

NEWS RELEASE**LUNDIN GOLD ANNOUNCES US\$400 - \$450 MILLION PROJECT FINANCING PACKAGE FOR FRUTA DEL NORTE**

May 30, 2017 (Vancouver, Canada)... **Lundin Gold Inc.** ("Lundin Gold" or the "Company") (TSX: "LUG", Nasdaq Stockholm: "LUG") is pleased to announce a project finance package of \$400 to \$450 million (the "Financing") with the Orion Mine Finance Group ("Orion") and Blackstone Tactical Opportunities ("Blackstone"). The Financing provides the foundation for the development of the Company's Fruta del Norte project and shows the growing support for mining investment in Ecuador. The Financing is comprised of a gold prepay credit facility for \$150 million, a stream loan credit facility of \$150 million and committed participation of \$100 to \$150 million to future equity financings required to fund the project. All dollar amounts are quoted in U.S. dollars ("\$").

"We are very pleased with the financial commitments that Orion and Blackstone have made towards the development of the Fruta del Norte project and Ecuador" said President and CEO Ron Hochstein. "It confirms the strength of this project and gives us the ability to move full speed ahead with construction."

Loan Facilities

- Gold Prepay Credit Agreement:
 - Senior Secured Loan facility of \$150 million entered into by the Company's operating subsidiary, Aurelian Ecuador S.A. ("Aurelian Ecuador"), which holds the Fruta del Norte project;
 - \$75 million will be advanced at or shortly after closing. The remaining \$75 million is available to be drawn at the option of Lundin Gold, up to the end of June 2018, subject to the perfection of all security and certain other conditions;
 - Repayable in 19 fixed quarterly principal and interest instalments equivalent to the value of 11,500 oz of delivered gold starting in December 2020; and
 - Lundin Gold has an option to defer the quarterly instalments for up to four (4) quarters by increasing the gold equivalent deliveries by 1,000 oz for each deferred quarter.
- Stream Credit Agreement:
 - Senior Secured Loan facility of \$150 million entered into by Aurelian Ecuador;

- \$75 million will be advanced shortly after closing. The remaining \$75 million is available to be drawn at the option of Lundin Gold up to the end of June 2018 subject to the perfection of all security and certain other conditions;
- Repayable in variable monthly principal and interest instalments equivalent to the delivery of 7.75% of gold production and 100% of the silver production starting in December 2020, up to a maximum of 350,000 oz of gold and six million oz of silver; and
- Option for Lundin Gold to repay (i) 50% of the remaining stream loan on June 30, 2024 for \$150 million and / or (ii) the other 50% of the remaining stream loan on June 30, 2026 for \$225 million.

Equity Commitment

Orion and Blackstone have committed to participate in future equity financings of Lundin Gold, in an aggregate amount of not less than \$100 million and not more than \$150 million, as and when initiated by the Company and subject to minimum financing thresholds.

Offtake Agreement

Orion and Blackstone have also been granted the right to purchase 50% of Fruta del Norte gold production, up to a maximum of 2.5 million oz., at a price determined based on monthly delivery dates and a defined quotational period.

Oskar Lewnowski, Chief Investment Officer of the Orion Mine Finance Group, commented, "As one of the largest investors dedicated to the mining industry, we are delighted to be a cornerstone participant of the project financing for the Fruta del Norte project. We look forward to working with the Lundin Gold management team on one of the most exciting development gold assets in the Americas."

"Blackstone is excited to partner with Lundin Gold to develop Fruta del Norte, a world class gold deposit" said Jasvinder Khaira, Senior Managing Director at Blackstone Tactical Opportunities. "The Lundin Group are talented operators with a strong track record and our partnership is consistent with providing flexible and innovative capital to the natural resource sector."

Endeavour Financial has provided debt financial advisory services and Norton Rose Fulbright Canada LLP has acted as legal counsel to the Company with the support of the law firm of Lexim Abogados in Ecuador.

The Company also announces the extension of the maturity date from May 31, 2017 to June 30, 2017, of the short-term credit facility with Zebra Holdings and Investments S.à.r.l. (the "Lender"), a company owned by a trust whose settlor was the late Adolf H. Lundin and an insider of Lundin Gold.

Conference Call and Webcast

A conference call and webcast will be held today, Tuesday, May 30, 2017 at 10:00 a.m. Toronto time or 16:00 CET to discuss the Financing Package. Please call in 10 minutes before the conference call starts and stay on the line (an operator will be available to assist you).

Dial-In Numbers:

Toll-Free North America: +1-866-238-1645
North America: +1-213-660-0928
Sweden: +46-(0) 8-5661-9361

Conference ID: Lundin Gold

To view the live webcast presentation, please log on using this direct link:

<https://edge.media-server.com/m6/p/4boazvz6>

The presentation slideshow will also be available in PDF format for download from the Lundin Gold website www.lundingold.com before the conference call.

A replay of the webcast will be available via the above link approximately two hours after the completion of the conference call until May 30, 2018.

Additional Information

The information in this release is subject to the disclosure requirements of the Company under the EU Market Abuse Regulation and the Swedish Securities Market Act. This information was publicly communicated on May 30, 2017 at 8:00 a.m. Eastern Time.

For more information, please contact

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Forward-Looking 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. This press release contains forward-looking information in a number of places, such as in statements pertaining to the Financing, future sources of liquidity. 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.

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; risks related to carrying on business in an emerging market such as possible government instability and civil turmoil and economic instability; 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 resources, such as input commodities, equipment and skilled labour, and the dependence on key personnel; risks associated with the Company’s community relationships; unreliable infrastructure and local opposition to mining; volatility in the market price of the Company’s shares; uncertainty with the tax regime in Ecuador; measures required to protect endangered species; difficulty complying with changing government regulations and policies, including without limitation, compliance with environment, health and safety regulations, and 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 and the Company’s reliance on one project; the Company’s lack of operating history; illegal mining; uncertainty as to reclamation and decommissioning; adverse global economic conditions; risks associated with the Company’s information systems; the ability to obtain adequate insurance; risks of bribery or corruption; the potential for litigation; limits of disclosure and internal controls; and the potential influence of the Company’s largest shareholders.

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 under the heading “Risk Factors” in the Company’s current annual information form available at www.sedar.com.