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NEWS RELEASE

LUNDIN GOLD INC. ANNOUNCES \$82.5M BOUGHT DEAL FINANCING

NOT FOR DISTRIBUTION TO UNITED STATES NEWS WIRE SERVICES OR FOR DISSEMINATION TO UNITED STATES

June 27, 2016 (Vancouver, Canada)... Lundin Gold Inc. (“Lundin Gold” or the “Company”) (TSX: “LUG”, Nasdaq Stockholm: “LUG”) announces that it has entered into an agreement with a syndicate of underwriters led by GMP Securities L.P. (the “Underwriters”), which have agreed to purchase, on a bought deal basis, 15,000,000 common shares (the “Shares”) of the Company at a price of C\$5.50 per Share, for aggregate gross proceeds of C\$82,500,000. The Company has agreed to grant the Underwriters an over-allotment option, exercisable in whole or in part, on or following the closing of the offering (subject to certain conditions discussed below) and for a period of 30 days thereafter, to purchase up to an additional 2,250,000 Shares, representing 15% of the number of Shares sold under the Offering, to cover over-allotments, if any, and for market stabilization purposes. In the event that the over-allotment option is exercised in its entirety, the aggregate gross proceeds to the Company from the offering will be C\$94,875,000.

The Company intends to use the net proceeds of the offering to fund the advancement and development of the Fruta Del Norte Gold Project, to repay any amounts owed under the credit facility, and for general corporate purposes.

The Shares will be offered by way of a short form prospectus in all provinces and territories of Canada, except Québec pursuant to National Instrument 44-101 *Short Form Prospectus Distributions*. The Shares will also be offered and sold in the United States on a private placement basis pursuant to an exemption from the registration requirements of the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”) and other jurisdictions outside of Canada on an exempt basis.

The closing of the Offering may occur in 2 or more tranches with the first closing, being 10,000,000 Common Shares, to occur on July 19, 2016 (the “**Initial Closing Date**”), or such other date as may be agreed by the Underwriters and the Company, acting reasonably. The closing of the second tranche, being 5,000,000 Common Shares (the “**Second Closing**”) plus any Common Shares to be acquired on the exercise of the Over-Allotment Option (if any), is conditional upon the approval and registration with the Swedish Financial Supervising Authority of a prospectus (and the subsequent publication of the prospectus), regarding the listing of the Common Shares on the OMX (the “**Swedish Prospectus Condition**”). The Second Closing shall occur three (3) business days following the satisfaction of the Swedish Prospectus Condition or such other date as may be agreed by the Underwriters and the Company, acting reasonably. In the event that Swedish Prospectus Condition is not met by August 8, 2016, the Underwriters shall not have any obligation to complete the Second Closing. The closings are also subject to certain other conditions including, but not limited to, the receipt of all necessary regulatory approvals including the approval of the Toronto Stock Exchange, the Nasdaq Stockholm, and the applicable securities regulatory authorities.

This news release does not constitute an offer to sell or a solicitation of an offer to buy the securities described herein in the United States or in any other jurisdiction. The securities referred to in this press release have not been and will not be registered under the U.S. Securities Act and may not be offered or sold without registration under the U.S. Securities Act and all applicable state securities laws or compliance with the requirements of an exemption from such registration.

Additional Information:

This information in this release is subject to the disclosure requirements of Lundin Gold under the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. This information was publicly communicated on June 27, 2016 at 1:25 p.m. Pacific Time.

About the Company:

Lundin Gold Inc. owns the Fruta del Norte ("FDN") gold project located in southeast Ecuador. FDN is one of the largest and highest grade undeveloped gold projects in the world. The Company is advancing FDN to realize the significant potential of this asset.

The Company believes that the value created will not only greatly benefit shareholders, but also the Government and people of Ecuador who are the Company's most important stakeholders in this project. Lundin Gold views its commitment to corporate social responsibility as a strategic advantage that enables it both to access and effectively manage business opportunities in increasingly complex environments. Lundin Gold is committed to addressing the challenge of sustainability - delivering value to its shareholders, while simultaneously providing economic and social benefits to impacted communities and minimizing its environmental footprint.

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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 contains forward-looking information in a number of places, such as in statements pertaining to: use of proceeds from the Offering, closing of the Offering, the satisfaction of the Swedish Prospectus Condition, and the ability to obtain the necessary regulatory authority and approvals. 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 14, 2016 available at www.sedar.com.

Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, the timely receipt of regulatory approvals, permits and licenses, risks related to carrying on business in an emerging market such as possible government instability and civil turmoil and economic instability, the ability to arrange further financing, measures required to protect endangered species, deficient or vulnerable title to mining concessions and surface rights; the potential for litigation; volatility in the market price of the Company's shares; the risk to shareholders of dilution from future equity financings; the cost of compliance or failure to comply with applicable laws; difficulty complying with changing government regulations and policies, including without limitation, compliance with environment, health and safety regulations; illegal mining; uncertainty as to reclamation and decommissioning liabilities, unreliable infrastructure and local opposition to mining; the accuracy of the Mineral Reserve and Mineral Resource estimates for the Fruta del Norte Project and the Company's reliance on one project; volatility in the price of gold; shortages of resources, such as labour, and the dependence on key personnel; the Company's lack of operating history in Ecuador and negative cash flow; the inadequacy of insurance; potential conflicts of interest for the Company's directors who are engaged in similar businesses; limitations of disclosure and internal controls; and the potential influence of the Company's largest shareholders.