

Leagold Reports Q1 2018 Earnings and AISC Margin of \$14.5 Million

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(All amounts in US dollars, unless otherwise indicated)

- During Q1 2018, Los Filos generated:
 - Gold production of 51,003 ounces (oz), a strong start to 2018 (see Figure 1)
 - Adjusted EBITDA¹ of \$17.3 million
 - AISC margin¹ of \$14.5 million
- All-in sustaining costs¹ ("AISC") of \$1,039/oz, below Q1 201 budget
- Q1 2018 adjusted net earnings of \$5.5 million
- At March 31, 2018, Leagold had cash and cash equivalents of \$53.0 million

VANCOUVER, May 2, 2018 /CNW/ - [Leagold Mining Corp.](#) (TSX:LMC; OTCQX:LMCNF) ("Leagold" or the "Company") 2018 gold production of 51,003 ounces (oz) at its Los Filos mine at AISC of \$1,039/oz and resulting in an AISC margin of \$14.5 million. Los Filos is on track to deliver the 2018 production guidance range of 215,000 to 240,000 oz at an AISC of \$875 to \$925/oz, as the annual mine plan sequence schedules lower production and higher AISC/oz costs in H1 2018 and higher production with lower AISC/oz costs in H2 2018 (see Figure 1). The Q1 2018 AISC of \$1,039/oz was under budget for the quarter. In H2 2018, the mine plan includes higher grades and lower strip ratio, and operations are also expected to benefit from improved heap leach pad management which includes the agglomerator and overland conveyor extension.

¹ Adjusted EBITDA, AISC, and AISC margin are non-IFRS financial performance measures with no standard meaning under IFRS. AISC includes mine cash costs, land access payments, royalties and sustaining capital expenditures.

Table 1 summarizes the key operating statistics for the Los Filos mine for Q1 2018. As part of the 2018 operating plan, a decision was made to stop processing low grade run-of-mine ("ROM") material. In Q1 2018, this resulted in a 41% reduction in tonnes of ore placed on the heap leach pads as compared to the previous quarter, greatly increasing operating flexibility and improving overall pad management. As a result of this and other operational changes, total processing costs are reduced by \$19 million (million reduction in Q1 2018), and processing costs per ounce produced are also improving (\$19/oz reduction).

The +100% recovery rate in Q1 2018 includes the lag effect inherent in heap leach pad processing and the significant volume of contained gold ounces placed in late 2017.

Table 1: Los Filos Operating Summary for the Three Months Ended March 31, 2018

Physicals	Unit	Q1 2018	Q4 2017
Tonnes mined - open pit	000s	7,699	7,833
Tonnes of ore mined – open pit	000s	2,001	2,627
Avg. gold grade mined – open pit	g/t	0.57	0.76
Tonnes of ore mined – underground	000s	101	102
Avg. gold grade mined – underground	g/t	5.47	7.25
Tonnes of ore processed	000s	1,597	2,718
Avg. gold grade processed	g/t	0.97	0.92
Contained gold placed on pad	oz	50,029	80,070
Recovery rate in period ¹	%	102%	67%
Gold produced	oz	51,003	53,446
Unit Cost Analysis	Unit	Q1 2018	Q4 2017
Mining cost - open pit ²	\$/t mined	1.29	1.31
Mining cost - underground	\$/t ore	98	102
Processing costs	\$/oz produced	371	390

¹ Based on total gold ounces placed divided by gold ounces produced in the period, including reprocessed ounces

² Includes capitalized stripping costs of \$1.7 million

Table 2: Los Filos AISC Margin¹ for the Three Months Ended March 31, 2018

(in \$000s)	Q1 2018	Q4 2017
Gold revenue	67,829	65,196
Mining costs – open pit	(8,187)	(10,225)
Mining costs - underground	(9,906)	(10,434)
Processing costs	(18,916)	(20,860)
Site general and administration costs	(5,988)	(5,024)
Change in inventory	(2,190)	6,635
Other	(12)	70
Total cash costs	(45,199)	(39,838)
Land access payments	(3,489)	(3,493)
Royalties	(545)	(324)
Sustaining capital ¹	(4,115)	(2,877)
AISC ¹	(53,348)	(46,532)
AISC margin ¹	14,481	18,664
Cash cost per gold ounce sold ¹	\$/oz 880	779
AISC per gold ounce sold ¹	\$/oz 1,039	910

¹ Sustaining capital, cash cost per gold ounce sold, AISC and AISC margin are non-IFRS financial performance measures with no standard meaning under IFRS.

Bermejtal Underground Expansion Project and Potential CIL Plant Update

Development of the Bermejtal Underground expansion project continued during Q1 2018. To date, over 750 metres of the planned 1,300 metres of advance has been completed in the main ramp. Leagold expects to reach the central high-grade portion of the deposit by the end of the year. Surface facilities for the underground portal and the first raise bore for ventilation were also completed during Q1 2018. In addition, access development to the test mining area has commenced, with test mining expected to begin in Q2 2018. Mine design and engineering remain on track for completion by mid-year 2018.

In conjunction with the Bermejtal Underground expansion, studies are being finalized for the construction of a carbon-in-leach ("CIL") processing plant at Los Filos. The CIL plant is expected to enable higher recoveries for a wider range of ore types.

[Brio Gold Inc.](#) ("Brio") Acquisition Update

On April 12, 2018, Leagold and Brio shareholders both voted in favour of Leagold's proposed acquisition of Brio. Assuming all other customary terms and conditions to the transaction are met and certain Mexican regulatory approvals obtained, the transaction is expected to close later this month.

On closing of the Brio acquisition, Leagold is expected to produce gold at a rate of approximately 450,000 oz per year from four mines in Mexico and Brazil with the potential to produce over 700,000 ounces of gold by

2020 from existing assets.

As announced on May 2, 2018, Leagold has arranged debt and equity financings, subject to completion of its acquisition of Brio:

- Leagold's existing \$150 million senior secured credit facility has been amended to provide an additional \$100 million of funding. The \$100 million tranche will have a term of 18 months and will be used to fully repay Brio's \$75 million secured credit facility and the drawn amounts of Brio's \$22 million of debt with a group of Brazilian banks.
- Orion Resource Partners ("Orion"), through a fund it manages, has agreed to subscribe for, on a private placement, 1.5 million worth of Leagold common shares at C\$2.7143 per share. This investment is expected to result in Orion's ownership in Leagold being maintained, on a pro forma basis, at approximately 16%.

Leagold Q1 Free Cash Flow and Cash Reconciliation

From the AISC margin of \$14.5 million generated during Q1 2018, Leagold invested \$3.9 million for the Bermejil Underground expansion project, \$2.2 million for the agglomerator and overland conveyor projects, and \$2.0 million for step-out drilling at Los Filos Underground.

Table 3: Q1 2018 Los Filos Free Cash Flow and Cash Reconciliation

(In \$000s)	Three months ended March 31, 2018
Gold revenue	67,829
Less: AISC ¹	(53,348)
AISC margin ¹	14,481
Less: Non-sustaining investment capex	
Bermejal Underground expansion project	(3,945)
Overland conveyors and agglomerator	(2,161)
Los Filos Underground step-out drilling	(2,045)
AISC margin after investment capex	6,330
Operating working capital changes	6,327
Increase in VAT receivable (including cyclical effect)	(5,565)
Corporate costs paid, including 2017 annual bonus	(4,323)
Interest paid on the loan facility ²	(3,261)
Brio transaction costs paid	(1,077)
Taxes paid ²	(379)
Other	889
Cash outflow for the period	(1,059)
Opening cash balance	54,039
Closing cash balance	52,980

¹ AISC is a non-IFRS financial performance measure with no standard meaning under IFRS. AISC includes mine cash costs, land access payments, royalties and sustaining capital expenditures.

² As presented on the statement of comprehensive earnings and consolidated statement of cash flows.

Adjusted Net Earnings

Net earnings attributable to Leagold's shareholders have been adjusted for items that management believes are not reflective of the underlying operating performance of the Company, including the impact of foreign exchange gains and losses, change in fair value of warrant derivatives, and other non-recurring items, such as Brio acquisition costs.

Leagold's Q1 2018 adjusted net earnings¹ were \$5.5 million, or \$0.04 per share.

Table 4: Q1 2018 Adjusted Net Earnings¹

(In \$000s except shares and per share amounts) Three months ended
March 31, 2018

Basic weighted average shares outstanding Shares 151,524,292

Diluted weighted average shares outstanding Shares 151,995,781

Earnings before tax \$ 4,864

Adjustments:

Brio Acquisition and non-recurring costs \$ 1,792

Share based payments \$ 59

Foreign exchange loss \$ (824)

Change in fair value of warrants derivatives \$ (421)

Adjusted net earnings¹ \$ 5,470

Per share – basic \$/share 0.04

Per share – diluted \$/share 0.04

¹ Adjusted net earnings is a non-IFRS financial performance measure with no standard meaning under IFRS.

Financial statements and related MD&A are available on SEDAR and in the Investor Relations section of Leagold's website here.

Qualified Persons

Doug Reddy, P.Geo, Leagold's Senior Vice President – Technical Services, is a Qualified Person under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("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 mid-tier gold producer with a focus on opportunities in Latin America. The Company is based in Vancouver, Canada and owns 100% of the Los Filos mine in Mexico. Leagold is listed on the TSX under the trading symbol "LMC" and trades on the OTCQX market as "LMCNF".

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This news release contains "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 2018 forecasted production and AISC, forecasted grades and strip ratios, expected benefits of improved leach pad management, expected timing of reaching the central high-grade portion of the Bermejil Underground deposit, plans or future financial or operating performance, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, realization of the benefits of certain capital projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, expected AISC of a combined [Brio Gold Inc.](#) ("Brio")-Leagold entity, expectations with respect to the benefits of a combination of the businesses of Leagold and Brio and expectations with respect to closing the acquisition of Brio. 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 international operations; risks related to having to obtain regulatory, shareholder and other approvals in connection with the Acquisition, risks related to successful integration of Brio if the Acquisition is consummated, 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.

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.

Cautionary Note Regarding Brio Information

The information concerning Brio contained in this presentation has been taken from, or is based upon, publicly available information filed by Brio with securities regulatory authorities in Canada or otherwise available in the public domain as of the date hereof and none of this information has been independently verified by Leagold. Although Leagold does not have any knowledge that such information may not be accurate, there can be no assurance that such information from Brio is complete or accurate. Brio has not reviewed this presentation and has not confirmed the accuracy and completeness of the Brio information contained herein.

Other Information

Cash costs and AISC are non-GAAP financial performance measures with no standard meaning under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

SOURCE [Leagold Mining Corp.](#)

on Leagold please visit the Company website at www.leagold.com or contact: Meghan Brown, VP - Investor Relations, +1-604-398-4525, mbrown@leagold.com

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