

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

Lundin Gold Inc. (“Lundin Gold” or the “Company”)
Suite 2000 – 885 West Georgia Street
Vancouver, BC V6C 3E8
Telephone Number: (604) 689-7842

Item 2: Date of Material Change

June 6, 2016

Item 3: News Release

A news release announcing the material change was issued on June 6, 2016 through Marketwired and a copy was subsequently filed on SEDAR.

Item 4: Summary of Material Change

On June 6, 2016, the Company announced the results of an independent Feasibility Study for its 100% owned Fruta del Norte Project in Ecuador.

Item 5: Full Description of Material Change

On June 6, 2016, the Company announced the results of an independent Feasibility Study (“FS”) for its 100% owned Fruta del Norte Project (“FDN” or the “Project”) in Ecuador. The FS has been prepared by Amec Foster Wheeler, with the support of four other globally recognized, leading engineering firms, and is being summarized into a Technical Report (the “FDN Technical Report”) to be filed on SEDAR in accordance with National Instrument 43-101 (“NI 43-101”). The FS confirms that the Project will support an economically viable and robust, high grade underground gold mine. All dollar amounts are quoted in U.S. dollars (“\$”) and all cash cost information is net of silver by-product credits.

Feasibility Study Highlights

- Mineral Reserves totaling 4.82 million ounces of gold and 6.34 million ounces of silver (15.5 million tonnes at 9.67 g/t Au and 12.7 g/t Ag);
- Average annual gold production of 340,000 ounces at an average life of mine (“LOM”) total cash cost of \$553/oz and a LOM all-in sustaining cash cost (“AISC”) of \$623/oz, placing FDN in the lowest cash cost quartile globally;
- LOM production of approximately 4.4 million ounces of gold and 5.2 million ounces of silver over an initial 13-year mine life using an average gold recovery of 91.7% and average silver recovery of 81.5%;
- Estimated Project capital cost, including contingency, of \$669 million, net of taxes;
- Targeted start of construction in mid-2017;

- Expected first gold production in first quarter 2020 with first year of full production in 2021;
- Project economics at a gold price of \$1,250/ounce and a silver price of \$20/ounce resulted in the following:

	Pre-tax	After Tax
Net Present Value at a 5% discount rate ("NPV ₅ ")	\$1,283 million	\$676 million
Internal Rate of Return ("IRR")	23.8%	15.7%
Capital Payback (yrs)	3.7	4.5

Notes:

1. All figures are reported on a 100% equity project basis valuation. Capital payback is calculated based on start of production.
 2. Economic valuation is presented using a start date of July 1, 2017.
- The cash flow to be generated over the initial three years, annual average over the first 10 years and LOM are shown in the following table.

\$M	2020	2021	2022	Average Yrs 1 – 10	LOM
Doré Revenue	62	121	151	133	1,669
Concentrate Revenue	117	247	314	280	3,631
Total Revenue	179	368	465	414	5,301
Operating Costs	107	151	149	147	1,961
Operating Profit	72	216	316	267	3,339
Taxes & Royalties	16	(6)	16	59	914
Capex	139	16	11	28	975
Changes in Working Capital	46	8	11	6	-
Cash Flow (After Tax)	(129)	198	279	174	1,449

Note: Numbers may not add due to rounding.

Gold Price Sensitivity

The Project sensitivity analysis indicated that a \$100/oz variation from the base case gold price had the following impact on the Project after tax economics, with silver held at \$20/oz.

	\$1,150 oz Au	Base Case \$1,250 oz Au	\$1,350 oz Au
NPV ₅ (\$M)	506	676	844
IRR (%)	13.4	15.7	17.8
Payback (yrs)	5.0	4.5	4.2

Further Optimization, Cost Reductions and Project Potential

The Company believes there are potential opportunities to further improve the economics of the FDN Project through:

- Review of the mine plan to potentially improve the production ramp-up and optimization of the mining methods to increase the use of transverse-long-hole stoping ("TS") over the higher cost, lower productivity drift and fill ("D&F") methods;

- Further metallurgical testwork to increase the ratio of doré versus gold in concentrate produced through gravity concentration of flotation concentrate to recover additional free gold;
- Evaluation of aggregate supply for the Project construction and supply of aggregate for backfill. Currently the Project is relying on a quarry operation to be developed on site. Further analysis of alternative sources needs to be completed which could result in lower capital and operating costs;
- Evaluation of owner self-perform construction, which could result in capital cost savings versus the traditional Engineering, Procurement and Construction Management approach that was used for the FS. The Company will also study other potential ways to reduce the capital cost; and
- Potential extension of LOM, perhaps materially, in two ways: (i) through the inclusion of significant additional Mineral Resources not included in the initial mine plan; and (ii) through the identification of mineralization as a result of on-going and future exploration on the Company's concessions which could support the conversion of Mineral Resources to Mineral Reserves.

Benefits to Ecuador

The FS confirms that FDN will provide significant benefit to Ecuador at the local, provincial and national levels. Some of the direct benefits include:

- During construction direct employment, including employees of the Company and contractors is estimated to peak at approximately 2,000;
- During operations the estimated employment is approximately 900, including employees of the Company and contractors. This does not take into account the numerous indirect jobs created with suppliers, services, etc. for the mine operations;
- Improvement of local and regional infrastructure;
- Continuation of existing community investment programs, small business development and support of cultural development; and
- Based on a gold price of \$1,250 per ounce, the Project is anticipated to generate payments to the Government in the form of royalties, taxes and profit sharing of approximately \$928 million over the LOM.

Feasibility Study Details

Mineral Resources

Mineral Resources for the FDN deposit were estimated using drill hole data available to December 31, 2015 as shown in Tables 1 and 2 at a cutoff grade of 3.5 g/t Au. The Mineral Resources are contained within three main geological domains; Xh_Vn, Xh_Ip, and M_South. The Xh_Vn domain represents 85% of the tonnage classified within the Indicated Mineral Resource category. It also has the highest average gold grade compared to the other two domains. More than half the tonnage in Xp_Ip is classified into the Indicated Mineral Resource category. All of M_South domain is classified as Inferred Mineral Resources.

Table 1 – Mineral Resources, inclusive of Mineral Reserves as at December 31, 2015

Category	Tonnage (M t)	Grade (g/t Au)	Contained Metal (M oz Au)	Grade (g/t Ag)	Contained Metal (M oz Ag)
Indicated	23.8	9.61	7.35	12.9	9.89
Inferred	11.6	5.69	2.13	10.8	4.05

Table 2 – Mineral Resources by Domain as at December 31, 2015

Category	Tonnage (Mt)	Grade (g/t Au)	Contained Metal (M oz Au)	Grade (g/t Ag)	Contained Metal (M oz Ag)
Indicated					
Xh_Vn	20.2	9.94	6.44	13.0	8.46
Xp_Ip	3.6	7.70	0.91	12.3	1.43
Total Indicated	23.8	9.61	7.35	12.9	9.89
Inferred					
Xh_Vn	3.0	5.67	0.55	6.0	0.58
Xp_Ip	2.3	6.48	0.49	10.5	0.79
M South	6.3	5.41	1.09	13.3	2.68
Total Inferred	11.6	5.69	2.13	10.8	4.05

Notes:

1. The Qualified Person for the estimate is David Ross, P.Geo., an employee of Roscoe Postle and Associates (“RPA”). The estimate has an effective date of December 31, 2015.
2. Mineral Resources are reported inclusive of those Mineral Resources that were converted to Mineral Reserves; Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
3. Mineral Resources are reported at a cut-off grade of 3.5 g/t Au; which was calculated using a long-term gold price of \$1,500/oz.
4. Mineral Resources are constrained within underground mineable shapes that assume a minimum thickness of 2 m; metallurgical recovery of 94%; total operating costs of \$145/t milled (mining cost of \$60/t milled; process costs of \$35/t milled; G&A costs of \$15/t milled; surface infrastructure costs of \$28/t milled; concentrate transport and treatment costs of \$7/t milled); royalties of \$71/oz and selling costs of \$65/oz.
5. Numbers may not add due to rounding.

Mineral Reserves and Mining

The estimated Mineral Reserves, presented by mining method, are shown in the following table.

Table 3 – Probable Mineral Reserves as at April 30, 2016

Material Source	Tonnes (kt)	Au Grade (g/t)	Contained Metal (koz Au)	Ag Grade (g/t)	Contained Metal (koz Ag)
Transverse Long Hole Stope	8,404	8.97	2,423	10.4	2,813
Drift & Fill	5,533	11.15	1,984	16.9	3,003
Development >4.7 g/t Au	1,158	9.70	361	11.6	434
Development >2.7 g/t Au	394	3.72	47	7.4	94
Total	15,490	9.67	4,816	12.7	6,344

Notes:

1. The Qualified Person for the Mineral Reserve estimate is Alejandro Sepulveda, RM CMC an NCL employee.

2. Mineral Reserves have an effective date of April 30, 2016. All Mineral Reserves in this table are Probable Mineral Reserves. No Proven Mineral Reserves were estimated.
3. Mineral Reserves were estimated using a \$1,250/oz gold price. Mining cost assumptions for transverse stoping (“TS”) \$61.0/t; mining costs for drift-and-fill (“D&F”) stoping \$80/t. Other costs and factors common to both mining methods were process and other costs \$75.8/t, dilution factor 10%, concentrate transport and treatment charges of \$6.7/t. A royalty of \$71.1/oz/t Au and a gold metallurgical recovery of 93.9% was assumed.
4. Gold cutoff grades were 4.7 g/t for TS and 5.3 g/t (elevated to 6.8 g/t) for the D&F.
5. Silver was not used in the estimation of cutoff grades but is recovered and contributes to the revenue stream. The average silver metallurgical recovery is 81.6%. The silver price assumption was \$20/oz.
6. Tonnages are rounded to the nearest 1,000 t, gold grades are rounded to two decimal places, and silver grades are rounded to one decimal place. Tonnage and grade measurements are in metric units; contained gold and silver are reported as thousands of troy ounces.
7. Rounding as required by reporting guidelines may result in summation differences.

Twin declines will be constructed, and will use a spiral to gain depth to maximize the distance from the surface, so that a vertical distance of approximately 155 m below the Machinaza River can be obtained. The mine ramp will be located central to, and will be approximately 50 m offset from, the main workings to the east of the deposit. The ramp configuration will enable haulage trucks to achieve higher average haul speeds and maintain safety standards. The ramp will be developed nominally at a 15% gradient.

Levels will be developed to access the strike extents of the deposit and connect the development to the return air raise (RAR in the north) and fresh air raise (FAR in the south) in order to establish flow-through ventilation.

Stope cross-cuts are required to access sill development from the haulage drifts, as well as connecting sill development within a given stope line separated by waste. Development will be centrally located within a given stope. The top development in a stope will initially serve as the drill horizon for the stope below, and then as the mucking horizon for the stope above. The bottom development in a stope will serve as the mucking horizon for the stope above.

Computerized mine planning and scheduling techniques were employed for the planning and optimization of the underground mine. DESWIK and other mine design computer software packages were used extensively. In the good-fair geotechnical domains a TS size of 20 m long x 12 m wide x 25 m high was designed. In the more challenging geotechnical zones D&F with 4 m wide x 4 m high flat back drives was designed. Production levels will have a 25 m spacing for TS and 20 m spacing for D&F. There are a total of 15 working levels. The TS stopes will be mainly backfilled using paste backfill while the D&F stopes will be backfilled using cemented rock fill.

Process

The Fruta del Norte ore contains gold in the following forms:

- Fine free gold;
- Coarse free gold;
- Gold contained in sulphides (refractory); and
- Gold contained in other forms (silicates etc.).

FDN ore will be processed using a gravity, flotation and leaching (“GFL”) flow sheet. The GFL process is best placed for recovery of the FDN gold because of the manner in which the gold is contained in the ore. Following a conventional SAG/ball mill grinding circuit, the gravity circuit will recover the coarse free gold, and small amounts of fine free gold and gold contained in sulphides. Following grinding and gravity, the flotation circuit is

capable of recovering the gold associated with sulphides (pyrite). The flotation tailings will be treated in a CIL circuit that will recover the fine gold. The final tailings will be either filtered and sent to the mine as paste back fill or deposited in a conventional tailings storage facility.

Over the life of the mine, approximately 70% of the gold will be produced in concentrate and the remainder in doré. The silver production is approximately 82% in concentrate and 18% in doré. The concentrate is anticipated to have an average gold grade of 149.3 g/t and will be a marketable concentrate with no significant penalty elements. The doré is anticipated to contain above 98% precious metals. The precious metals portion is expected to contain approximately 60% gold and 40% silver.

Capital & Operating Costs

The initial capital cost is estimated to be \$669 million. This capital cost was estimated under the assumption that any expenditures by the Company prior to the start of construction on July 1, 2017 in the FS are a sunk cost and are not included the estimate shown in Table 4. The sustaining capital is estimated to be \$263 million and closure costs are projected to be \$29 million.

Table 4 – Capital Cost Summary

Capital Items (\$M)	Initial Capital	Sustaining Capital	Reclamation & Closure
Underground Mine	120	187	
Ore Handling	8		
Process Plant	74	2	
Tailings / Reclaim Water Facilities	31	68	
On-Site Infrastructure	122	6	
Off-Site Infrastructure	71		
Mine Closure			29
Sub-Total - Direct Costs	426		
Indirect Costs	126		
Owners Costs	49		
Contingency	68		
Total	669	263	29

Note: Numbers may not add due to rounding.

The initial capital cost estimate does not include taxes estimated at \$91 million. Approximately \$78 million of the taxes will be recovered once production begins. The financial model assumes an additional \$15 million in employee severance allowance to be paid between 2031 and 2033. A total of \$430 million in sunk costs through June 30, 2017 has also been assumed, which includes costs incurred by Lundin Gold and previous owners.

The LOM operating cost estimate is \$118/t of ore. The operating costs were estimated based on process design criteria, equipment lease rates (if applicable), labor, reagents, power, fuel, explosives, maintenance and other miscellaneous costs. All costs are in Q1 2016 dollars. Table 5 shows that the mining costs are the largest component of the overall operating cost, followed by process, G&A and surface infrastructure.

Table 5 – LOM Operating Cost by Area

Area	Operating Cost (\$/t)
Mining	60
Process	34
Surface Infrastructure	9
G&A	15
Total	118

Table 6 – LOM All in Sustaining Cash Cost (\$/oz Au)

Area	Cash Cost (\$/oz Au)
On site operating cost	422
Treatment & Refining charges	78
Royalties & production taxes	75
By-product silver credit	(22)
Cash Cost	553
Sustaining Capital	61
Closure cost	10
AISC per oz	623

Note: Numbers may not add due to rounding.

Infrastructure

The planned access to the FDN site will be from the nearby community of Los Encuentros, where the Company has a local office. The new access road will be 22 km long, a portion of which will benefit public traffic.

The power requirements are expected to be met by a short extension to the regional high voltage transmission network. A single circuit 230 kV dedicated transmission line, 11 km long, will be built extending from the El Pindal substation, to feed the Project.

Social & Environmental

In January 2013, FDN applied for and was granted an Environmental License for the mine, following submission of an Environmental Impact Assessment (“EIA”). The changing footprint due to the new Feasibility Study and the implementation of the beneficiation phase (process plant and associated facilities) requires an amended EIA and likewise a revision to the existing Environmental License.

The Terms of Reference for the amended EIA were approved in late-April, which allowed for the immediate submission of the draft amended EIA to the Environmental Ministry. The Ministry had previously unofficially commented on the draft amended EIA and its observations were reviewed and resolved. In conjunction with the Ministry, the public participation process has begun and will take approximately 60 days. The EIA schedule indicates that formal approval of the EIA and the Environmental License are expected to be issued early in fourth quarter 2016.

The two water permits required for project development have been submitted to the relevant authorities for review and approval.

Project Milestones

- Submittal of Phase Change Application for La Zarza concession, which hosts the Project, in June, 2016;
- Approval of Phase Change Application expected prior to the end of August, 2016;
- Start of basic engineering and Early Works program in third quarter 2016;
- Receipt of Environmental License and water permits in fourth quarter 2016;
- Signing of Exploitation Agreement and payment of \$25.0 million advance royalty payment by January, 2017;
- Mobilization of portal and mine contractors in second quarter 2017;
- Project financing in place by mid-2017;
- Start of massive earthworks to prepare site in fourth quarter 2017;
- Start of construction of process plant in first quarter 2018; and,
- Expected first gold production in the first half of 2020 with first year of full production in 2021.

Next Steps

The next phase of the FDN Project is Basic Engineering and an Early Works program. The main objectives of the Early Works programs are to provide the infrastructure, services and facilities to support commencement of the mine twin decline construction and to advance the Project in a fast tracked manner. Basic engineering will focus on completing optimizations and remaining field investigations and other activities to support an efficient project start. These programs are planned to start in the third quarter 2016 and are anticipated to be completed by the end of the second quarter 2017.

Technical Information

The FDN Technical Report summarizing the results of the FS is being prepared in accordance with NI 43-101 and will be filed under the Company's profile on SEDAR within 45 days of the press release. The Qualified Persons ("QPs") for the FDN Technical Report will include:

- Amec Foster Wheeler: Ignacy (Tony) Lipiec, P.Eng., Juleen Brown, MAusIMM CP, Simon Allard, P.Eng., Charles Masala, P.Eng. and Stella Searston, RM SME
- Klohn Crippen Berger: Bryan D. Watts, P.Eng.
- MM Consultores: Anthony Maycock, P.Eng.
- NCL: Alejandro Sepulveda, RM CMC
- RPA: David Ross, P.Geo.

In the press release, the QP for the Mineral Resource estimate is David Ross, P.Geo., an RPA employee, and the QP for the Mineral Reserve estimate is Alejandro Sepulveda, RM CMC., an employee of NCL.

The press release was reviewed and approved by Anthony George, P. Eng., a mining engineer and the Company's Vice-President Project Development, and Nicholas Teasdale, MAusIMM CP(Geo), Lundin Gold's Vice President, Exploration, who are both QPs under NI 43-101.

Information on sample preparation, analyses and security and data verification is contained in the technical report on the Mineral Resource Estimate, Fruta Del Norte Project, Ecuador, prepared by RPA for Fortress Minerals Corp. (now Lundin Gold), dated October 21, 2014 and filed on SEDAR at www.sedar.com, and will be included in the FDN Technical Report to be filed on SEDAR within 45 days of the press release.

For information with respect to the key assumptions, parameters and risks associated with the results of the FS for the Project, the Mineral Resource and Mineral Reserve estimates included therein and other technical information, please refer to the FDN Technical Report to be filed on SEDAR within 45 days of the press release.

Forward-Looking Statements

This material change report contains or refers to forward-looking information under Canadian securities legislation, including statements regarding the results of the feasibility study, including, but not limited to, gold price and exchange rate assumptions, cash flow forecasts, projected capital and operating costs, metal or mineral recoveries, mine life and production rates; the Company's potential plans and operating performance; the estimation of the tonnage, grades and content of deposits, and the extent of the resource and reserves estimates; potential production from and viability of the Company's properties; estimates of future production and operating costs; estimates of permitting submissions and timing; the timing and receipt of necessary permits and project approvals for future operations; access to project funding, exploration results, and expected filing of the FDN Technical Report, and is based on current expectations that involve a number of business 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, capital and operating costs varying significantly from estimates, metallurgical test results not being representative, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, political risks, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and the other risks involved in the mineral exploration and development industry. The forward-looking statements contained in this material change report 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.

Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7: Omitted Information

Not applicable.

Item 8: Executive Officer

The following executive officer of the Company is knowledgeable about the material change disclosed in this report and may be contacted as follows:

Ron Hochstein, President and Chief Executive Officer
Telephone: 604-689-7842

Item 9: Date of Report

This Material Change Report is dated as of June 13, 2016.