metres of drilling for 2023 as a result of positive results recently received. The near mine drilling program will continue to advance exploration of the recently identified FDNS, Bonza Sur, and Castillo targets near FDN. Another rig is planned to be incorporated in the second quarter, bringing the total number of surface rigs to four. The regional drilling program is planned to focus on the southern Suarez Basin, advancing along the eastern and western borders of the Basin. Its objective is to follow up on the numerous target areas identified during the 2022 program and test new and unexplored targets. The regional drilling program is planned to comprise a total of 12,500 metres for the year, with one rig currently operating. The estimated exploration budget for 2023 is anticipated to increase from \$21.1 million to \$24.6 million.

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.

¹ Certain additional disclosures for these specified financial measures have been incorporated by reference and can be found on page 13 of the Company's MD&A for the first quarter ended March 31, 2023 available on SEDAR.

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 Thursday, May 11 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 / 42623507

A link to the webcast will be 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 Thursday, May 25, 2023.

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

International Replay Number: +1 416-764-8677

Replay passcode: 623507 #

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 13 of the Company's MD&A for the three months ended March 31, 2023 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 May 10, 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.

This press release contains forward-looking information in several places, such as in statements relating to the Company's 2023 production outlook, including estimates of gold production, grades recoveries and AISC; operating plans; expected sales receipts, cash flow forecasts and financing obligations; its estimated capital costs; expected management changes; benefits of the Company's community programs; 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; and estimates of Mineral Resources and Reserves at Fruta del Norte. 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 31, 2023, 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 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; the cost of non-compliance and compliance costs; 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 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.

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