

(All amounts in US dollars unless otherwise indicated)

- The Los Filos mine acquisition was completed on April 7, 2017
- From April 8, 2017 to June 30, 2017 (inclusive), Los Filos mine generated:
  - Gold production of 43,980 ounces at an AISC/oz of \$989
  - Mine-level EBITDA of \$15.9 million
  - All-in sustaining cost ("AISC") margin of \$13.8 million (see Table 2)
  - Free cash flow (before working capital, interest, and tax) of \$10.3 million (see Table 3)
- For H2 2017, Leagold is providing Los Filos mine production guidance of 95,000 to 110,000 ounces at an AISC/oz of \$875 to \$925
- Leagold is optimizing the Los Filos operations with a focus on changes that result in significant and sustainable cost savings, with benefits expected to start in Q4 2017
- Q2 2017 adjusted earnings of \$6.4 million, or \$0.06/share
- At June 30, 2017, Leagold had unrestricted cash and cash equivalents of \$65.4 million (see Table 3)

/CNW/ - [Leagold Mining Corp.](#) (TSX: LMC) ("Leagold" or the "Company") is pleased to announce Q2 2017 gold production of 43,980 ounces and gold sales of 54,010 ounces at its Los Filos Mine from April 8, 2017 to June 30, 2017, resulting in an all-in sustaining cost margin of \$13.8 million at an all-in sustaining cost of \$989/oz.

VANCOUVER, Aug. 10, 2017 Neil Woodyer, CEO stated "We are pleased with the progress that has been made at Los Filos since we acquired the mine in April. As mentioned earlier in July, Los Filos is in the midst of a six-month transition period expected to last through Q3, with numerous operational improvements and capital programs being implemented to improve our open pit and underground mining and heap leach processing. Despite being in a significant business transition phase, Los Filos generated positive all-in sustaining margin and free cash flow during Q2. We have started two capital investment projects &ndash; refurbishing and installing an agglomeration drum at an estimated cost of \$1.3 million and extending the conveyors to deliver crushed ore more efficiently to Pad 2 at an estimated cost of \$5 million. These capital projects are expected to improve production and cost performance starting in 2018."

#### Operations Update - Los Filos Mine, Mexico

Los Filos mine produced 43,980 ounces of gold following Leagold's acquisition of the mine on April 7, 2017. Gold sales were 54,010 ounces with associated revenues of \$67.2 million at an AISC of \$989/oz sold for the period from April 8, 2017 to June 30, 2017 (inclusive).

#### Table 1: Q2 2017 Los Filos Operating Summary

Mining Physicals	Unit	April 8, 2017 to June 30, 2017
Tonnes mined - Open Pit	000's	6,696
Tonnes of ore mined - Open Pit	000's	1,956
Tonnes of ore mined - Underground	000's	89
Average gold grade mined &ndash; Open Pit	g/t	0.57
Average gold grade mined &ndash; Underground	g/t	6.33
Tonnes of ore processed	000's	1,986
Gold ounces produced	oz	43,980
Gold ounces sold	oz	54,010

#### Unit Cost Analysis

Realized gold sales price	\$/oz	1,244
Mining cost - Open pit	\$/t mined	1.45
Mining cost - Underground	\$/t ore	99.84
Processing costs	\$/t placed	10.93
Site general and administration costs	\$/t placed	2.12

Gold production was affected by mine planning and heap leach management issues which will continue into Q3, but are expected to improve by Q4 2017. Some duplication of administrative costs was incurred during the transition period; however, most administrative services have now been transferred to the mine. Leagold is focused on reducing costs, improving accountability and generating free cash flow and is currently implementing several sustainable operational changes under a substantially new mine management team at site. These include:

- Open Pit Mining Fleet Utilization
  - Improved from 55% to 80%, with further improvements expected
    - Mining fleet maintenance contract renegotiated, which has improved equipment availabilities
- Underground Mining Improvements
  - Daily production increased since the start of 2017 by 25% to 1,100 tpd, with further improvements expected
    - New training programs implemented and additional equipment purchased
    - New infrastructure completed enabling mechanized placement of Cemented Rock Fill ("CRF"), which allows for underhand cut and fill
      - Increased stope heights to 4 metres (from 3.5 metres)
      - Improved drill patterns and reduced mining dilution
- Heap Leaching
  - Increased lift heights
    - Better control of solution flow rates
    - Optimization of cyanide concentration and pH levels
    - Modification of the leaching cycle
    - Reducing losses of carbon fines

Table 2: Q2 2017 Los Filos All-in Sustaining Margin

(In \$000's)	April 8, 2017 to	
	June 30, 2017	
Gold revenue		67,199
Mining costs - Open Pit	9,681	
Mining costs - Underground	8,889	
Processing costs	21,697	
Site general and administration costs	4,212	
Inventory and other adjustments	2,580	
Total cash costs <sup>1,2</sup>	47,059	
Land payments	3,393	
Royalties	307	
Sustaining capital <sup>1</sup>	2,680	
Mine-level AISC <sup>1</sup>	53,439	
AISC margin <sup>1</sup>	13,760	
Cash Cost per gold ounce sold <sup>1,2</sup>	\$/oz	871
AISC per gold ounce sold <sup>1,2</sup>	\$/oz	989

<sup>1</sup> Sustaining capital, AISC, all-in sustaining margin and cash costs are non-IFRS financial performance measures with no standard meaning under IFRS.

<sup>2</sup> Cash costs and AISC/oz sold excludes the impact of \$2.1 million in non-recurring transition costs and the impact of \$2.0 million in certain inventory adjustments through Purchase Price Allocation valuation relating to the acquisition of Los Filos in Q2 2017.

Table 3 illustrates Leagold's free cash flow generation and cash balance increase from \$24.7 million to \$65.4 million over the 6 months ended June 30, 2017. The 6-month period captures the cash movements associated with the Los Filos acquisition, the debt and equity financings, and Los Filos' operating cash flows for the 84-day period from April 8, 2017 to June 30, 2017.

Table 3: Six-month Los Filos Free Cash Flow and Cash Reconciliation

(In \$000's)	6 Months ended June 30, 2017
Gold revenue	67,199
Less: Mine-level AISC <sup>1</sup>	53,439
AISC margin <sup>1</sup>	13,760
Less: Non-sustaining capex	
Bermejal Underground expansion project	1,981
Other	1,469
Free cash flow (before working capital, interest, and tax)	10,310
Less: Operating working capital changes (excluding VAT), net	78
Less: Increase in VAT receivable	8,591
Less: Taxes paid	381
Net free cash flow from operations	1,260
Net proceeds, equity financings (C\$176.5M, US\$21M Orion 1st Tranche)	(145,289)
Net proceeds, debt financing (US\$150M principal)	(142,288)
Cash paid to Goldcorp for Los Filos Mine, net of cash acquired	229,453
Transaction costs	7,512
Non-recurring expenses <sup>2</sup>	4,122
Interest paid on loan facility and promissory note	3,385
Corporate and administration	2,285
FX gain on cash and cash equivalents, Other	1,366
Cash inflow for the period	40,714
Opening cash balance	24,650
Closing cash balance (excluding restricted cash)	65,364

<sup>1</sup> AISC is a non-IFRS financial performance measure with no standard meaning under IFRS.

<sup>2</sup> Includes \$2.1 million in non-recurring transition costs and \$2.0 million in certain inventory adjustments through Purchase Price Allocation valuation relating to the acquisition of Los Filos in Q2 2017

#### Bermejal Underground Expansion Project Update

Significant progress has been made for the Bermejal Underground Expansion Project during Q2 2017. At the end of Q2, approximately 12,900 metres of a 56,000 metre drilling program has been completed, with 10 drill rigs currently on site. Further, 18 of the 20 holes drilled to date have intercepted high-grade mineralization demonstrating the consistency, continuity, and potential expansion of the deposit. The drilling program is expected to be completed by the end of 2017, with the results being incorporated into an updated mineral resource estimate.

The environmental permit for the mine portal and exploration ramp was completed in July 2017. The ramp providing access to the eastern and central portions of the deposit will enable additional exploration, allow collection of material for confirmatory metallurgical testwork for heap leaching, demonstrate the minability of Bermejal Underground, and advance the project towards declaration of reserves.

With the permitting complete, an underground tunneling contractor for portal and ramp development is expected to be selected in August 2017.

## H2 2017 Outlook

When Leagold acquired the Los Filos mine in April 2017, it was anticipated that it would take approximately six months &ndash; Q2 and Q3 &ndash; to transition the mine and implement the planned improvements. Both the open pit and underground mining activities have shown significant improvements, but Q2 gold production was affected by mine planning and heap leach pad management issues. These issues are expected to continue into Q3. Leagold expects that production and cost improvements will be reflected in the results of Q4 and onwards.

For the second half of 2017, Leagold is providing Los Filos mine production guidance of 95,000 to 110,000 ounces at an AISC/oz of \$875 to \$925.

At a gold price of \$1,200 per ounce and using the mid-point of H2 2017 production and AISC/oz guidance ranges, Los Filos is projecting an AISC margin of approximately \$31 million in H2 2017. Including the AISC margin of \$13.8 million generated from April 8 to June 30, 2017, the AISC margin for the 267-day operating period of April 8 to December 31, 2017 is estimated to be \$44 million.

Leagold is optimizing the Los Filos operations with a focus on changes that result in significant and sustainable cost-savings. Two of the many initiatives underway include investing \$1.3 million to reinstall the agglomeration drum to improve gold recovery rates and \$5 million to extend the overland conveyors to deliver crushed ore more efficiently for stacking onto Heap Leach Pad 2.

Table 4: Q2 Production and H2 2017 Outlook

	Q2		Q3 and Q4
	Apr 1 &ndash; Apr 7	Apr 8 &ndash; Jun 30	Jul 1 &ndash; Dec 31
Gold Production (oz)	2,118	43,980	95,000 &ndash; 110,000
Mine-level AISC/oz <sup>1</sup>	N/A	\$989	\$875 &ndash; \$925

<sup>1</sup> AISC/oz is a mine-level estimate and excludes impact of corporate costs

## Adjusted Earnings

Adjusted net earnings attributable to Leagold's shareholders have been adjusted for items that are not reflective of the underlying operating performance of the Company, including the impact of foreign exchange gains and losses, deferred income tax recovery/expense, change in fair value of warrant derivatives, and other non-recurring items, such as transaction costs, share-based payments and one-time fair value adjustments related to Purchase Price Allocation valuation.

Leagold's Q2 2017 adjusted earnings was \$6.4 million, or \$0.06 per share.

Table 5: Q2 2017 Adjusted Earnings

(in \$000's except shares and per share amounts)

April 8, 2017  
to June 30, 2017

Basic weighted average shares outstanding	Shares	128,687,650
Diluted weighted average shares outstanding	Shares	129,367,650
Net loss	\$	(7,623)
Adjustments:		
Transaction costs	\$	4,544
Non-recurring costs <sup>1</sup>	\$	4,122
Share based payments	\$	9,392
Foreign exchange loss	\$	1,605
Change in fair value of warrants derivative	\$	(795)
Deferred income tax recovery	\$	(4,828)
Adjusted net earnings	\$	6,417
Per share &ndash; Basic	\$/share	0.06
Per Share &ndash; Basic	\$/share	0.06

<sup>1</sup> Includes \$2.1 million in non-recurring transition costs and \$2.0 million in certain inventory adjustments through Purchase Price Allocation valuation relating to the acquisition of Los Filos in Q2 2017.

Financial statements and related MD&A will be available on SEDAR and in the Investor Relations section of Leagold's website [www.leagold.com](http://www.leagold.com). In order to access the Corporation's MD&A and financial statements directly, please click the following URL: <http://files.newswire.ca/1549/LeagoldQ2-2017.pdf>

#### Conference Call Details

Management will host a conference call to discuss the Q2 2017 results on Friday, August 11, 2017 as detailed below.

Analysts and interested investors are invited to participate using the dial in numbers below.

International: +1-617-896-9871  
North America toll-free: 1-888-419-5570  
UK toll-free: 080-8234-7616

Passcode: 646 399 35

The conference call can also be accessed through the following link:  
<https://www.webcaster4.com/Webcast/Page/1736/22220>

The conference call will be held and webcast on Friday, August 11, 2017 at:

8:00 am in Vancouver  
11:00 am in Toronto and New York  
4:00 pm in London, UK

The call will be archived for later playback on Leagold's website until August 11, 2018.

## Qualified Persons

Doug Reddy, P. Geo, Leagold's Senior Vice President & Technical Services, is a Qualified Person under NI 43-101, and has reviewed and approved the technical contents of this news release on behalf of Leagold.

## About Leagold Mining Corporation

Leagold is building 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 under the trading symbol "LMC". The recent acquisition of the Los Filos Mine, a low-cost gold producer in Mexico, provides an excellent platform for growth.

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

Neil Woodyer, Chief Executive Officer

Certain statements in this news release and certain information incorporated herein by reference constitute "forward looking information" or "forward looking statements" within the meaning of applicable securities legislation. Forward-looking information and forward looking statements include, but are not limited to, statements with respect to the Company's plans or future financial or operating performance, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters. Generally, these forward looking information and forward looking statements can be identified by the use of forward looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "will continue" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Statements concerning mineral resource estimates may also be deemed to constitute forward looking information to the extent that they involve estimates of the mineralization that will be encountered. The material factors or assumptions used to develop forward looking information or statements are disclosed throughout this document.

Forward looking information and forward looking statements, while based on management's best estimates and assumptions, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Leagold to be materially different from those expressed or implied by such forward-looking information or forward looking statements, including but not limited to: risks related to the successful integration of acquisitions; risks related to international operations; risks related to joint venture 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 mineral 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 obtaining governmental approvals or financing or 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 the Company operates, actual resolutions of legal and tax matters, as well as those factors discussed in the section entitled "Description of the Business & Risk Factors" in Leagold's most recent AIF available on SEDAR at [www.sedar.com](http://www.sedar.com). Although Leagold has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information and 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 information or statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information or statements. The Company has and continues to disclose in its Management's Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking information and forward looking statements and to the validity of the information, in the period the changes occur. 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.

SOURCE [Leagold Mining Corp.](#)

## Contact

on Leagold please visit the Company website at [www.leagold.com](http://www.leagold.com) or contact: Doug Reddy, SVP Technical Services, +1-604-609-6114, [dreddy@leagold.com](mailto:dreddy@leagold.com)