

LUNDIN GOLD REPORTS SECOND QUARTER OF 2021 RESULTS

Record operating cash flow supported by lowest quarterly cash operating costs to date

Lundin Gold Inc. (TSX: LUG; Nasdaq Stockholm: LUG) ("Lundin Gold" or the "Company") today reports results for the second quarter and first half of 2021. All amounts are in U.S. dollars unless otherwise indicated.

Second Quarter of 2021 Financial Overview

- The Company sold a total of 125,412 oz of gold, consisting of 80,486 oz of concentrate and 44,926 oz of doré at an average realized gold price¹ of \$1,773 per oz for total gross revenues from gold sales of \$222.4 million. Net of treatment and refining charges, revenues were \$216.1 million.
- Cash operating costs¹ and all-in sustaining cost ("AISC")¹ for the quarter were \$596 and \$720 per oz of gold sold, respectively. Cash operating costs were lower than previous quarters due to high production and sales, continued efficiencies in operations and increased recoveries. The lower cash operating costs also resulted in a lower AISC.
- Income from mining operations was \$110.6 million, and the Company generated cash flow of \$142.0 million from operations, or \$0.61 per share¹ and ended the quarter with a cash balance of \$192.2 million.
- Net income was \$50.0 million after deducting derivative losses, corporate, exploration, finance costs, and associated taxes on earnings. Adjusted earnings¹ for the quarter, which exclude derivative losses, were \$74.8 million, or \$0.32 per share.

Second Quarter of 2021 Production Overview

- Gold production was 108,799 ounces ("oz"), comprised of 66,721 oz of concentrate and 42,078 oz of doré.
- Record quarterly mine operating performance was achieved with 397,640 tonnes mined.
- Underground mine development also continued as planned with a total of 2,360 metres of development completed with development rates averaging 25.9 metres per day in the second quarter.
- The mill processed 346,561 tonnes of ore at an average throughput of 3,808 tonnes per day.
- The average grade of ore milled was 11.1 grams per tonne with average recovery at 88.2%.

Ron Hochstein, President and CEO commented, "*Fruta del Norte continues to perform exceptionally well, and I am delighted with the team's continued efforts to further optimize and enhance operations. Once again, record production during this second quarter of 2021 underpins our strong financial performance. In the first half of the year we generated \$217 million in operating cash flow and ended the quarter with a cash balance of \$192.2 million, which supports debt repayments, exploration and planned capital expenditures, including*

¹ Refer to "Non-IFRS Measures" section.

the expansion project to increase the mill throughput from 3,500 to 4,200 tonnes per day. The resulting strong treasury will also provide the opportunity to evaluate increased exploration activities, future potential expansion and other growth opportunities.”

Based on results to date, by the end of 2021 the Company anticipates being near the upper end of its stated 2021 production guidance of 380,000 to 420,000 oz of gold produced and the lower end of the AISC guidance of between \$770 and \$830 per oz of gold sold, calculated on a basis consistent with prior periods.

Second Quarter of 2021 Operating and Financial Highlights

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020 ¹
Tonnes mined (tonnes)	397,640	- ¹	763,111	197,674
Tonnes milled (tonnes)	346,561	- ²	671,152	244,490
Average head grade (g/t)	11.1	- ²	11.2	7.9
Average recovery (%)	88.2%	- ²	88.0%	82.8%
Average mill throughput (tpd)	3,808	- ²	3,708	3,056
Gold ounces produced	108,799	- ²	212,936	51,320
Gold ounces sold	125,412	6,797	207,217	66,114

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Net revenues (\$'000)	139,991	13,146	36,856	14,778 ²
Income from mining operations (\$'000)	110,604	4,442	174,635	14,778 ³
Net income (loss) (\$'000)	49,984	(64,374)	135,964	(73,705)
Operating cash flow (\$'000)	142,005	(18,596)	217,088	(4,760)
Average realized gold price (\$/oz sold) ³	1,773	- ²	1,770	1,680 ³
Cash operating cost (\$/oz sold) ⁴	596	- ²	626	876 ³
All-in sustaining costs (\$/oz sold) ⁴	720	- ²	764	952 ³
Operating cash flow per share (\$) ⁴	0.61	- ²	0.94	(0.02)
Adjusted net earnings (\$'000) ⁴	74,800	- ²	112,209	(16,100)
Adjusted net earnings per share (\$) ⁴	0.32	- ²	0.48	(0.07)

The difference between net income and adjusted earnings during the second quarter and the first half of 2021 is due to non-cash derivative losses of \$25.6 million and derivative gains of \$25.9 million, respectively, 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

¹ The figures presented are for the six months ended June 30, 2020 which include the two-month ramp up period before achievement of commercial production.

¹ Operations were suspended during the second quarter of 2020 due to the COVID-19 pandemic. Therefore, there was no production and non-IFRS measures during this period are not presented.

² Amount relates to the period after achievement of commercial production.

³ Refer to “Non-IFRS Measures” section.

the 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 June 30, 2021	As at December 31, 2020
Financial Position:		
Cash	192,200	94,358
Working capital	109,010	57,571
Total assets	1,590,849	1,502,715
Long-term debt	772,361	776,881

Liquidity and Capital Resources

As at June 30, 2021, the Company had cash of \$192.2 million and a working capital balance of \$109.0 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 six months of 2021 was primarily due to cash generated from operating activities of \$217.1 million and proceeds from the exercise of stock options and anti-dilution rights of \$13.5 million. This is offset by principal and interest repayments under the loan facilities totalling \$88.5 million and cash outflows of \$29.6 million for capital expenditures including costs for remaining initial construction activities, the expansion project, and sustaining capital.

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 (“SVR”):** The South Ventilation Raise is now expected to be completed in the second quarter of 2022 as a result of a revised work plan. The new plan includes a smaller diameter 2.1 metre raise followed by slashing to 5.1 metres and concrete lining. There is no anticipated impact on production forecasts for 2021, 2022 or future years as a result of this revised work plan.
- **Zamora River Bridge:** The Company's private Zamora River bridge was completed and inaugurated during the quarter and is now being used to access site.
- **Expansion Project:** The 4,200 tonnes per day expansion project is continuing on schedule and on budget with significant progress made on structural works in the flotation and concentrate filter areas. The first additional underground haul truck was also delivered and is in use. Completion is expected in the fourth quarter of 2021.
- **Sustaining Capital:** Sustaining capital during the second quarter of 2021 mainly focused on the first and second raise of the Fruta del Norte tailings dam and the resource expansion drilling program. The first raise of the tailings dam was completed and the second raise was in progress at the end of the quarter. Resource expansion drilling at Fruta del Norte is also well underway, targeting infill drilling of gaps in the existing indicated resource and conversion of a portion of the inferred resource at the south end of the deposit. During the six months ended June 30, 2021, 7,376 metres of the planned 10,000 metre program were drilled and results are expected in the fourth quarter of 2021.

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. Vaccination programs commenced

in Ecuador during the quarter with priority given to companies in the strategic sectors, including mining. As a result, vaccination campaigns by the Ecuador's Ministry of Public Health are currently ongoing directly at site for the Company's employees and contractors. As of the date of this news release, approximately 90% of the Company's employees and on-site contractors had received at least their first dose.

Zero lost time incidents and six medical aid incidents were recorded during the second quarter of 2021. The Total Recordable Incident Rate during this same time period was 0.76 per 200,000 hours worked.

Community

During the second quarter of 2021, progress continued on the connectivity project for local communities surrounding Fruta del Norte, with tablets distributed to all 1,370 students. Upgrades were also completed to increase the internet speed at the local school in Los Encuentros allowing teachers to work virtually with students. The installation of fibre optic infrastructure to provide improved internet service to the local communities, benefiting nearly 1,000 families, is well underway.

Furthermore, construction of the public bridge over the Zamora River advanced 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. Lundin Gold 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. The regional exploration program is focused on two high priority targets, Barbasco and Puente-Princesa, to test for buried mineralization in a geological setting similar to that of Fruta del Norte. Drilling began on a section central to the Barbasco anomaly with two holes completed to a depth of approximately 1,000 metres each; the drill rigs were then moved 400 metres south where two additional holes are in progress. As of the end of the quarter, approximately 3,600 metres have been drilled, with assay results expected to be released in the fourth quarter.

Outlook

While guidance for 2021 remains unchanged with production of 380,000 to 420,000 oz of gold expected at Fruta del Norte, the Company now anticipates ending the year closer to the upper end of guidance. Likewise, while maintaining its AISC guidance for 2021 at between \$770 and \$830 per oz of gold sold, calculated on a basis consistent with prior periods, the Company expects to be nearer to the lower end of its AISC guidance for 2021.

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 tailings dam.

Construction is underway on the expansion program to increase the mill throughput from 3,500 to 4,200 tpd, with completion expected before the end of 2021 consistent with plan. The throughput expansion modifications are also expected to improve mill recoveries through increased retention time in the flotation process of the plant.

Furthermore, drilling will continue on the Barbasco target. Initial assay results are expected in the fourth quarter of 2021. Due to the slow start of the drilling campaign, the Company is evaluating starting the Puente Princesa drilling while continuing drilling on the Barbasco target.

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, August 12 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.lundingold.com. A replay of the conference call will be available two hours after the completion of the call until August 26, 2021.

Toll Free North America Replay Number:	+1 888-390-0541
International Replay Number:	+1 -416-764-8677
Replay passcode:	796710 #

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 second 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 August 11, 2021 at 4:00 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 and impact of completion of capital projects including the south ventilation raise, 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.