

NEWS RELEASE

LUNDIN GOLD ENTERS INTO LOAN FACILITY

June 8, 2016 (Vancouver, Canada)... Lundin Gold Inc. ("Lundin Gold" or the "Company") (TSX: "LUG", Nasdaq Stockholm: "LUG") is pleased to announce that it has secured an \$18 million credit facility (the "Facility") from Zebra Holdings and Investments S.à.r.l., Luxembourg (the "Lender"), a company owned by a trust whose settlor was the late Adolf H. Lundin. The Lender is an insider of Lundin Gold. All amounts are stated in U.S. dollars ("\$").

The Facility is evidenced by a debenture (the "Debenture") which is unsecured and is due on the earlier of the closing of a financing by the Company or August 31, 2016 (the "Maturity Date"). No interest is payable in cash during the term of the Debenture. Any amount of the Facility remaining unpaid and outstanding on or after the Maturity Date, however, shall bear interest at a rate of 5.00% per annum until repaid in full.

The proceeds from the Facility will be used for general corporate purposes and to allow the Company to initiate work which has been identified as essential in its Early Works program to keep the Fruta del Norte Project's advancement on schedule. In addition, an aggregate of \$2 million will be used to repay a non-interest bearing promissory note issued to the Lender on May 27, 2016 to assist Lundin Gold with immediate cash requirements.

The terms of the Facility include the Company issuing to the Lender, subject to approval of the Toronto Stock Exchange, an aggregate of 20,000 Common Shares as consideration for the Facility in lieu of fees. The Company will also issue an additional 1,700 Common Shares per month for each \$1 million of the Facility drawn down and outstanding until the Maturity Date. All securities issued in conjunction with the Facility will be subject to a four-month hold period under applicable securities law.

The Facility constitutes a "related party transaction", as defined under Multilateral Instrument 61-101 ("MI 61-101"). The transactions will be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of any shares issued to or the consideration paid for the Debenture will exceed 25% of the Company's market capitalization.

This news release does not constitute an offer to sell or a solicitation of an offer to buy the securities described herein in the U.S., or in any jurisdiction in which such an offer or sale would be unlawful. The securities described herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws and may not be offered or sold in the U.S. or to the account or benefit of a U.S. person or a person in the U.S. absent registration or an applicable exemption from the registration requirements.

The 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 8, 2016 at 2:00 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.

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 contains forward-looking information in a number of places, such as in statements pertaining to: the anticipated use of proceeds from the Facility and the initiation of Early Works, the ability of the Company to satisfy the conditions of the Debenture including repayment of the Facility upon its maturity and the issuance of shares thereunder, and the timing and success in obtaining requisite regulatory 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 ability to arrange financing, 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, 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.