

## NEWS RELEASE

### LUNDIN GOLD ANNOUNCES POSITIVE METALLURGICAL RESULTS AT FRUTA DEL NORTE

**January 25, 2016 (Vancouver, Canada)...** Lundin Gold Inc. ("Lundin Gold" or the "Company") (TSX: "LUG", Nasdaq Stockholm: "LUG") is pleased to announce excellent results from its comprehensive metallurgical testwork program on the Fruta del Norte (FDN) project.

Based on the results of the recently completed metallurgical programs, the Company has confirmed the Gravity Float Leach (GFL) flowsheet for the Fruta del Norte project. Gold recovery ranges from 91.7% to 94.2% with approximately 30% on average into doré with the remaining 70% into a final concentrate that ranges from 136.7 to 240.0 g/t Au (and 169.5 to 234.1 g/t Ag) resulting in the plant design criteria of 200 g/t Au (and 183 g/t Ag) over the life-of-mine. In addition, the results indicated that the concentrate produced will be readily saleable with impurities at controlled levels. Further testwork is expected to yield further optimization of these results.

Ron Hochstein, President and CEO, commented, "The team at Lundin Gold is delighted with these results which support a cost effective, flexible, proven technology process flowsheet that will produce a dore and highly desirable clean, gold and silver rich concentrate."

During 2015, Lundin Gold completed a metallurgical drilling program at the Fruta del Norte project comprised of five drill holes that spatially represented the orebody. The metallurgical testwork through a gravity, flotation and cyanide leach (GFL) circuit consisted of two testwork programs, the variability program and the composite program, both of which were carried out at the SGS Telcahuano Lab in Santiago, Chile under the supervision of Amec Foster Wheeler.

The variability program consisted of 25 variability samples which were chosen to represent all lithologies, and cover a range of grades of gold, silver, sulphur, mercury and arsenic. The composite samples were selected to cover the first three years, the mid years and the latter years of mine production. The grades and metal contents of the composite samples were aligned to the production plan.

The global recoveries for gold from the variability program ranges from 82.4% to 97.8% with the 90<sup>th</sup> percentile of results from the 25 variability samples above 89.1% and the average recovery of 92% (representative results in Table 1). The composite global recoveries are between 91.7% to 94.2% as presented in Table 2.

The GFL flowsheet has proven to be robust to recover the variable range of the gravity, flotation and leach results in the variability program as illustrated in Table 3.

**Table 1: Representative Results from the Metallurgical Variability Program**

Au Head Grade (g/t)	Continuous Length (m)	Au Recovery (%)
12.6	14	97.8
27.5	15	95.7
71.5	14	93.7
6.4	14	91.6
11.8	14	94.0

**Table 2: Results from the Metallurgical Composite Program**

<b>Au Head Grade (g/t)</b>	<b>Open Cycle Au Recoveries (%)</b>	<b>Lock Cycle Au Recoveries (%)</b>	<b>Concentrate Grade (g/t)</b>
Comp 1 at 12.1	95.1	94.2	136.7
Comp 2 at 9.6	92.8	91.7	240.0
Comp 3 at 17.4	95.0	93.7	214.6

**Table 3: Staged Recovery from Gravity Flotation and Leach**

	<b>Gravity</b>	<b>Flotation</b>	<b>Leach</b>
Minimum	7.7	45.7	3.0
Maximum	37.9	76.6	23.2
Average	18.9	62.0	10.1

Mr. Tony Lipiec, P.Eng., Principal Metallurgical Engineer with Amec Foster Wheeler Americas Limited and a Qualified Person under National Instrument 43-101, supervised the preparation of the metallurgical information that forms the basis of the information in this news release. Mr. Lipiec supervised Amec Foster Wheeler staff who verified the metallurgical data by reviewing all available data and work completed by the SGS Telchahuano Lab. No limitations were imposed on this review process.

*The information in this release is subject to the disclosure requirements of Lundin Gold under the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. This information was publicly communicated on January 25, 2016 at 2:00 p.m. Pacific Time.*

**About the Company:**

*Lundin Gold Inc. owns the Fruta del Norte ("FDN") 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 and is currently working on the FDN feasibility study scheduled to be completed in Q2 2016.*

*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.*

**For more information, please contact**

Lundin Gold Inc.  
Ron F. Hochstein  
President and CEO  
593 2-299-6400  
604-806-3589

Lundin Gold Inc.  
Sophia Shane  
Corporate Development  
604-689-7842  
604-689-4250 (FAX)  
info@lundingold.com  
www.lundingold.com

**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: metallurgical results and the Company’s understanding of the Fruta del Norte Project, capital expenditures, exploration and development expenditures and reclamation costs, expectations of market prices and costs, the receipt of regulatory approvals, permits and licenses under governmental and regulatory regimes, exploration plans, timing and success of permitting, development, construction and operation of the Fruta del Norte Project, the feasibility study to be prepared for the Fruta del Norte Project, future tax payments and rates, future sources of liquidity, cash flows and their uses and estimates of Mineral Resources.

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 25, 2015 available at [www.sedar.com](http://www.sedar.com).

Lundin Gold’s actual results could differ materially from those anticipated. Management has identified the following risk factors which could have a material impact on the Company or the trading price of its shares: the ability of the Company to successfully enter into exploitation and investment protection agreements, the timely receipt of regulatory approvals, permits and licenses and the cost of compliance with applicable laws; difficulty complying with changing government regulations and policy, including without limitation, compliance with environment, health and safety regulations; uncertainty as to reclamation and decommissioning liabilities, risks related to carrying on business in an emerging market such as possible government instability and civil turmoil, economic instability and uncertain tax environments, unreliable infrastructure and local opposition to mining; the accuracy of the mineral resource estimates for the Fruta del Norte Project and the Company’s reliance on one project; vulnerability of title and surface rights and access; shortages of resources, such as labour, and the dependence on key personnel; the Company’s lack of operating history in Ecuador and negative cash flow; the inadequacy of insurance; the potential for litigation; potential conflicts of interest for the Company’s directors who are engaged in similar businesses; limitations of disclosure and internal controls; the risk to shareholders of dilution from future equity financings; volatility in the market price of the Company’s shares; and the potential influence of the Company’s largest shareholders.