

LUNDIN GOLD REPORTS FIRST QUARTER OF 2021 RESULTS Record quarterly production underpins strong financial performance

Lundin Gold Inc. (TSX: LUG; Nasdaq Stockholm: LUG) ("Lundin Gold" or the "Company") today reports results for the first quarter of 2021, a quarter marking the first anniversary of the achievement of commercial production at Fruta del Norte. Highlights for the quarter include production of 104,137 ounces ("oz") of gold and sales of 81,805 oz during the quarter, at an average all-in sustaining cost ("AISC")¹ of \$830 per oz sold. From this, net revenues, adjusted earnings¹, and cash flow from operations of \$140.0 million, \$37.4 million, and \$75.1 million, respectively, were realized. All amounts are in U.S. dollars unless otherwise indicated.

Ron Hochstein, President and CEO commented, "2021 is off to a great start for Lundin Gold, with record quarterly production. Much of our very strong March production was sold during April. Had these sales occurred in the quarter, quarterly financial results such as net income, operating cash flow and AISC would have been even stronger. Since the restart of operations in the third quarter of 2020, operating results have met or exceeded expectations, and these excellent results have continued into this year. Operational excellence is only one of our four pillars of value creation though, and as such, we continue to advance, on time and on budget, our throughput expansion program, the Fruta del Norte resource expansion program, and the recently commenced regional exploration program, with a drill now turning at the Barbasco target. I am excited for further developments and updates in 2021 and believe that the Company has positioned itself well to continue generating strong shareholder value in the future."

The Company is on track to meet its 2021 guidance of 380,000 to 420,000 oz of gold produced. AISC for the year is projected between \$770 and \$830 per oz of gold sold, calculated on a basis consistent with prior periods.

First Quarter of 2021 Operating and Financial Highlights

The following two tables provide an overview of key operating and financial results during the first quarter of 2021.

	Three months ended March 31, 2021	Three months ended March 31, 2020 ²
Tonnes mined (tonnes)	365,471	198,000
Tonnes milled (tonnes)	324,591	244,000
Average head grade (g/t)	11.4	7.9
Average recovery (%)	87.8%	82.8%
Average mill throughput (tpd)	3,607	3,056
Gold ounces produced	104,137	51,320
Gold ounces sold	81,805	59,317

¹ Refer to "Non-IFRS Measures" section.

² The figures presented are for the three months ended March 31, 2020 which include the two-month ramp up period before achievement of commercial production.

	Three months ended March 31, 2021	Three months ended March 31, 2020
Net revenues (\$'000)	139,991	36,856 ¹
Income from mining operations (\$'000)	64,031	10,336 ¹
Net income (loss) (\$'000)	85,980	(9,331)
Operating cash flow (\$'000)	75,083	13,836
Average realized gold price (\$/oz sold) ²	1,765	1,564 ¹
Cash operating cost (\$/oz sold) ²	672	839 ¹
All-in sustaining costs (\$/oz sold) ²	830	908
Operating cash flow per share (\$) ²	0.33	0.06
Adjusted net earnings (\$'000) ²	37,409	(3,399)
Adjusted net earnings per share (\$) ²	0.16	(0.02)

The difference between net income and adjusted earnings during the first quarter of 2021 is due to non-cash derivative gains of \$51.5 million associated with fair value accounting for the gold prepay and stream facilities. These non-cash items are driven by numerous factors including anticipated forward gold prices and yields. Non-cash derivative gains (or losses) associated with anticipated decreasing (or increasing) forward gold prices are recorded in the statement of operations, while non-cash derivative gains (or losses) associated with increasing (or decreasing) yields are recorded in the statement of other comprehensive income. These non-cash gains or losses are derived from complex valuation modelling and accounting treatment which are explained in more detail in the first quarter of 2021 MD&A. Revaluation of these obligations may result in considerable period-to-period volatility in the Company's net income, comprehensive income, current and long term liabilities and do not necessarily reflect the amounts that will actually be repaid when the obligations become due.

<i>(in thousands of U.S. dollars)</i>	As at March 31, 2021	As at December 31, 2020
Financial Position:		
Cash	94,358	79,592
Working capital	57,571	56,603
Total assets	1,502,715	1,505,360
Long-term debt	776,881	857,094

First Quarter of 2021 Production Overview

- Mine operating performance was in line with expectations with 365,471 tonnes mined, which is consistent with the fourth quarter of 2020.
- Underground mine development also continued as planned with a total of 2,450 metres of development completed with development rates averaging 27.2 metres per day in the first quarter.
- The mill processed 324,591 tonnes of ore at an average throughput of 3,607 tonnes per day ("tpd").
- The average grade of ore milled was 11.4 grams per tonne with average recovery at 87.8%.
- Gold production was 104,137 oz, comprised of 70,642 oz of concentrate and 33,675 oz of doré.

¹ Amount relates to the period after achievement of commercial production.

² Refer to "Non-IFRS Measures" section.

First Quarter of 2021 Financial Overview

- The Company sold a total of 81,805 oz of gold, consisting of 49,198 oz of concentrate and 32,607 oz of doré at an average realized gold price¹ of \$1,765 per oz for total gross revenues from gold sales of \$144.4 million. Net of treatment and refining charges, revenues were \$140.0 million. The difference between oz. produced and oz. sold was principally due to mining and processing very high grade ore during the latter part of the first quarter resulting in double the amount of gold inventory at March 31, 2021 compared to December 31, 2020. These ounces produced late in the first quarter were sold subsequent to quarter end.
- Cash operating costs¹ and AISC¹ for the quarter were \$672 and \$830 per oz of gold sold, respectively. Cash operating costs were higher than the previous quarter due to scheduled maintenance at the mill during the quarter. In addition, AISC was affected by higher sustaining capital expenditures which were deferred in 2020 due to the COVID-19 pandemic such as the first raise of the Fruta del Norte tailings dam as well as the disparity between gold produced and gold sold due to timing as explained above.
- Income from mining operations was \$64.0 million and the Company generated cash flow of \$75.1 million from operations, or \$0.33 per share¹.
- Net income was \$86.0 million, inclusive of derivative gains and after deducting corporate, exploration, finance costs, and associated taxes on earnings. Adjusted earnings¹ for the quarter, which exclude derivative gains, were \$37.4 million, or \$0.16 per share.

Liquidity and Capital Resources

As at March 31, 2021, Lundin Gold had cash of \$94.4 million and a working capital balance of \$57.6 million compared to cash of \$79.6 million and a working capital balance of \$56.6 million at December 31, 2020. The change in cash during the first quarter of 2021 was primarily due to cash generated from operating activities of \$75.1 million and proceeds from stock option exercises of \$5.2 million. This is offset by principal and interest repayments under the loan facilities totalling \$52.2 million and cash outflows of \$12.9 million for capital expenditures including costs for remaining initial construction activities, the expansion project, and sustaining capital. Scheduled variable quarterly principal repayments of the senior debt facilities will total \$35.0 million for the remainder of 2021.

The Company expects to generate strong operating cash flow during 2021 based on its production and AISC guidance. This strong operating cash flow will support debt repayments, regional exploration and underground expansion drilling at Fruta del Norte, and planned capital expenditures, including the expansion project to increase the mill throughput from 3,500 to 4,200 tonnes per day.

Capital Expenditures

- **South Ventilation Raise:** Work on the South Ventilation Raise is continuing with additional grout filling and drainage holes being drilled. Raise boring is expected to commence with completion of the South Ventilation Raise expected during the third quarter of 2021. The timing of this work does not impact planned production for 2021.
- **Zamora River bridge:** Construction of the Company's Zamora River bridge is progressing according to plan with installation of the main suspension cables completed as well as the launching platform, from which the bridge platform modules are placed. Completion is expected before the end of the second quarter of 2021.

¹ Refer to "Non-IFRS Measures" section.

- **Expansion Project:** The 4,200 tpd expansion project is continuing on schedule and on budget with detailed engineering and procurement of equipment and materials completed during the quarter. The civil contractor was mobilized during the quarter and earthworks and civil works have commenced on site.
- **Sustaining Capital:** Sustaining capital during the first quarter of 2021 mainly focused on the first raise of the Fruta del Norte tailings dam.

Health and Safety

The health and safety of personnel at site is of paramount importance, and stringent procedures remain in place to minimize the impact of COVID-19 and related variants on the workforce. These procedures include off-site quarantine followed by a Polymerase Chain Reaction (PCR) test for all employees and contractors before accessing Fruta del Norte, a second PCR test four days after entering site, mandatory use of masks, health monitoring, physical distancing, and enhanced disinfection and restricted access to common areas.

One lost time incident and two medical aid incidents were recorded during the first quarter of 2021. The Total Recordable Incident Rate during this same time period was 0.53 per 200,000 hours worked.

Community

During the first quarter of 2021, a connectivity project was launched in order to improve Internet infrastructure in communities surrounding Fruta del Norte and to provide teachers and children enrolled in local schools with the necessary equipment and training to facilitate online learning in light of local schools continuing to be closed due to the COVID-19 pandemic. The Company also continues to support local government and Ministry of Health initiatives relating to the COVID-19 pandemic including donations of medical supplies to local hospitals, disinfection equipment to local authorities, and transportation services helping doctors to reach rural areas. Moreover, Lundin Gold also provides essential equipment to frontline workers in the communities surrounding the mine.

The Company, in partnership with two other mining companies, has committed to purchase and install an intensive care unit (“ICU”) at the Yantzaza hospital in order to improve intensive care capabilities in the Province of Zamora Chinchipe. All required equipment was purchased in the first quarter of 2021 and the ICU was inaugurated in April 2021.

Progress is also being made with regards to construction of the public bridge over the Zamora River. This is being undertaken under the authority of the provincial government to replace the bridge that collapsed during the fourth quarter of 2020. Lundin Gold has provided the funding for this work to date, estimated at \$3.0 million. The Company has also been supporting the affected communities by assisting with transportation of people and supplies.

Exploration

The Company’s 9,000 metre drilling campaign began at the end of March 2021, with strict COVID-19 protocols in place. The regional exploration program is focused on two high priority targets, Barbasco and Puente-Princesa, to test for mineralization in a geological setting very similar to that of Fruta del Norte. The first hole on the Barbasco target is in progress and a second rig has now begun drilling. Initial results are expected in the third quarter of this year.

Outlook

Guidance for 2021 remains unchanged with production of 380,000 to 420,000 oz of gold expected at Fruta del Norte based on an average head grade of 10.4 g/t and average gold recovery of 90%. AISC guidance for 2021 is also unchanged at between \$770 and \$830 per oz of gold sold, calculated on a basis consistent with prior periods.

Under its sustaining capital activities for 2021, the Company remains on schedule with its planned 10,000 metre drill program targeting conversion and expansion of the Fruta del Norte mineral resource, and completion of the second raise of the Fruta del Norte tailings dam.

The following capital project activities, which are still part of the construction scope of Fruta del Norte, are also nearing completion:

- the construction of the Company's bridge over the Zamora River, to be complete by the end of the second quarter of 2021; and.
- the South Ventilation Raise, which is anticipated to be completed during the third quarter of 2021.

Engineering, procurement and construction are underway on the expansion program to increase the mill throughput from 3,500 to 4,200 tpd, which is expected to be completed before the end of 2021. The throughput expansion modifications are also expected to improve mill recoveries through the addition of retention time in the flotation process of the plant.

Furthermore, drilling has commenced on the Barbasco target as part of Company's 9,000 metre regional exploration drilling campaign. The program is focused on the high priority Barbasco and Puente-Princesa targets. Initial results are expected in the third quarter of 2021.

Qualified Persons

The technical information relating to Fruta del Norte contained in this News Release has been reviewed and approved by Ron Hochstein P. Eng, Lundin Gold's President and CEO who is a Qualified Person under National Instrument 43-101.

Webcast and Conference Call

The Company will host a conference call and webcast to discuss its results on Thursday, May 13 at 8:00 a.m. PT, 11:00 a.m. ET, 5:00 p.m. CET.

Conference Call Dial-In Numbers:

Participant Dial-In North America:	+1 416-764-8659
Toll-Free Participant Dial-In North America:	+1 888-664-6392
Participant Dial-In Sweden:	0200899189
Conference ID:	Lundin Gold / 74362954

A link to the webcast is available on the Company's website, www.lundin角度.com. A replay of the conference call will be available two hours after the completion of the call until June 27, 2021.

Toll Free North America Replay Number:	+1 888-390-0541
International Replay Number:	+1 -416-764-8677
Replay passcode:	362954 #

About Lundin Gold

Lundin Gold, headquartered in Vancouver, Canada, owns the Fruta del Norte gold mine in southeast Ecuador. Fruta del Norte is among the highest-grade operating gold mines in the world.

The Company's board and management team have extensive expertise in mine operations and are dedicated to operating 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.

Non-IFRS Measures

This news release refers to certain financial measures, such as average realized gold price per oz sold, cash operating cost per oz sold, all-in sustaining cost, operating cash flow per share, and adjusted net earnings, which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. These measures may differ from those made by other companies and accordingly may not be comparable to such measures as reported by other companies. These measures have been derived from the Company's financial statements because the Company believes that, with the achievement of commercial production, they are of assistance in the understanding of the results of operations and its financial position. Please refer to the Company's MD&A for the first quarter of 2021 for an explanation of non-IFRS measures used.

Additional Information

The information in this release is subject to the disclosure requirements of Lundin Gold under the EU Market Abuse Regulation. This information was publicly communicated on May 12, 2021 at 2:00 p.m. Pacific Time through the contact persons set out below.

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 release contains forward-looking information in a number of places, such as in statements relating to estimates of gold production, grades and recoveries, expected sales receipts, cash flow forecasts and financing obligations, its capital costs and the expected timing of completion of capital projects including the south ventilation raise, the Company's bridge over the Zamora River and the throughput expansion project, the timing and the success of its drill program at Fruta del Norte and its other exploration activities, the completion of construction and the Company's efforts to protect its workforce from COVID-19. 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 2, 2021, which is available at 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: risks relating to the impacts of a pandemic virus outbreak, political and economic instability in Ecuador, production estimates, mining operations, the Company's community relationships, ability to maintain obligations or comply with debt, financing requirements, volatility in the price of gold, shortages of critical supplies, compliance with environmental laws and liability for environmental contamination, lack of availability of infrastructure, the Company's reliance on one mine, deficient or vulnerable title to concessions, easements and surface rights, uncertainty with the tax regime in Ecuador, the Company's workforce and its labour relations, inherent safety hazards and risks to the health and safety of the Company's employees and contractors, the Company's ability to obtain, maintain or renew regulatory approvals, permits and licenses, the imprecision of mineral reserve and resource estimates, key talent recruitment and retention of key personnel, volatility in the market price of the shares, the potential influence of the Company's largest shareholders, measures to protect endangered species and critical habitats, the reliance of the Company on its information systems and the risk of cyber-attacks on those systems, the cost of non-compliance and compliance costs, exploration and development risks, risks related to illegal mining, the adequacy of the Company's insurance, uncertainty as to reclamation and decommissioning, the ability of Lundin Gold to ensure compliance with anti-bribery and anti-corruption laws, the uncertainty regarding risks posed by climate change, the potential for litigation, limits of disclosure and internal controls, security risks to the Company, its assets and its personnel, conflicts of interest, risks that the Company will not declare dividends and social media and reputation.