LUNAGOLD

TSX: LGC

NEWS RELEASE

Luna Gold Announces Third Quarter Results

November 11, 2016 – Vancouver, BC – Luna Gold Corp. (TSX: LGC) ("Luna Gold" or "the Company") has released results for its third quarter ended September 30, 2016, and provided an update on the Company's activities at its 100%-owned Aurizona Gold Mine ("Aurizona") in Brazil. All amounts are in United States dollars except per share and per ounce amounts, and where otherwise noted.

Highlights

- Completed pre-feasibility study
  - After-tax $NPV_{5\%}$ of $201 million and 34% IRR at $1,250 per ounce gold
  - After-tax $NPV_{5\%}$ of $256 million and 41% IRR at $1,350 per ounce gold
  - Initial $146 million capex, including new mine fleet
  - Proven and probable mineral reserves of 969,000 gold ounces contained in 18.6 million tonnes at an average grade of 1.62 g/t gold
  - Average production of approximately 150,000 ounces of gold per year in years 1 to 5
- Feasibility study underway with completion targeted for around the end of Q1 2017
- Appointed new senior management team
- Raised $10.3 million through private placement and warrant exercise
- Filed a preliminary base shelf prospectus to raise up to $200 million
- Completed a ten for one consolidation of the Company's share capital

"Luna Gold has made great progress over the last few months," said Christian Milau, Chief Executive Officer of Luna Gold. "With the updated mine plan and pre-feasibility study complete, we have been actively marketing the company in both North America and Europe to ensure the market is fully informed of the positive steps forward at Luna Gold and our plans for the Aurizona project. We have also taken the first steps to prepare for construction financing, with the ten to one share consolidation and filing of a base shelf prospectus.

"We are focused on advancing the feasibility study to achieve our target of pouring gold in late 2018. Concurrently, we have commenced exploration with the objective of extending the Aurizona mine life and demonstrating the true potential of what we consider to be a very exciting exploration opportunity. We look forward to reporting progress to shareholders over the coming months as our exploration program unfolds."

Recent Developments

On September 12, 2016, the Company released the results of a National Instrument 43-101 ("NI 43-101") compliant pre-feasibility study (the "Pre-feasibility Study") for the Aurizona Project. The Pre-feasibility Study is based on a new mine plan and mineral reserve estimate and outlines the design of an open-pit gold mine producing an average of 150,000 ounces of gold per year for the first five years, with an initial 6.5-year mine life. Using a base case gold price of $1,250 per ounce, the project demonstrates strong

financial returns with an after-tax internal rate of return ("IRR") of 34% ($1,350 per ounce: 41%) and a net present value ("NPV") using a 5% discount rate of $201 million ($1,350 per ounce: $256 million), which does not include conversion of ounces beyond proven and probable or new discoveries. Initial capital costs are estimated at $146 million, including a new mining fleet, due to the Company's ability to leverage significant existing infrastructure, with life-of-mine sustaining capital estimated at $47 million. All-in sustaining costs are estimated at $708 per ounce of gold produced. The Company expects to finalize a feasibility study for the project around the end of Q1 2017 followed by an 18-month construction period, with the objective of restarting operations in late 2018.

During Q3 2016, the Company raised $10.3 million through the exercise of warrants and completion of a private placement financing. Class A Warrants and Class B Warrants were exercised into 1,200,000 common shares and 5,000,000 common shares respectively, for total proceeds of $4.9 million, resulting in the issuance of 6.2 million common shares of the Company. The Company also completed a private placement of 3,500,000 units at C$2.00 per unit for gross proceeds of $5.4 million. Each unit consisted of one common share and 10 common share purchase warrants, entitling the holder to purchase one common share of the Company at a price of C$2.50 until August 29, 2021. The new management team participated in the private placement, purchasing 1,150,000 of the units.

On October 31, 2016, the Company's shareholders approved a ten for one consolidation of the Company's common shares. As a result of the Consolidation, the Company's share capital currently consists of 39,037,429 common shares, 1,694,300 options with an average exercise price of C$2.94 and expiry dates ranging from December 2016 to December 2020, warrants exercisable into 26,270,000 common shares at an average exercise price of C$1.11 expiring on June 30, 2020, and warrants exercisable into 3,500,000 common shares at an exercise price of C$2.50 expiring on August 29, 2021, for a total of 70,501,729 common shares outstanding on a fully-diluted basis.

On November 3, 2016, the Company filed a preliminary short form base shelf prospectus with the securities commissions or similar regulatory authorities in each of the provinces of Canada, except Quebec. The base shelf prospectus will allow the Company to offer up to $200,000,000 (or the equivalent thereof in Canadian dollars) of common shares, debt securities, subscription receipts, units, warrants and share purchase contracts from time to time over the 25-month period after Canadian securities regulatory authorities have issued a receipt for the final short form base shelf prospectus.

Financial Snapshot

	Three months ended September 30,		**Nine months ended September 30,**	
(expressed in millions of US dollars, except per share amounts and ounces of gold)	**2016**	**2015**	**2016**	**2015**
Gold sales, including Sandstorm (ounces)	**-**	10,560	**-**	50,310
Revenue	**$ -**	$ 10.2	**$ -**	$ 53.5
Production costs	**-**	(9.8)	**-**	(41.6)
Depreciation and amortization	**-**	(0.7)	**-**	(3.3)
Aurizona Mine care and maintenance costs	**(3.0)**	-	**(7.3)**	-
Exploration and evaluation	**(0.3)**	(1.3)	**(1.8)**	(2.0)
General and administration	**(2.3)**	(1.7)	**(4.1)**	(5.4)
Operating (loss) profit	**(5.8)**	(3.3)	**(13.5)**	1.3
Financial instruments (loss) gain, net	**(20.1)**	4.8	**(49.2)**	1.3
Net loss	**$ (27.9)**	$ (0.2)	**$ (68.3)**	$ (6.3)
Basic/diluted loss per share	**$ (0.89)**	$ (0.01)	**$ (2.30)**	$ (0.35)
Total assets	**$ 96.1**	$ 103.7	**$ 96.1**	$ 103.7
Total non-current liabilities	**$ 103.4**	$ 51.9	**$ 103.4**	$ 51.9

Additional information regarding the Company's financial results is available in the unaudited condensed consolidated interim financial statements and Management's Discussion and Analysis, which are available for download on the Company's website at www.lunagold.com and on SEDAR at www.sedar.com.

Project Review and Outlook

Luna Gold is engaged in the exploration and development of its wholly-owned, past-producing Aurizona Gold Mine located in Maranhão state in northeastern Brazil. A pre-feasibility study for the Aurizona Project was completed in September 2016. The Company expects to finalize a feasibility study for the project around the end of Q1 2017 followed by an 18-month construction period, with the objective of restarting operations in late 2018.

While the Company is focused on restarting operations at the Aurizona Mine, Luna Gold's large 241,400 hectare land package provides significant exploration upside potential. The brownfields exploration potential at Aurizona includes more than 10 drill-ready near-mine targets that the Company plans to prioritize with the intention of extending the mine life. In addition, surface mapping and sampling and limited drilling has identified more than 50 kilometres of cumulative strike of structures with anomalous to high-grade soil and rock geochemistry, which provide exploration opportunities longer term.

To expedite exploration on the Company's 191,400 hectares of greenfields exploration licenses, in May 2016 Luna Gold entered into a joint venture agreement ("JV Agreement") with AngloGold Ashanti Holdings plc ("AngloGold"). As part of its minimum $2.0 million commitment in year one, AngloGold commenced exploration in August 2016 and is planning extensive airborne surveys over the entire land package, including Luna Gold's brownfields properties and the Aurizona Mine, which when combined with surface geochemistry will define targets for an extensive drilling program in the JV greenfields. The airborne survey data will be shared with Luna Gold and will help to focus the Company's exploration program. As per the JV Agreement, AngloGold can earn a 70% interest in the greenfields properties by spending $14.0 million on exploration expenditures over four years. Should AngloGold earn and decide to sell its interest in the joint venture, Luna Gold can purchase AngloGold's interest in any NI 43-101 compliant resources for $10.00 per ounce.

On behalf of the Company

"Christian Milau"

Christian Milau, Chief Executive Officer and Director

About Luna Gold Corp.

Luna Gold is engaged in the exploration and development of its past producing Aurizona Gold Mine in Brazil, which was placed on care and maintenance in 2015. A pre-feasibility study for the project completed in September 2016 outlined the design of an open-pit mine producing on average 150,000 ounces of gold annually for the first five years (see the "Pre-feasibility Study on Aurizona Mine Project, Maranhão, Brazil, NI 43-101 Technical Report" completed by Lycopodium Minerals Canada Ltd.). A feasibility study for the Aurizona project is underway, with the objective of pouring gold at the Aurizona Gold Mine in late 2018. Further information is available at www.lunagold.com or by email at ir@lunagold.com.

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Cautionary Note Regarding Forward-looking Statements

This document contains certain forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively "forward-looking statements"). The use of the word "will", "targeted", "objective", "expects", "potential", "intends", "intention", "plan", "planning" and similar expressions are intended to identify forward-looking statements. Although Luna Gold believes that the expectations reflected in such forward-looking statements and/or information are reasonable, undue reliance should not be placed on forward-looking statements since Luna Gold can give no assurance that such expectations will prove to be correct. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including assumptions made with regard to approval of the Company's base shelf prospectus, the anticipated results of the feasibility study for the Aurizona Project, Luna Gold's ability to raise the capital required to finance construction of the Aurizona Gold Mine, Luna Gold's ability to restart production of the Aurizona Gold Mine, the timing of the anticipated restart of production, and Luna Gold's ability to achieve the gold production rates outlined in the pre-feasibility study. Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and the Company does not undertake any obligations to publicly update and/or revise any of the included forward-looking statements, whether as a result of additional information, future events and/or otherwise, except as may be required by applicable securities laws.