

**NEWS RELEASE****LUNDIN GOLD DECLARES COMMERCIAL PRODUCTION AND REPORTS YEAR END 2019 RESULTS**

**February 20, 2020 (Vancouver, Canada) Lundin Gold Inc.** ("Lundin Gold" or the "Company") (TSX: LUG, Nasdaq Stockholm: LUG) is pleased to announce that it has achieved commercial production at its Fruta del Norte gold mine ("Fruta del Norte" or the "Project") in Ecuador ahead of schedule.

"Lundin Gold has successfully built the first large-scale underground gold mine in Ecuador and has reached commercial production ahead of schedule and on budget. We are now focused on ramping up to name plate production and optimization. In addition, as soon as we receive the necessary permits, we will start exploration drilling at our high priority, Barbasco target," said Ron Hochstein, President and CEO of Lundin Gold.

In declaring commercial production, management considered a number of factors, including completion of substantially all construction development activities in accordance with design and a production ramp up period which achieved an average throughput of 70% of mill capacity for a period of 90 consecutive days. Management plans to provide guidance for Fruta del Norte when it reports its first quarter 2020 results.

The Company also reports its results for the year ended December 31, 2019. All amounts are in U.S. dollars unless otherwise indicated.

***Highlights of Year End 2019 Results****Fruta del Norte*

- Produced a total of 28,678 ounces ("oz") of gold by the end of 2019.
- Exported initial production of both gold concentrate and doré to a smelter and a refinery, respectively, in December 2019 resulting in \$20.9 million of concentrate sales.
- Continued underground development ahead of projections, with raise boring of the south ventilation raise and permanent ventilation fan installation remaining. The contract mining scope was completed in the third quarter and the mine is now under full owner operations.
- Continued mine production on plan with approximately 153,000 tonnes of ore stockpiled at year end.
- Completed the construction of and energized the powerline that connects the Project to the national electricity grid.
- Overall construction progress was 99.2% at year end.
- Received key permits from La Secretaría Nacional del Agua (SENAGUA), which were required in order to move Fruta del Norte into production.
- Received an award from the United Nations Global Compact Canada ("UNGCC") for the Company's commitment to education and training programs and the Company's efforts to create a network of local suppliers.

## *Operations*

Development of Fruta del Norte has stayed on budget and, subsequent to year-end, Fruta del Norte achieved commercial production.

During the second half of 2019, the Company moved into the commissioning phase of the process plant and in Q4 commenced ramp up of operations, with the focus being on increasing throughput and recoveries to design levels. A total of 28,678 oz of gold was produced by the end of 2019 and of the total gold production, 3,411 oz were produced in the form of doré and 25,267 oz produced as concentrate. In 2019, 3,400 tonnes of concentrate were produced, of which 2,676 tonnes were shipped and sold to a smelter in Finland by year end generating sales of \$20.9 million.

## *Mine Development*

As at December 31, 2019, a total of 13 kilometres (“km”) of underground mine development had been completed versus a target of 11.9 km. The mine contractor was demobilized earlier in the year, and the mine is now under full owner operations. Raise boring of the south ventilation raise and permanent ventilation fan installation is ongoing and expected to be completed in the second quarter of 2020.

Mine production continues to ramp up and is on plan. As at December 31, 2019, 153,000 tonnes of ore were stockpiled on surface.

## *Construction*

Overall construction progress was 99.2% complete at year end. The remaining areas of focus are completion and commissioning of the paste plant and construction of the Zamora River bridge. The paste plant is expected to be in operation in the first half of 2020 and the bridge is anticipated be completed by the third quarter of 2020.

## *Community*

Lundin Gold’s Responsible Mining program focused on transition of local employees as construction was completed resulting in workforce reductions. As of end of the year, 45% of Company employees were from the Zamora Chinchipe province, where the Project is located.

The Company’s local procurement programs resulted in the purchase of approximately \$2.4 million per month in goods and services from the local communities during the year.

The Company, together with the Lundin Foundation, was recognized by the UNGCC for its contributions to achieving the UN Sustainable Development Goals. This award highlighted the significant positive impacts of the education, training, and local procurement programs associated with Fruta del Norte. These impacts included the graduation of 210 people from local communities from the High School Equivalency Program and the graduation of more than 300 people from the Province of Zamora Chinchipe from the Mining Operations Training Program, most of whom are currently employed by Lundin Gold. Additionally, through its local procurement training and capacity building efforts, the Company has worked with more than 300 local suppliers and has injected more than \$68 million into the local economy through local purchasing. This is the Company's second award from the UN Global Compact.

## Financial Results

<i>(in thousands, except per share amounts)</i>	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
<b>Results of Operations:</b>				
Derivative loss	\$ (35,120)	\$ (28,508)	\$ (93,120)	\$ (15,731)
Net loss for the period	(40,765)	(23,491)	(118,945)	(22,068)
Basic and diluted loss per share	(0.18)	(0.11)	(0.54)	(0.12)
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<i>(in thousands)</i>			As at December 31, 2019	As at December 31, 2018
<b>Financial Position:</b>				
Cash			75,684	167,513
Working capital			32,800	153,186
Property, plant and equipment			924,982	480,921
Mineral properties			240,665	240,665
Total assets			1,408,961	1,012,461
Long-term debt			821,008	364,252

As at December 31, 2019, sales of \$20.9 million have been recognized as a reduction of capitalized construction costs under property, plant and equipment.

### *Derivative gains or losses*

During the year, the Company drew \$350 million from the senior secured project finance debt facility (the "Facility"). It also did not repay or increase its gold prepay and stream credit facilities during the year ended December 31, 2019. The variation in the amount of these debt obligations is due to a change in their estimated fair values as they are accounted for as financial liabilities measured at fair value. This variation is recorded as a derivative gain or loss in the applicable period. The fair values calculated under the Company's accounting policies are based on numerous estimates as of the balance sheet date and are, therefore, subject to further future variations until the debt obligations will actually be repaid by the Company.

Two key drivers of current fair values are gold and silver prices because future repayments under the gold prepay and stream credit facilities are based on forward gold and silver price estimates at time of repayment. During periods of increasing gold and silver prices as in the year ended December 31, 2019, their forecast forward prices will also generally increase. This results in a higher estimated fair value of the debt obligations at the current balance sheet date and the recognition of derivative losses, although it does not necessarily reflect the amounts that will actually be repaid when the obligations become due in the future. It should also be noted that the potentially more significant impact of the same change in forward gold and silver prices on the value of future production and revenues forecast to be generated during the same periods when the debt obligations will be repaid cannot be recognized because of the inherent uncertainty and risks associated with actually realizing such production and sales.

Other than the effect of derivative losses, the remainder of the Company's net loss is made up of exploration and general and administrative expenses which includes professional fees incurred for the maintenance of the Facility and the cost of training programs for operations which were completed in the third quarter of 2019.

### **Liquidity and Capital Resources**

As at December 31, 2019, the Company had cash of \$75.7 million and a working capital of \$32.8 million compared to cash of \$167.5 million and a working capital balance of \$153.2 million at December 31, 2018. The change in cash was due to costs incurred, net of sales generated, for the development of Fruta del Norte of \$408.6 million, general and administration costs of \$19.4 million and exploration expenditures of \$3.7 million. This is offset by drawdowns from the Facility totalling \$350.0 million, which is being used to fund the construction of Fruta del Norte, and net proceeds of \$33.9 million from an equity financing in March 2019. In addition, the Company received proceeds of \$3.3 million from the exercise of stock options and \$2.3 million for the issuance of shares and warrants to Newcrest under the anti-dilution rights related to its shareholding in the Company.

As at December 31, 2019, the Facility was fully drawn. In 2019, the Company entered into a \$75 million cost overrun facility (the "COF") with Nemesia S.à.r.l., a company owned by a trust whose settlor was the late Adolf H. Lundin, which is available to be drawn to fund a potential cost overrun related to the development of Fruta del Norte. The Company expects the current cash balance and proceeds from sales to be sufficient to complete the development of Fruta del Norte and does not expect to utilize the COF.

### **Outlook**

The Company will be focused on ramping-up of operations to achieve name plate capacity by the end of the year. Also, the Company plans to complete the remaining construction activities and demobilize and close out the construction phase of the Project.

- Complete paste plant and permanent explosives magazine construction.
- Complete the Zamora River Bridge construction.
- Complete the permanent mine ventilation system.
- Closeout and demobilization of the construction team and activities.

Mapping and sampling of various drill targets is ongoing, with a significant scout drilling program planned once permits are received.

## **Qualified Person**

The technical information relating to Fruta del Norte 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. The disclosure of exploration information contained in this Press Release was prepared by Stephen Leary, MAusIMM CP(Geo), a consultant to the Company, who is a Qualified Person in accordance with the requirements of NI 43-101.

## **About Lundin Gold**

Lundin Gold, headquartered in Vancouver, Canada, owns the Fruta del Norte gold project in southeast Ecuador. Fruta del Norte is among the largest and highest-grade gold projects in the world, which is now in production.

The Company's board and management team have extensive expertise in mine operations and are dedicated to advancing Fruta del Norte responsibly. 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 citizens of Ecuador.

## **Additional Information**

The Company's consolidated financial statements for the year ended December 31, 2019 and related management's discussion and analysis are available on the Company's website at [www.lundin角度.com](http://www.lundin角度.com) or under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The information in this release is subject to the disclosure requirements of Lundin Gold under the Swedish Financial Instruments Trading Act. This information was publicly communicated on February 20, 2020 at 3:30 p.m. Pacific Time through the contact persons set out below.

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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 release contains forward-looking information in a number of places, such as in statements pertaining to the achievement of commercial production and the timing of name-plate production, the timing of permits and commencement of exploration, completion of construction and infrastructure development, completion of commissioning and close out of the construction phase of the project and utilization of the COF.

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 Management Discussion and Analysis dated February 20, 2020, which is available at [www.lundingold.com](http://www.lundingold.com) or on SEDAR.

Lundin Gold's actual results could differ materially from those anticipated. Factors that could cause actual results to differ materially from any forward-looking statement or that could have a material impact on the Company or the trading price of its shares, include: community relations, operating risks, production estimates, new mining operations, environmental compliance, instability in Ecuador, gold price, ability to maintain obligations or comply with debt, infrastructure, title matters and surface rights and access, financing requirements, shortages of critical supplies, health and safety, government and regulatory approval, Mineral Reserve and Resource estimates, key talent recruitment and retention, market price of the Company's shares, control of Lundin Gold, tax regime in Ecuador, measures to protect endangered species, non-compliance and compliance costs, exploration and development risks, dependence on a single project, illegal mining, information systems and cyber security, insurance and uninsured risks, reclamation obligations, violation of antibribery and corruption laws, climate change, claims and legal proceedings, internal controls, security, availability of workforce and labour relations, conflicts of interest, dividends and social media and reputation.