

**NEWS RELEASE****LUNDIN GOLD REPORTS YEAR END 2018 RESULTS*****FRUTA DEL NORTE ON TRACK FOR FIRST GOLD IN Q4 2019***

**February 19, 2019 (Vancouver, Canada) Lundin Gold Inc.** ("Lundin Gold" or the "Company") (TSX: LUG, Nasdaq Stockholm: LUG) is pleased to announce its results for the year ended December 31, 2018. All amounts are in U.S. dollars unless otherwise indicated.

"During 2018 the team focused on the critical underground development and the start of construction on surface, and we are now halfway through construction," said Ron Hochstein, Lundin Gold's President and CEO. "This year will see Lundin Gold achieve many important milestones, including mining its first development stopes and commissioning the process plant, all of which will lead to first gold expected in the fourth quarter of this year."

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

- Overall engineering 85% complete as of year end and approximately 70% of Project capital expenditure committed.
- Underground development continued ahead of projections, both declines have reached the orebody and development of the primary levels have begun.
- Site earthworks is 75% complete, including completion of the River and North Access roads and construction of the tailings dam is underway.
- The process plant construction is well progressed with concrete 62% complete and mechanical equipment (grinding mills and carbon-in-leach tank) erection started in the fourth quarter.
- Surface mobile equipment is on site and the mine operating fleet began arriving on site in the fourth quarter.
- The Bomboiza to site powerline construction started and by year-end was 27% complete. Work is also underway on the site-wide electrical distribution network including power lines, main and mine substations.
- Key permits received and agreements signed for the powerline and Mountain Pass Quarry.
- Updated mine plan and re-estimate of the Project's capital cost and operating cost completed.

***Financing***

- Drew the final \$110 million under the gold prepay and stream credit facilities with Orion Mine Finance Group ("Orion") and Blackstone Tactical Opportunities.
- Closed a \$400 million equity private placement financing with Newcrest Mining Limited ("Newcrest"), Zebra Holdings and Investments S.à.r.l. and Lorito Holdings S.à.r.l., and Orion.
- Closed a \$350 million senior secured project finance debt facility with a syndicate of seven lenders (the "Facility"), with first draw expected in the first quarter of 2019.
- Executed a gold concentrate offtake agreement with Boliden for approximately 50% of Fruta del Norte's gold concentrate production over its first eight years of operations.

### *Exploration*

- Signed an earn-in agreement with Newcrest to form a joint venture company to explore eight early stage concessions to the north and south of Fruta del Norte, which exclude the large block of concessions surrounding the Fruta del Norte deposit.
- Completed 6,245 metres (“m”) of drilling in six drill holes at the El Puma target, located in the southern Suarez Pull-Apart basin. Results indicated epithermal indicator elements; however, no significant mineralization was found. The drilling indicated that further follow-up drilling is required.
- Mapping, geochemical sampling and permitting required for future drilling continues on a number of epithermal gold-silver targets.

### *Corporate*

- Istvan Zollei of Orion and Michael Nossal and Craig Jones of Newcrest joined the board of the Company pursuant to board representation rights as part of the equity financing.

## **Fruta del Norte Gold Project**

In 2018, progress continued on the Project in all areas of engineering, procurement and construction.

### *Mine Development*

As at December 31, 2018 a total of 4.5 kilometres (“km”) of underground mine development had been completed. Average advance rate in 2018 on declines and primary development was 9.8 m per day versus a target of 6.6 m per day, while advance rates on total development including auxiliary work was 11.6 m per day versus a target of 7.9 m per day. The advance rates exceeded the planned rates due to better than expected ground conditions, lower than anticipated water inflows and greater productivity from the mine contractor.

The mine operating equipment fleet also started to arrive in the fourth quarter of 2018. Over 200 mining operator trainees began the Company’s training program, with the first group of 100 beginning the final part of their training. This takes place on site and includes classroom sessions and experience with simulators and in the field.

### *Site Earthworks*

As at the end of 2018, earthworks were 75% complete. Projects that were completed during the year include:

- River Road which connects the camp to the plant site.
- North Access Road, which improves logistics and shortens the distance to the national highway system.
- Process plant and paste plant site preparations.
- Ventilation shaft access road and platform.
- Three major water storage and sedimentation ponds as part of the overall site water management.

The tailings storage facility is one of the final major site earthworks projects and is well underway.

### *Process Plant Construction*

Site-wide concrete is 69% complete and process plant concrete 62% complete as at the end of 2018, while site-wide steel 38% complete and process plant steel 18% complete. During the fourth quarter of 2018, process plant mechanical equipment (grinding mills and carbon-in-leach tank) erection began. The majority of process plant equipment has been delivered, with the remainder in transit from factories.

### *Site-Wide Infrastructure*

Infrastructure completed in 2018 and currently in use includes: mobile equipment maintenance shop, mine compressor station, mine wash bay, mine fuel station, tailings maintenance shop and process plant maintenance shop. Infrastructure that is under construction includes: mine dry and administration building, laboratory, reagent storage building and gatehouse.

Site-wide electrical distribution network is also under construction. The mine substation is substantially complete, while the main Fruta del Norte power substation concrete is done, and main transformers have been placed on the foundations.

### *Powerline*

In 2018, the Company made significant progress on the 42 km powerline connecting the Project to the national grid and obtained the following permits and agreements:

- Construction permit from the Ministry of Energy and Non-Renewable Natural Resources.
- Requisite access rights obtained from all landowners.
- Execution of Cooperation Agreement for the Taday to Bomboiza powerline and substation with La Corporación Eléctrica del Ecuador (CELEC).

Powerline construction started in September and is progressing on three fronts with 28 out of 107, or 27% of powerline infrastructure, being complete as of December 31, 2018. The Bomboiza substation connection equipment has been ordered and detailed engineering is underway.

### *Construction Camp*

The new 1,000-person construction camp was completed and the new kitchen and dining room is done, feeding on average 1,500 people per day.

### *Environment and Permitting*

The Company obtained the Environment Licence for the power transmission line. Permits were also granted, and agreements were also signed for the Mountain Pass Quarry including:

- Environmental licence, water permit and administrative act.
- Exploitation agreement.

Progress continues on several SENAGUA water permits and the Company submitted explosives storage magazine expansion and explosive importation permits. The Ministry of Transport approved the design for the Zamora River bridge. In addition, numerous inspections were completed by the Ministry of Environment during the year with zero major non-compliances recorded.

## Health and Safety

As of year-end, over 3.5 million hours have been incurred without a lost time accident. The total-incident rate was 0.40 at year end versus a target of 0.80.

## Community

During 2018, the Company continued to invest in numerous projects in the local communities, such as road maintenance, programs for the students and elderly and programs directing at helping small businesses. The activities focused on local hiring, local procurement and economic diversification. As of year-end, the Company estimates that 54% of its employees were from local communities. Lundin Gold's local procurement program resulted in the purchase of approximately \$2.3 million per month in goods and services during 2018. The economic diversification activities focused on agricultural programs in the province of Zamora-Chinchipe.

## Financial Results

<i>(in thousands, except per share amounts)</i>	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
<b>Results of Operations:</b>				
Derivative loss	\$ (28,508)	\$ (14,135)	\$ (15,731)	\$ (18,034)
Net loss for the period	\$ (23,491)	\$ (19,505)	\$ (22,068)	\$ (41,140)
Basic and diluted loss per share	(0.11)	(0.16)	(0.12)	(0.35)

<i>(in thousands)</i>	As at December 31 2018	As at December 31, 2017
<b>Financial Position:</b>		
Cash	167,513	35,018
Working capital	153,186	26,794
Property, plant and equipment	480,921	142,598
Mineral properties	240,665	246,387
Total assets	1,012,461	481,729
Long-term debt	364,252	217,940

During the fourth quarter of 2018, the Company recorded a derivative loss of \$28.5 million compared to a derivative loss of \$14.1 million in the fourth quarter of 2017 relating to its long-term debt which is measured at fair value on a quarterly basis. This increase in the derivative loss is offset by a foreign exchange gain of \$8.6 million in the fourth quarter of 2018 from the Company's substantial holdings of U.S. dollar cash by its Canadian entities compared to a foreign exchange gain of \$0.1 million in the fourth 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.

The loss during the year ended December 31, 2018 is lower compared to the previous year due to a foreign exchange gain of \$17.0 million compared to a minimal amount in 2017 from

the Company's substantial holdings of U.S. dollar cash at its Canadian entities. 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. In addition, the Company recorded a derivative loss from the fair value revaluations of its long-term debt of \$15.7 million in 2018 compared to a derivative loss of \$18.0 million in 2017.

## **Liquidity and Capital Resources**

As at December 31, 2018, the Company had cash of \$167.5 million and working capital of \$153.2 million compared to cash of \$35.0 million and working capital of \$26.8 million at December 31, 2017. The change in cash was primarily due to net proceeds from the private placement in March 2018 of \$396.4 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 \$280.2 million, general and administration costs of \$16.7 million and exploration expenditures of \$6.2 million. The Company incurred higher general and administrative costs mainly due to the payment of performance incentives in the year, which also included payments deferred from 2017, to the Company's employees and due to the commencement of the mine operator training program.

## **Outlook**

The Company is focused on advancing the Project on schedule through to first gold production in the fourth quarter of 2019. The following activities are planned over the next twelve months:

- Completing detailed engineering.
- Completing contractor mine development, initiating work on the south ventilation raise and completing two of the mine dewatering wells.
- Completing training and hiring of mine and plant operations personnel.
- Commencing mine operations and mining ore per mine plan.
- Completing process plant and water treatment plant construction.
- Completing the construction of the power transmission line and connection to the national grid at the Bomboiza substation and completing the site electrical distribution facilities.
- Completing construction of the tailing storage facility including tailings and reclaim water systems.
- Commencing and substantially advancing the construction of the paste plant.
- Commissioning and beginning plant operations, including the planned pouring first gold.
- Obtaining final permits to start operations.
- Obtaining permits and starting construction for the Zamora River bridge near El Pindal.

The Company has substantially agreed to the terms of the cost overrun facility ("COF") with a provider. Completion of the COF is a condition precedent to the initial draw down of the Facility, expected to occur in the first quarter of 2019. The COF is subject to acceptance by the Company's lenders and is at the final documentation stage.

Exploration continues to focus on developing drilling targets through mapping and geochemical sampling of several targets. 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 Press Release 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 year ended December 31, 2018 and related management's discussion and analysis are available on the Company's website at [www.lundinalgold.com](http://www.lundinalgold.com) or under its profile on SEDAR at [www.sedar.com](http://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 February 19, 2019 at 6:30 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 this 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.

## ***For more information, please contact***

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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 site and powerline 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: risks associated with the Company's community relationships; risks and hazards inherent in mining and processing; lack of availability of or interference with infrastructure; risks related to Lundin Gold’s compliance with increasingly strict environmental laws and liability for environmental contamination; risks related political and economic instability in Ecuador; deficient or vulnerable title to mining concessions and surface rights; risk to shareholders of dilution from future equity financings; failure to maintain its obligations under its debt facilities; shortages of critical resources, such as skilled labour and supplies, consumables and equipment; inherent safety hazards and risk to the health and safety of the Company’s employees and contractors; volatility in the price of gold; the cost of compliance or failure to comply with applicable laws; the timely receipt of regulatory approvals, permits and licenses; risks associated with the performance of the Company's contractors; the imprecision of Mineral Reserve and Resource estimates; dependence on key personnel; 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; exploration and development risks; the Company's reliance on one project risks related to artisanal and illegal mining; the reliance of the Company on its information systems and the risk of cyber-attacks on those systems; the ability to obtain adequate insurance; uncertainty as to reclamation and decommissioning; the uncertainty regarding risks posed by climate change; the ability of Lundin Gold to ensure compliance with anti-bribery and anti-corruption laws; 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 Management Discussion and Analysis dated February 19, 2019, which is available under the Company's profile at [www.sedar.com](http://www.sedar.com).

**Figure 1. Fruta del Norte Project as at January 2019**



**Figure 2. The declines have reached the orebody - development on primary levels underway**





**Figure 3. Process plant concrete 62% complete and steel erection 18% complete**



**Figure 4. Process plant mechanical equipment - grinding mills and carbon-in-leach tank - installation underway**

