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NEWS RELEASE

LUNDIN GOLD REPORTS SECOND QUARTER 2018 RESULTS

August 10, 2018 (Vancouver, Canada) Lundin Gold Inc. ("Lundin Gold" or the "Company") (TSX: LUG, Nasdaq Stockholm: LUG) is pleased to announce its results for the three and six months ended June 30, 2018. All amounts are in U.S. dollars unless otherwise indicated.

"During the quarter, we continued to de-risk the Project. Site earthworks are nearly complete and we began work on the powerline. Underground development rates exceeded our target advance rates and today we are more than half-way to the orebody and remain on track for first gold production in the fourth quarter of next year," said Ron Hochstein, Lundin Gold's President and CEO. "In addition, we signed an offtake agreement with Boliden for a significant portion of our gold concentrate earlier this month. Combined with the Orion offtake agreement, we have now secured contracts for about 80% of our anticipated production. Most importantly, in July we closed the $350 million senior debt package which completes funding for Fruta del Norte."

Highlights

Fruta del Norte Gold Project ("Fruta del Norte" or the "Project")

- Overall engineering was 48% complete and construction 21% complete.
- Cumulative advance in the K'isa and Kuri declines was 2.2 kilometres ("km").
- Process plant excavation is nearly complete.
- Process plant ball mill piers were poured.
- Grinding building foundations and carbon-in-leach tank foundations were well underway.
- North Access road was 70% complete.
- Tailings storage facility access road construction was completed, and polishing pond and diversion ditch construction began.
- Clearing of the powerline route from site began.
- New camp kitchen and dining facility was completed.

Financing

- Closed a $350 million senior secured project finance debt facility (the "Facility") with a syndicate of seven lenders. In addition, the Company executed a gold concentrate offtake agreement with Boliden.

Exploration

- Scout drilling of the El Puma target, located in the southern Suarez Basin, was completed with a total of 6,245 metres ("m") in six drill holes.
- Mapping, geochemical sampling and the permitting required for future drilling continues on a number of epithermal gold-silver targets around the Suarez Basin.

Corporate

- Istvan Zollei of Orion Mine Finance Group and Michael Nossal and Craig Jones of Newcrest Mining Limited joined the board of the Company following the closing of the equity financing.

Fruta del Norte Gold Project

Mine Development

As at June 30, a total of 2.2 km of underground mine development had been achieved, with 1,030 m and 1,167 m in the Kuri and K'isa declines, respectively. The daily advance rates improved steadily throughout the quarter achieving an average advance rate of 5.9 m per day in Kuri and 6.6 m per day in K'isa in June, versus a target of 5.16 m per day.

The Company also awarded the mine service fleet in May. With this award, nearly all of the mining equipment purchase orders have been placed.

Process Plant Construction

Process plant and main substation excavation progressed and was nearly complete at the end of the quarter. Construction moved ahead with the ball mill piers and grinding building foundations being poured and were 84% complete. In addition, the carbon-in-leach tank bases were 20% complete. Process plant equipment fabrication is on track and the first equipment (thickeners and the primary jaw crusher) is expected to arrive on site in the third quarter.

Major Site Earthworks

The North Access road was an estimated 70% complete with less than 2 km remaining until it is done. The remaining section of the North Access road includes a steep escarpment which requires careful attention for technical and safety reasons. Road construction through this section is progressing well, and the Company remains on track to finish the road by the end of the third quarter of 2018.

The tailings storage facility, polishing pond and east diversion ditch access roads were completed, and work commenced on clearing and grubbing in the polishing pond area.

Powerline

The regulatory process of formalizing all easements required for the powerline from the Bomboiza substation to the Project is near complete. The contractor has mobilized and started clearing the powerline route from site in June.

Anciliary Facilities

Work started on the permanent mine maintenance shop, mine substation and mine compressor station. The fuel storage station is almost finished and is in the final commissioning stages.

Financial Results

(in thousands, except per share amounts)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Results of Operations:				
Net income (loss) for the period	$ 19,741	$ 785	$ (5,847)	$ (5,602)
Income (loss) per share				
Basic	0.09	0.01	(0.03)	(0.05)
Diluted	0.09	0.01	(0.03)	(0.05)

(in thousands)	As at June 30 2018	As at December 31, 2017
Financial Position:		
Cash	393,488	35,018
Working capital	377,265	26,794
Property, plant and equipment	284,871	142,598
Mineral properties	252,093	246,387
Total assets	994,583	481,729
Long-term liabilities	349,032	217,940

The Company's net income in the second quarter of 2018 is mainly due to the revaluation of the Company's long-term debt as more fully explained below. In addition, the Company generated a foreign exchange gain of $7.1 million from its substantial holdings of U.S. dollar cash at its Canadian entities during the quarter compared to a foreign exchange gain of only $0.7 million in the second quarter of 2017. As the functional currency of these Canadian entities is the Canadian dollar, a strengthening of the U.S. dollar against the Canadian dollar during the period generates an unrealized gain in terms of Canadian dollars. This is offset by an increase in office and general expenses of $0.8 million mainly due to an increase in payments to foreign vendors which resulted in an increase in capital outflow tax paid.

The loss for the six months ended June 30, 2018 is higher by $0.2 million compared to that of the six months ended June 30, 2017 due to the revaluation of the Company's long-term debt and recognition of a substantial foreign exchange gain as noted above. In addition, the Company also incurred higher salaries and benefits during the six months ended June 30, 2018 due to the performance incentive plan payment to the Company's employees.

Derivative gains or losses

During the second quarter of 2018, the Company recorded a derivative gain from the fair value revaluation of its long-term debt of $18.8 million compared to a derivative gain of $4.4 million recognized in the second quarter of 2017. For the six months ended June 30, 2018, the Company has recorded a derivative loss of $5.1 million compared to a derivative loss of $4.4 million in the six months ended June 30, 2017. The derivative gain or loss are driven by the valuation of the Company's long-term debt. Key inputs used by the Monte Carlo simulation include the gold and silver forward prices, gold and silver volatility and other variables. Relatively small variations in these inputs can give rise to significant variations in the fair value of financial liabilities; hence, the large derivative gains and losses recorded in the accounts to date.

Liquidity and Capital Resources

As at June 30, 2018, the Company had cash of $393.5 million and a working capital of $377.3 million compared to cash of $35.0 million and a working capital balance of $26.8 million at December 31, 2017. The change in cash was primarily due to net proceeds from the Private Placement of $396.5 million and the final drawdown of $110 million under the gold prepay and stream credit facilities. This is offset by costs incurred for the development of the Fruta del Norte Project of $121.0 million, general and administration costs of $9.9 million and exploration expenditures of $4.2 million.

Outlook

The Company is focussed on advancing the Project on schedule through to first gold production in 2019. To achieve that goal, the following activities are planned over the next twelve months:

- Completing detailed engineering of the process plant, tailings storage facility and site-wide water management.
- Completing the North Access road.
- Completing process plant concrete foundations and advancing steel and equipment erection.
- Receiving the majority of the process plant equipment and mine mobile equipment onsite.
- Advancing construction of the site infrastructure buildings such as the laboratory, reagent storage, mine dry and administration.
- Continuing to advance underground mine development, as well as the underground services and facilities.
- Completing the construction of the 42 km, 230 kilovolt power transmission line to connect to the national grid.
- Receiving approval of the Mountain Pass Quarry Environmental License and developing the quarry.
- Awarding the contracts for the design and supply of the paste plant and water treatment plant, advancing the engineering and equipment procurement and beginning earthworks and site preparation for the two plants.
- Advancing construction of the tailings storage facility.
- Completing the engineering and starting construction for the Zamora River bridge near Los Encuentros.

The Company is also in discussions with selected potential parties in order to establish a cost overrun facility which is a condition precedent to the initial draw down of the Facility, expected to occur in the first quarter of 2019.

Exploration is currently focused on mapping and geochemical sampling of the Puente-Princesa target. Other targets may be mapped and sampled during 2018 depending on results. Drill permitting continues for a number of epithermal gold-silver target areas around the Suarez basin.

Qualified Person

The technical information relating to the Fruta del Norte Project contained in this Press 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 MD&A was prepared by Stephen Leary, MAusIMM CP(Geo), a consultant to the Company, who is a Qualified Person in accordance with the requirements of NI 43-101.

Additional Information

The Company's consolidated financial statements for the three and six months ended June 30, 2018 and related management's discussion and analysis are available on the Company's website at www.lundingold.com or under its profile on SEDAR at www.sedar.com.

The information in this release is subject to the disclosure requirements of Lundin Gold under the EU Market Abuse Regulation. This information was submitted for publication August 10, 2018 at 2:00 p.m. PT through the contact persons set out below.

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 world's largest, highest-grade 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 the fourth quarter of next year.

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.

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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 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: the anticipated timing of production and the progress of the development, construction and operation of the Project, improvements to site logistics and completion of camp infrastructure and the acquisition of land and surface rights, the success of the Company’s exploration plans and activities, exploration and development expenditures and reclamation costs, timing and success of permitting and regulatory approvals, project financing and future sources of liquidity, capital expenditures and requirements, future tax payments and rates, cash flows and their uses.

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 and the risk to shareholders of dilution from future equity financings; the ability to maintain its obligations under the gold prepay and stream credit facilities, the Facility and other debt; risks related to carrying on business in Ecuador; volatility in the price of gold; the timely receipt of regulatory approvals, permits and licenses; risks associated with the performance of the Company's contractors; risks inherent in the development of an underground mine; deficient or vulnerable title to mining concessions and surface rights; shortages of critical resources, labour and key executive personnel, such as input commodities, equipment and skilled labour, and the dependence on key personnel; risks associated with the Company's community relationships; unreliable infrastructure; volatility in the market price of the Company's shares; the potential influence of the Company's largest shareholders; uncertainty with the tax regime in Ecuador; measures required to protect endangered species; the cost of compliance or failure to comply with applicable laws; exploration and development risks; the accuracy of the Mineral Reserve and Resource estimates for the Fruta del Norte Project; the Company's reliance on one project; risks related to artisanal and illegal mining; uncertainty as to reclamation and decommissioning; risks associated with the Company's information systems; competition in the mining industry; the ability to obtain adequate insurance; risks of bribery or corruption; the potential for litigation; and limits of disclosure and internal controls.

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 20, 2018, which is available under the Company’s profile at www.sedar.com.

Figure 1. Ground support installation in the K'isa decline

Figure 2. Ball mill piers

Figure 3. North Access road at kilometer 14

Figure 4. Polishing pond area and diversion ditch

Figure 5. Construction of mine maintenance shop