

NEWS RELEASE

LUNDIN GOLD ANNOUNCES SALE OF A PORTION OF KINROSS INTEREST

September 26, 2016 (Vancouver, Canada)... **Lundin Gold Inc.** ("Lundin Gold" or the "Company") (TSX: "LUG", Nasdaq Stockholm: "LUG") announces that one of its significant shareholders, Kinross Gold Corporation, has agreed to sell and GMP Securities L.P. has agreed to purchase for re-sale to existing and institutional shareholders on a private placement basis, 5,500,000 common shares of the Company.

Upon closing of the transaction, Kinross will hold 20,656,250 shares, representing 17.4% of the issued and outstanding common shares of the Company.

Closing of the transaction is subject to customary closing conditions including, but not limited to, the receipt of all necessary approvals, and is expected to occur on or about October 5th, 2016. The common shares sold pursuant to the transaction will be subject to a four-month hold period.

About the Company

Lundin Gold Inc. owns the Fruta del Norte 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 in order 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.

Additional Information

The information in this release is subject to the disclosure requirements of Lundin Gold under the EU Market Abuse Regulation and the Swedish Securities Market Act. This information was publicly communicated on September 26, 2016 at 4:45 a.m. Pacific Time.

For more information, please contact

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Forward-Looking Statements

This press release contains or refers to forward-looking information under Canadian securities legislation, including statements regarding the sale by Kinross Gold Corporation of the Company's common shares held by it, which information is based on current expectations that involve a number of risks and uncertainties. Forward-looking statements are subject to significant risks and uncertainties, and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements.

Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, delays in obtaining or failure to obtain required regulatory approvals, changes in equity markets and the other risks discussed in the Company's short form prospectus dated July 12, 2016. The forward-looking statements contained in this press release are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances other than as required by law.