

VANCOUVER, Feb. 8, 2017 /CNW/ - [Leagold Mining Corp.](#) (TSX-V: LMC.H) ("Leagold" or the "Company") is pleased to announce that it has filed with Canadian securities regulators an independent technical report prepared in accordance with National Instrument 43-101 entitled "NI 43-101 Technical Report and Preliminary Economic Assessment, Los Filos Gold Mine, Guerrero State, Mexico" (the "Technical Report"). The Technical Report presents a description of the Los Filos Gold Mine operations, including Mineral Resources, Mineral Reserves, and a financial evaluation of the current mine. The Technical Report also presents a Preliminary Economic Assessment based on the Mineral Resources of the Bermejil Underground deposit (the "Bermejil U/G PEA").

The Los Filos Mine is one of Latin America's largest gold mines with 2015 production of 272,900 ounces, and 9 months to September 30, 2016 production of 194,000 ounces at an AISC/oz of US\$854. The Mine currently consists of two open-pit mines, Los Filos and El Bermejil, an underground mine at Los Filos and the opportunity to develop an underground mine at El Bermejil as an expansion project. The open-pit operation began commercial production in 2008. Gold is recovered from crushed and run-of-mine ore via a conventional, low-cost heap leach process. The Los Filos Mine is located 230 km south of Mexico City and is accessible by paved roads and a private airstrip. Grid power is supplied by InterGen with a 20 MVA substation at site.

Table 1 presents a summary of the gold production information and other key parameters of the current Los Filos Mine using the life-of-mine production plan based on the Proven and Probable Mineral Reserves (the "Reserves-Only" case). Table 1 also presents a summary of the Bermejil U/G PEA, which assumes the execution of the Bermejil underground mine as an expansion project.

Table 1 &ndash; Summary of Life-of-mine ("LOM") Gold Production and AISC/oz

Item	Units	Reserves-Only	Bermejil U/G PEA
LOM Tonnage Ore Processed	kt	40,709	10,504
LOM Strip Ratio	w:o	3:1	n/a
LOM Feed Grade Processed	g/t Au	1.12	5.15
LOM Au Recovery &ndash; Overall	%	69	80
LOM Au Production	koz	1,256	1,392
Production Period	years	8	8
Upfront Expansion Capital	US\$M	n/a	47
Total Project & Development Capex	US\$M	n/a	153.6
Au Average Annual Production	koz	157	174
AISC per oz	US\$/oz	803	439

The Reserves-Only LOM plan has an 8 year mine life producing a total of 1.256 Moz gold at an average AISC of \$803/oz. The Bermejil U/G PEA has the potential to add 1.392 Moz of gold production over an 8 year mine life at an average AISC of \$439/oz. The Bermejil U/G PEA has an upfront capital cost estimate of \$47 million, primarily for the access ramp and equipment purchases, based on cost estimates by Stantec Consulting International LLC ("Stantec"). At gold prices ranging from \$1,200/oz to \$1,300/oz, the after-tax IRR is 93.8% to 107.2%, as the project benefits from using existing infrastructure, process facilities and therefore has fixed cost-sharing opportunities by operating concurrently with the existing Los Filos operations (Table 2).

The preliminary economic assessment is preliminary in nature; it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is also no certainty that the preliminary economic assessment will be realized.

Table 2 &ndash; Summary of NPVs at \$1,200/oz and \$1,300/oz gold prices

At \$1,200/oz Reserves-Only Bermejal U/G PEA

After-tax NPV &ndash;

Discount Rate 0%	382	564
5%	334	418
10%	297	315
Upfront capital (US\$M)	N/A	47
After-tax IRR	N/A	93.8%

At \$1,300/oz Reserves-Only Bermejal U/G PEA

After-tax NPV (US\$M)

Discount Rate 0%	463	654
5%	406	488
10%	361	370
Upfront capital (US\$M)	N/A	47
After-tax IRR	N/A	107.2%

Using \$1,200 gold price and 5% discount rate parameters, the life-of-mine production plan based on the Proven and Probable Mineral Reserves has an after-tax NPV of \$334 million and the Bermejal U/G PEA has an additional after-tax NPV of \$418 million.

#### Acquisition of Los Filos

Leagold entered into a binding sale and purchase agreement with [Goldcorp Inc.](#) ("Goldcorp") dated January 11, 2017 to acquire the Los Filos Gold Mine for \$350 million (the "Acquisition") through the purchase of Goldcorp's Desarrollos Mineros San Luis S.A. de C.V. ("DMSL") subsidiary. The purchase price is made up of \$279 million in cash and \$71 million in common shares of Leagold. Based on Leagold's transaction financing plan, Goldcorp is expected to become an approximate 30% shareholder of Leagold at completion of the Acquisition. Goldcorp will have the right to nominate a director to Leagold's Board at completion of the Acquisition. For further details of the Acquisition, see the Company's news release of January 12, 2017.

Figure 1 illustrates the annual gold production and AISC/oz profiles from the Technical Report which includes the Reserves-Only LOM plan and the potential contribution from the Bermejal U/G PEA. The Bermejal U/G PEA shows the opportunity to increase production and extend the Los Filos mine life while lowering AISC/oz.

Figure 1 &ndash; Los Filos Mine and Bermejal PEA Gold Production and AISC/oz Profiles

#### Mineral Resources and Mineral Reserves

As of December 31, 2016, the Los Filos Mine Measured and Indicated Mineral Resources total 422.5 Mt at 0.85 g/t containing 11.5 Moz and Inferred Mineral Resources of 162.7 Mt at 0.76 g/t containing 4.0 Moz (Table 3). Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Proven and Probable Mineral Reserves total 40.7 Mt at 1.30 g/t containing 1.7 Moz. See Table 4 for details.

Table 3 &ndash; Los Filos Mineral Resources<sup>1-5</sup> by Principal Deposits and Mining Areas (Stantec, 2016)

Area	Classification	Tonnes ('000)	Au Grade (g/t)	Au Oz ('000)
Bermejal Open Pit	Measured	82,010	0.71	1,869
	Indicated	275,505	0.80	7,062
	Measured + Indicated	357,515	0.78	8,931
	Inferred	156,771	0.63	3,180
Bermejal Underground	Measured	0	&mdash;	&mdash;
	Indicated	171	5.01	28
	Measured + Indicated	171	5.01	28
	Inferred	3,510	5.03	568
Los Filos Open Pit	Measured	51,998	0.70	1,174
	Indicated	8,226	0.62	164
	Measured + Indicated	60,224	0.69	1,338
	Inferred	1,436	0.44	21
Los Filos Underground	Measured	1,539	8.25	408
	Indicated	3,080	7.82	775
	Measured + Indicated	4,618	7.97	1,183
	Inferred	937	7.54	227
Total Los Filos Mine	Measured	135,547	0.79	3,451
	Indicated	286,982	0.87	8,028
	Measured + Indicated	422,529	0.85	11,479
	Inferred	162,653	0.76	3,995

Notes:

1. Effective date is December 31, 2016.
2. Mineral Resources are reported to a gold price of US\$1,400/oz.
3. Mineral Resources are inclusive of Mineral Reserves.
4. Mineral Resources do not include recovery or dilution factors.
5. Tonnages are rounded to the nearest 1 kt, grades are rounded to two decimal places; rounding, as required by reporting guidelines, may result in apparent summation differences.

Table 4 &ndash; Los Filos Mineral Reserves<sup>1-6</sup> (Stantec, 2016)

Classification	Tonnes (kt)	Au Grade (g/t)	Au Contained Ounces (koz)	Ag Grade (g/t)	Ag Contained Ounces (koz)
Proven	23,877	0.75	575	5.37	4,120
Probable	16,831	1.65	890	10.37	5,614
Subtotal Proven + Probable	40,708	1.12	1,466	7.44	9,734
Leach Pad Inventory <sup>7</sup>			242		
Total Proven and Probable	40,708	1.30	1,707	7.44	9,734

Notes:

1. Effective date is December 31, 2016.
2. Metal price assumption for gold was US\$1,200/oz.
3. Underground Mineral Reserves are contained within stope designs that have a minimum horizontal continuity of 10 m, a height of 3 m, and supported by a mine plan that features variable stope mining width from 3 m to a design width depending on zone and cutoff optimization.; open pit Mineral Reserves are within pit designs and supported by a mine plan.
4. Cutoff grades vary by deposit, whether ore is ROM or crushed before leaching, and for underground ore whether development is required or not. Recoveries vary by ore type or geometallurgical domain and are 64% to 77% for crush-leach ore and from 49% to 59% for ROM ore at Los Filos Open Pit; recoveries at Bermejil Open Pit vary from 53% to 73%. A 5% silver recovery is assumed from all geometallurgical domains. All underground ore is crushed and assumed to have 80% gold recovery.
5. Rounding, as required by reporting guidelines, may result in apparent summation differences between tonnes, grade, and contained metal content. Tonnages are rounded to the nearest 1 kt, grades are rounded to two decimal places; rounding, as required by reporting guidelines, may result in apparent summation differences.
6. Tonnage and grade measurements are in metric units. Contained gold and silver ounces are reported as troy ounces.
7. Recoverable ounces in leach pad inventory.

#### Bermejil Underground

The Bermejil deposit extends to at least 400 m below the current open pit and has been examined as an underground opportunity due to the high strip ratio that would be required for an open pit to mine the entire mineral resource. The portion of the Bermejil deposit that was considered to be part of the Bermejil Underground for the PEA is in Table 5. The Bermejil Underground deposit is entirely below and separate from the current Bermejil Open Pit Mineral Reserves (see Figures 2 and 3).

Table 5 – Bermejil Underground Mineral Resource<sup>1-5</sup> in the PEA (Stantec, 2016)

Classification	Tonnes (kt)	Au Grade (g/t)	Au Contained (koz)	Ag Grade (g/t)	Ag Contained (koz)
Measured	13	5.08	2	49.27	21
Indicated	4,722	6.65	1,009	22.30	3,385
Total Measured and Indicated	4,735	6.65	1,012	22.37	3,406
Inferred	4,173	5.05	678	26.55	3,563

## Notes:

1. Effective date is December 31, 2016.
2. Mineral Resources are reported to a gold price of US\$1,400/oz.
3. Mineral Resources are inclusive of Mineral Reserves.
4. Mineral Resources do not include recovery or dilution factors.
5. Tonnages are rounded to the nearest 1 kt, grades are rounded to two decimal places; rounding, as required by reporting guidelines, may result in apparent summation differences.

## Figure 2 – Location of Los Filos Mining Areas and Mineral Deposits

The PEA study selected a ramp as the mine access method (Figure 3). The resource is anticipated to be mined by a combination of Sub-Level Caving (80%) and mechanized Cut-and-Fill (20%) mining methods. Mechanized Cut-and-Fill mining is already in use at the Los Filos underground mine.

## Figure 3 – Bermejil Underground PEA Cross Section

The Bermejil Underground deposit remains open on strike and to depth and will be the focus of drilling in 2017.

## Exploration Potential

The Los Filos Mine is a large open pit and underground mining operation and the LOM based on current Mineral Reserves is 8 years. Additional exploration potential in the immediate mine area and on the Mine property provides opportunities for extending the mine life.

Potential remains in the immediate vicinity of the Bermejil Open Pit and San Pablo prospect to identify additional mineralization that may support resource estimation. The corridor from the Bermejil to the Guadalupe deposit is particularly prospective. Additionally, the San Pablo area southeast of Bermejil contains high potential based on favorable lithologies and alteration. Figure 4 displays the Bermejil and San Pablo target areas.

## Figure 4 – Bermejil, Guadalupe, and San Pablo Exploration Target Areas

Present exploration activities are concentrated on infill drilling of the Bermejil Underground resource and also on the extensions of known mineral resources in the Los Filos underground deposits. Infill drilling at Los Filos Underground is targeted to further develop resources that are open along the strike of the known mineralized zones to the east and west of the existing infrastructure. The targeted areas are contained in the endoskarn alteration along the granodiorite intrusive and carbonate contact. The underground exploration targets in the Los Filos open pit and underground mine areas are shown in Figure 5.

## Figure 5 – Los Filos Underground Exploration Target Areas

A copy of the Technical Report can be accessed under Leagold's SEDAR profile at [www.sedar.com](http://www.sedar.com), or on the Company's website at [www.leagold.com](http://www.leagold.com).

## Qualified Persons

The authors of the Technical Report, William A. Glover, P.Eng., Allan L. Schappert, CPG, and Dawn H. Garcia, PG, CPG of Stantec Consulting International LLC ("Stantec") and Alfred S. Hayden, P.Eng. of EHA Engineering Ltd., are each a "qualified person" as defined in NI 43-101 and independent of the Company, and have prepared or supervised the preparation of the technical information upon which this news release is based.

## About Leagold Mining Corporation

Leagold aims to build a new mid-tier gold producer with a focus on opportunities in Latin America. Leagold is based in Vancouver, Canada and is listed on the TSX Venture Exchange under the trading symbol "LMC.H".

On behalf of [Leagold Mining Corp.](#)

Neil Woodyer, Chief Executive Officer

This news release contains "forward-looking statements" and "forward looking information" (as defined under applicable securities laws), including but not limited to, statements with respect to completion of the Acquisition, Leagold's plans and operating performance, including in respect of the Acquisition financing and growth potential of the Los Filos Mine, the estimation of mineral reserves and resources, the timing and amount of estimated future production, costs of future production, future capital expenditures, future financing sources, and the success of exploration activities. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "expects", "expected", "budgeted", "forecasts" and "anticipates". Forward-looking statements and information, while based on management's best estimates and assumptions, are subject to risks and uncertainties that may cause actual results to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the completion of the Acquisition, including receipt of all necessary approvals, risks related to the successful integration of acquisitions; risks related to international operations; risks related to general economic conditions and credit availability, actual results of current exploration activities, unanticipated reclamation expenses; changes in project parameters as plans continue to be refined; fluctuations in prices of metals including gold; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables, possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which Leagold operates. Although Leagold has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The forward-looking statements and forward looking information are made as of the date hereof and Leagold disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements or forward looking information contained herein to reflect future results. Accordingly, readers should not place undue reliance on forward-looking statements and information. Please refer to Leagold's most recent filings under its profile at [www.sedar.com](http://www.sedar.com) for further information respecting the risks affecting Leagold and its business.

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