885 West Georgia Street
Suite 2000
Vancouver, BC
Canada V6C 3E8

T +1 604 689 7842
F +1 604 689 4250
info@lundingold.com
lundingold.com

NEWS RELEASE

LUNDIN GOLD RECONFIRMS PROJECT SCHEDULE AND LOWERS ALL-IN SUSTAINING COST ESTIMATE TO US$583 PER OUNCE FOR ITS FRUTA DEL NORTE GOLD PROJECT

September 19, 2018 (Vancouver, Canada) Lundin Gold Inc. ("Lundin Gold" or the "Company") (TSX: LUG, Nasdaq Stockholm: LUG) is pleased to announce the results of its update of the project estimate ("UPE") for its Fruta del Norte gold project ("Fruta del Norte" or the "Project"). The UPE involved a thorough review of the mine plan, capital and operating cost re-estimate and an update to the Project schedule. All amounts are in U.S. dollars unless otherwise indicated. This update should be read in conjunction with the Technical Report entitled "*Fruta del Norte - NI 43-101 Technical Report on Feasibility Study*" (the "Technical Report") filed by the Company in June 2016, with an effective date of April 30, 2016, and the Company's project update press release dated May 30, 2017.

UPE Highlights:

- Reconfirmed construction schedule with first mine production planned in Q2 2019 and first gold production planned in Q4 2019.
- Reduced period of capital payback to 3.5 years from 4 years with improved IRR to 17.5% from 16.3%.
- A 10% increase in NPV 5% to $786 million from $717 million.
- Estimated all-in sustaining cost ("AISC") reduced to $583 per ounce of gold from $609 per ounce of gold.
- Estimated operating cost per tonne decreased 7.3% from $111.84 to $103.65.
- Estimated total gold production increased by 73,000 ounces to 4.6 million ounces over a 15 year mine life.
- Total estimated capital expenditures increased only 1.2% from $684 million to $692 million.

"At the end of August we had committed 63% of planned capital expenditure, and construction is 27% complete. The UPE demonstrates that we are on track to build Fruta del Norte on budget and on schedule which is a credit to our Project team," said Ron Hochstein, Lundin Gold's President and CEO. "We were able to lower the estimated AISC through improvements in the mine plan, refinement of processing costs and negotiation of smelting contracts for the concentrate. This further demonstrates the robustness of our high-grade Fruta del Norte gold deposit."

Fruta del Norte Update:

- As at August 31, 2018, a total of 2.9 kilometres ("km") had been achieved including declines and auxiliary development, with 1.4 km and 1.5 km achieved in the Kuri and K'isa declines, respectively.
- Daily August average advance rates were 6.1 metres ("m") for both Kuri and K'isa, versus a target of 4.7 m and 4.3 m per day, respectively.
- Both declines have now crossed the Machinaza Fault and have gone under the Machinaza River, with no water inflows.
- Grinding building steel erection is underway, and process plant concrete is 30% complete.
- Mill process equipment is arriving on site, and the grinding mills are currently en route.

- The two construction fronts on the North Access Road have met, and the road is expected to be complete by the end of September.
- The Environmental Licence was received for the Mountain Pass Quarry, and negotiation of the Quarry Exploitation Agreement with the Yantzaza municipality is well underway.
- Construction of the powerline, both onsite and offsite, is proceeding.
- Construction of the Tailings Storage Facility is ongoing.
- 63% of planned capital expenditure is now committed or incurred, of which 36% of planned capital expenditure has been incurred. Project engineering is now 60% complete.
- Activities have commenced to prepare for operations including the hiring of the general manager and mill manager.

Update of the Project Estimate Details

Probable Mineral Reserve Estimates

The Company has increased its estimates for Probable Mineral Reserves slightly by 80,000 ounces when compared to the Project update annouced on May 30, 2017 (the "PPR") and by 204,000 ounces when compared to the estimates contained in the Technical Report.

Table 1. Probable Mineral Reserves(1)

	Technical Report	**PPR**(2)(3)(4)(5)(6)(7)(8)	**UPE**(2)(3)(4)(5)(6)(7)(8)
Mt	15.5	16.8	17.8
Au (g/t)	9.67	9.16	8.74
Au (Moz)	4.82	4.94	5.02
Ag (g/t)	12.7	12.6	12.1
Ag (Moz)	6.34	6.79	6.95

See "Additional Technical Information" below for further information regarding the Probable Mineral Reserve Data.

Mine Plan Review

As a result of the UPE, Fruta del Norte's mine plan has been improved, and a strategic decision was made to utilize primary-secondary sequencing versus end-slicing. Implementing this methodology provides greater operational flexibility with access to more areas of the ore body simultaneously and reduced backfill costs due to longer cure times and less binder requirements.

Other changes to the mine plan included:

- Lower cut-off grade from 4.1 gram per tonne gold ("g/t gold") to 3.8 g/t gold for transverse stoping and from 5.1 g/t gold to 5.0 g/t gold for the drift and fill stopes.
- Better balancing of mining methods with a slight increase in transverse stoping from 72% to 75% of ore removed. The remainder will be mined using drift and fill techniques.
- Total capital development, including owner and contractor, reduced from 19.0 km to 14.7 km.

Capital Cost Estimate

Revised pre-production capital cost is now estimated to be $692 million, inclusive of contingency and pre-production expenses and revenues and net of taxes. This represents a slight increase of $8 million, or 1.2% over the PPR estimate, which totalled $684 million. This increase is mainly due to infrastructure costs and community and environmental monitoring being higher in the UPE than the PPR.

Operating Cost Estimate

Operating costs estimate is down 7.3% or $8.19 in the UPE to $103.65 on a per tonne basis compared to the PPR, and 3.7% or $15.89 to $408.20 on a per ounce basis. This is a result of the optimized mining methods, which reduced the mining costs, and reduced reagent consumption estimates based on the most recent metallurgical test work.

Table 2. Life of Mine Operating Cost by Area

Area	PPR Cash Cost ($/t)	PPR Cash Cost ($/oz Au payable)	UPE Cash Cost ($/t)	UPE Cash Cost ($/oz Au payable)
Mining	54.98	208.48	47.85	188.4
Process	32.44	123.00	27.60	108.71
Surface	4.21	15.96	6.17	24.32
General & Administration	20.21	76.65	22.02	86.74
Total Operating Cost	**111.84**	**424.09**	**103.65**	**408.20**

Note: Numbers may not add due to rounding

All-In Sustaining Cost Estimate

AISC is now expected to be $583 per ounce of gold instead of $609 per ounce of gold, representing a $26, or 4% reduction. In addition to the lower mining costs, average concentrate treatment charges in the UPE are significantly lower than the charge of $275 per dry metric tonne estimated in the PPR, which was offset by slightly higher transportation, refining and penalty charges.

Table 3. Life of Mine AISC ($/oz Au payable)

Area	PPR Cash Cost	UPE Cash Cost
On site operating cost	424	408
Treatment and refining charges	84	78
Royalties and production taxes	76	74
By-product silver credit	(22)	(23)
Cash Cost	**561**	**537**
Sustaining capital and closure costs	49	46
AISC $ per oz Au	**609**	**583**

Note: Numbers may not add due to rounding

Project Economics

Project economics continued to improve using the same gold ($1,250 per ounce) and silver price assumptions ($20 per ounce) used for the PPR and the Technical Report. The capital payback period is now estimated at 3.5 years with a 17.5% IRR and an NPV 5% of $786 million.

Table 4: Project Economics

	PPR After Tax	UPE After Tax
Net Present Value at a 5% discount rate (NPV_5)	$717 million	$786 million
Internal Rate of Return (IRR)	16.3%	17.5%
Capital Payback (years)	4.0	3.5

Notes:
1. All figures are reported on a 100% equity project basis valuation. Capital payback is calculated based on start of commercial production.
2. Economic valuation is presented using a start date of July 1, 2017.

Additional Technical Information

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.

Notes to Table 1. Probable Mineral Reserves

(1) Except as set out below, the assumptions, parameters and risks associated with the results of the Technical Report for the Project, the Mineral Resource and Mineral Reserve estimates included therein, the PPR and the UPE, are as set out in the Technical Report.
(2) All Mineral Reserves in this table are Probable Mineral Reserves. No Proven Mineral Reserves were estimated.
(3) PPR estimates are as at December 31, 2017 and UPE estimates are as at September 19, 2018.
(4) Mineral Reserves were estimated using key inputs listed in the table below:

Key Inputs for Mineral Reserve Estimate	PPR	UPE	Unit
Gold Price	1,250	1,250	$/oz
TS	57	48	$/t
Overhand D&F	79	81	$/t
Underhand D&F	85	71	$/t
Process, Surface Ops, G&A	58	58	$/t
Dilution Factor	10	10	percent
Concentrate Transport & Treatment	9	9	$/t
Royalty	71	71	$/oz
Gold Metallurgical Recovery	91.7	91.7	percent

(5) Gold cut-off grades for the different mining methods are listed in the table below:

Gold Cut-off Grade	PPR	UPE	Unit
Transverse Stope	4.1	3.8	g/t
Overhand D&F	4.8	5.0	g/t
Underhand D&F	5.1	5.0	g/t

Note: An increased cut-off grade was used in the PPR Overhand D&F for the initial years of 6.5 g/t.

(6) The average silver metallurgical recovery is 81.6%. The silver price assumption was $20/oz. Silver was not considered in the calculation of the cut-off grade.

(7) Tonnages are rounded to the nearest 1,000 t, gold grades are rounded to two decimal places, and silver grades are rounded to one decimal place. Tonnage and grade measurements are in metric units; contained gold and silver are reported as thousands of troy ounces.

(8) Rounding as required by reporting guidelines may result in summation differences.

For information with respect to the key assumptions, parameters and risks associated with the results of the Technical Report for the Project, the Mineral Resource and Mineral Reserve estimates included therein and other technical information, please refer to the Technical Report filed on SEDAR at www.sedar.com.

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.

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 submitted for publication September 19, 2018 at 05:00 a.m. PT through the contact persons set out below.

For more information, please contact

Lundin Gold Inc.
Ron F. Hochstein
President and CEO
+593 2-299-6400
+604-806-3589

Lundin Gold Inc.
Sabina Srubiski
Manager, Investor Relations
+1-604-806-3089
info@lundingold.com
www.lundingold.com

Follow Lundin Gold on Twitter

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: timing of first gold production and commercial production, scheduling, gold and silver price and exchange rate assumptions, cash flow forecasts, projected capital and operating costs, metal or mineral recoveries, mine life and production rates, the Company's potential plans and operating performance, changes to the mine plan, the estimation of mineral reserves or the tonnage, potential production from and viability of the Company's Project, access to funding, the terms of the Company's smelting contracts, performance of the Company's contractors, construction and infrastructure development.

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 its debt facilities; 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. Fruta del Norte project site as at August 2018

Figure 2. Underground mine development in the Kuri decline

Figure 3. Grinding building steel erection is underway

Figure 4. Carbon-in-leach tank foundations

Figure 5. North Access road is expected to be complete by the end of September

Figure 6. Construction of the Tailings Storage Facility ongoing