

## NEWS RELEASE

### LUNDIN GOLD ANNOUNCES GOVERNMENT APPROVAL OF FRUTA DEL NORTE PHASE CHANGE APPLICATION

**July 14, 2016 (Vancouver, Canada)...** Lundin Gold Inc. ("Lundin Gold" or the "Company") (TSX: "LUG", Nasdaq Stockholm: "LUG") is pleased to announce that the Phase Change Application (the "PCA") in respect of its 100% owned La Zarza concession, which is host to the Fruta del Norte Project ("FDN" or the "Project"), has been approved by the Government of Ecuador. With this approval, the La Zarza concession moves from the exploration phase to the exploitation phase under Ecuador's mining law and permits Aurelian Ecuador S.A., the Company's wholly owned subsidiary, to enter into the Exploitation Agreement with the Government of Ecuador and to proceed with its plans to develop the Project.

Lundin Gold President and Chief Executive Officer, Ron Hochstein, commented that, "The approval of the Phase Change Application for the La Zarza concession is another defining moment in the history of the Fruta del Norte Project. With the completion of the feasibility study and the forthcoming closing of the equity financing announced on June 27, 2016, Lundin Gold continues to make great strides towards the goal of building a high grade gold mine in Ecuador."

The PCA must now be registered in the Mining Registry within 30 days, and Lundin Gold has up to six months from registration to execute the Exploitation Agreement for the Project. The Company continues to work with the Government of Ecuador on obtaining key environmental permits, including formal approval of the Environmental Impact Assessment and related Environmental License, which are also required to develop the Project.

#### 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/or the Swedish Securities Market Act. This information was publicly communicated on July 14, 2016 at 11:15a.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 completion and execution of the Exploitation Agreement, the approval of the phase change application, the timing and receipt of executions and approvals, the successful closing of the Company's equity financing and the development of the Project, all of which information 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, 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 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.