

# Leagold Reports Q2 2018 Results and Updates 2018 Guidance to Include Recently Acquired Brazilian Operations

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(All amounts in US dollars, unless otherwise indicated)

- For Q2 2018, Leagold reports financial and operating results that incorporate a partial quarter of results from the newly acquired Brazilian assets. Highlights include:
  - Gold production of 64,517 ounces
  - Sales of 66,982 gold ounces
  - Revenue of \$86.9 million
  - Earnings from mine operations of \$10.1 million
  - All-in sustaining costs (AISC)<sup>1</sup> of \$950 per ounce of gold sold, and
  - AISC margin<sup>1</sup> of \$23.1 million
- At June 30, 2018, Leagold had cash and cash equivalents of \$69.4 million
- Following completion of the acquisition of Brio Gold, Leagold's 2018 full-year production guidance has been updated to 325,000-350,000 ounces of gold at AISC of \$940-\$975 per ounce

VANCOUVER, Aug. 14, 2018 - [Leagold Mining Corp.](#) (TSX:LMC; OTCQX:LMCNF) ("Leagold" or the "Company") today reports Q2 2018 results and provides updated 2018 guidance for its four producing gold mines: the Los Filos mine in Mexico, which the Company acquired in April 2017, and the Riacho dos Machados (RDM), Fazenda Brasileiro (Fazenda), and Pilar de Goias (Pilar) mines in Brazil, which were acquired in May 2018. Consolidated gold production in Q2 2018 totalled 64,517 ounces (oz) at AISC of \$950 per oz of gold sold, resulting in an AISC margin<sup>1</sup> of \$23.1 million. These results include a full quarter of operations at Los Filos and the 38-day period of operations since acquisition at the three mines in Brazil (May 24-June 30, 2018).

Leagold CEO Neil Woodyer commented: "We are pleased to have completed the acquisition of Brio Gold, and we are now focused on using our experienced operations team to identify and implement short- and long-term optimizations at each of the mines. We are also reorienting each of the mines in Brazil into individual profit centres. Some of these changes will take time to deliver results.

"Our newly acquired Santa Luz project in Brazil is a key growth opportunity; however, the first priority is assuming control of and optimizing the three newly acquired operating mines. As a result, we are not expecting to re-start construction of Santa Luz until later this year or early next year.

<sup>1</sup> AISC and AISC margin are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to the section Non-IFRS Measures in the Company's Q2 2018 MD&A, available on SEDAR or [www.leagold.com](http://www.leagold.com).

"At Los Filos, production in Q2 lagged Q1 due to lower volumes of contained gold oz placed on the heap leach pads in Q1 2018 and leaching recovery time lag, combined with lower than expected underground grades. The agglomerator has now been commissioned and we are segregating the processing of high-grade material. The Los Filos processing plan now schedules a significant increase in the uncrushed, un-agglomerated material placed on the pads, which will improve gold production and cash flow in H2 2018.

"On a consolidated basis, we expect to be producing at an annualized rate of approximately 450,000 oz in the second half of this year, at AISC of approximately \$950 per oz."

Q2 2018 Financial and Operating Results

At the Los Filos mine, gold production in Q2 totalled 43,541 oz at AISC of \$967 per oz. Production was 15% lower than Q1 2018, primarily due to lower volumes of contained gold placed on the heap leach pads in Q1 2018. This is expected to reverse in Q3 2018, as contained gold placed on the pads increased in Q2 2018 over Q1 2018. Additionally, production grades at the Los Filos Underground were 2.0-2.5 grams per tonne (g/t) lower than planned. A review of the production plan has resulted in a more conservative cap on the high-grade material to address this discrepancy.

At the RDM mine, gold production totalled 7,889 oz for the 38-day period following closing of the acquisition, at AISC of \$818 per oz. Grades in Q2 averaged 1.27 g/t and recoveries were 82%. Leagold recently completed the power line permitting process and is now fast-tracking connection to the national power grid expected in Q4 2018. The power line will replace the current lower capacity diesel power generators and is expected to reduce costs, improve reliability, and facilitate increased mill throughput.

At the Fazenda mine, gold production totalled 7,460 oz for the 38-day period following closing of the acquisition, at AISC of \$891 per oz. Grades in Q2 averaged 1.93 g/t and recoveries were 92%. Mining efficiencies are expected to improve with new equipment purchased in H1 2018 being delivered in H2 2018.

At the Pilar mine, gold production totalled 5,627 oz for the 38-day period following closing of the acquisition, at AISC of \$1,060 per oz. Grades in Q2 averaged 1.32 g/t and recoveries were 94%. Production was impacted by an area of lower than anticipated grades. The mining sequence has since been adjusted to prioritize areas with higher grades.

Table 1 provides a mine-by-mine breakdown of key financial and operating statistics for Q2 2018.

Table 1: Financial and Operating Highlights for the Three Months Ended June 30, 2018<sup>1</sup>

Mining Physicals (oz)	Los Filos	RDM	Fazenda Pilar	Total
Gold produced	43,541	7,889	7,460	5,627 64,517
Gold sold	43,411	6,859	9,691	7,021 66,982

## Cash Cost and AISC Details (\$000s)

Gold revenue	56,715	8,677	12,357	8,980	86,729
Mining costs &ndash; open pit	10,391	3,626	454	-	14,471
Mining costs &ndash; underground	11,731	-	2,713	3,508	17,952
Processing costs	17,473	2,831	1,432	1,367	23,103
Site general and administration	6,106	471	492	449	7,518
Change in inventory	(11,197)	(1,777)	2,684	1,513	(8,777)
Other	403	129	153	214	899
Total cash costs	34,907	5,280	7,928	7,051	55,166
Land access payments	3,905	-	2	-	3,907
Royalties	350	218	143	109	820
Sustaining capital <sup>2</sup>	2,817	114	561	280	3,772
AISC <sup>2</sup>	41,979	5,612	8,634	7,440	63,665
AISC margin <sup>2</sup>	14,736	3,065	3,723	1,540	23,064

## Cash costs and AISC (\$/oz)

Cash costs <sup>2</sup> per gold oz sold	804	770	818	1,004	824
AISC per gold oz sold	967	818	891	1,060	950

<sup>1</sup> For Q2 2018, the results for RDM, Fazenda and Pilar are included in Leagold's results for the 38-day post-acquisition period from May 24, 2018 to June 30, 2018 (inclusive).

<sup>2</sup> Sustaining capital, AISC, AISC margin, and cash costs are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to the section Non-IFRS Measures in the Company's Q2 2018 MD&A, available on SEDAR or [www.leagold.com](http://www.leagold.com).

## Los Filos Expansion Project

During Q2 2018 Leagold continued to advance the Bermejil Underground project at the Los Filos mine in Mexico, in the context of developing a long-term and site-wide mine production and processing plan. Development of the exploration portal and ramp construction continues on schedule, with over 960 metres of the planned 1,300 metres of advance completed in the main ramp. Surface facilities at the underground portal and the first raise bore for ventilation are complete, and mine design and engineering is expected to be completed later this year. Concurrent with the Bermejil Underground project, studies are under way to evaluate overall processing alternatives at Los Filos, including the potential for a CIL plant.

## Santa Luz Project

Santa Luz was built and placed into operation in mid-2013; however production was suspended in September 2014 after 14 months of operation due to process difficulties, poor recoveries, and mechanical problems. In 2017, Brio commenced the construction of a new ore-processing facility that incorporated the crushing, crushed-ore storage, and semi-autogenous (SAG) mill of the original plant. The rest of the plant, with the exception of the refinery, will be new and based on resin-in-leach processing. In 2018 and prior to the acquisition, the ball mill, process tanks and agitators were delivered, and the tailings pond was relined. At the time of the acquisition in May 2018, the principal activity at site was limited to the completion of the construction for the nearby re-settlement village of Nova Esperança, expected to be completed by October 2018.

Santa Luz is a key growth opportunity for Leagold. However, Leagold's first priority is optimizing the three operating mines in Brazil. As a result, Leagold is not expecting to re-start construction of the Santa Luz project until later this year or early next year.

### Outlook and Revised Guidance

As a result of the Brio acquisition, Leagold expects to be producing at an annualized rate of approximately 450,000 oz in H2 2018. Full-year 2018 gold production guidance is between 325,000-350,000 oz, at AISC of \$940-\$975 per oz, as detailed in Tables 2 and 3 below.

Table 2: Gold production for Q1 and Q2 2018<sup>1</sup> and Full Year 2018 Guidance (oz)

Mine	Q1 2018 Actual	Q2 2018 Actual	H1 2018 Actual	H2 2018 Forecast	Revised Full-year 2018 Production Guidance
Los Filos	51,003	43,541	94,544	115,000-130,000	210,000-225,000
RDM	-	7,889	7,889	38,000-42,000	45,000-50,000
Fazenda	-	7,460	7,460	33,000-36,000	40,000-43,000
Pilar	-	5,627	5,627	24,000-27,000	30,000-32,000
Total	51,003	64,517	115,520	210,000-235,000	325,000-350,000

Table 3: AISC<sup>2</sup> for Q1 and Q2 2018 and Full Year 2018 Guidance (\$/oz)

Mine	Q1 2018 Actual	Q2 2018 Actual	H1 2018 Actual	H2 2018 Forecast	Revised Full-year 2018 AISC Guidance
Los Filos	1,039	967	1,006	950-1,000	975-1,000
RDM	-	818	818	800-850	800-850
Fazenda	-	891	891	875-925	875-925
Pilar	-	1,060	1,060	1,000-1,050	1,000-1,050
Total	1,039	950	989	920-970	940-975

<sup>1</sup> For Q2 2018, the results for RDM, Fazenda and Pilar are included in Leagold's results for the 38-day post-acquisition period from May 24, 2018 to June 30, 2018 (inclusive).

<sup>2</sup> AISC is a non-IFRS financial performance measure with no standard meaning under IFRS. Refer to the section Non-IFRS Measures in the Company's Q2 2018 MD&A, available on SEDAR or [www.leagold.com](http://www.leagold.com).

In Mexico, Leagold reiterates that Los Filos is expected to show significant production growth (i.e. 22% to 38% increase) in the second half of the year due to the scheduled open pit mining plan and sustaining the increased daily underground mining rates that will improve both the tonnes and average gold grade of tonnes placed on the heap leach pads. However, as a result of i) the revised processing strategy that results in a greater proportion of material being placed on the heap leach pads uncrushed and unagglomerated, and ii) a more conservative cap being implemented into the Los Filos Underground production plan, with both changes impacting total production guidance in 2018, the AISC guidance range at Los Filos has been increased to \$975 to \$1,000 per oz. This change in the AISC guidance range represents an expected increase in full year AISC of approximately 5%, from \$205 million to \$215 million, as some cost savings related to site G&A have not yet been realized.

Table 4 details the updated Los Filos 2018 production and cost guidance.

Table 4: Los Filos 2018 Guidance Update Reconciliation

	Original Guidance (January 2018)		Revised Guidance (August 2018)	
	Range	Mid-point	Range	Mid-point
Production (oz)	215,000-240,000	227,500	210,000-225,000	217,500
AISC (\$millions)	-	205	-	215
AISC (\$/oz)	875-925	900	975-1,000	988

In Brazil, the mines are undergoing a period of significant restructuring and reorientation with the implementation of Leagold's management structure after the acquisition of Brio Gold. Leagold has also started implementing cost reduction programs, many of which will take some time to both implement and show meaningful results. Leagold continues to evaluate medium- and long-term optimization opportunities. Progress in the first few months of ownership has been encouraging and management will continue to pursue further improvements.

## Financial Results

Leagold reported revenue of \$86.9 million in Q2 2018 and net earnings of \$9.8 million, or \$0.05 per share. Table 5 summarizes Leagold's financial results for the three-month period ended June 30, 2018.

Table 5: Q2 2018 Leagold Financial Highlights<sup>1</sup>

\$000s	Three months ended June 30, 2018
Revenue	\$86,929
Operating expenses and royalties	65,140
Depreciation and depletion	10,869
Royalties	820
Earnings from mine operations	10,100
Exploration costs	178
Share-based payments	101
Transaction costs	3,450
General and administration costs	3,114
Foreign exchange (gain)/loss	(1,556)
Finance and accretion expense/(income)	(3,809)
Other (income)/expenses	1,210
Earnings/(loss) before taxes	7,412
Current income tax (recovery)	(808)
Deferred income tax (recovery)	(1,559)
Net earnings/(loss) and comprehensive earnings/(loss) for the period	\$9,779
Basic and diluted net earnings/(loss) per share	0.05
Basic and diluted earnings/(loss) before taxes per share	0.04

<sup>1</sup> For Q2 2018, the results for RDM, Fazenda and Pilar are included in Leagold's results for the 38-day post-acquisition period from May 24, 2018 to June 30, 2018 (inclusive).

### Supporting Documents

Leagold's Q2 2018 financial statements and the related MD&A are available on SEDAR and in the Investor Relations section of Leagold's website [here](#).

### Conference Call

A conference call and live webcast will be held on Wednesday, August 15 at 7am PDT/10am EDT. Participants may dial in to the conference call using the numbers below, quoting conference ID 5178519:

North America toll-free: 1-844-543-5236  
International: +1-703-318-2218

The live webcast can be accessed through the following link:

<https://edge.media-server.com/m6/p/u7knot76>

The conference call will be available for playback until 2pm EDT on August 22, 2018 by dialling 1-855-859-2056 (North America toll free) or +1-404-537-3406 (international), quoting the conference ID 5178519. The webcast playback will be available on 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 four operating gold mines in Mexico and Brazil, along with a near-term gold mine restart project in Brazil and additional expansion and growth opportunities. 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, expected benefits of improved leach pad management, expected timing of receipt of regulatory approvals and permits, expected benefits of the power line at RDM; expected gains in efficiencies at the Fazenda mine on account of delivery of new equipment; expected timing of mine design and engineering at Bermejil Underground, completion of the CIL plant study and new technical reports, 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, and future capital expenditures]. 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 successful integration of Brio, 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.

#### 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. Contact on Leagold please visit the Company website at [www.leagold.com](http://www.leagold.com) or contact: Meghan Brown - Vice President, Investor Relations, tel: +1-604-398-4525, email: [mbrown@leagold.com](mailto:mbrown@leagold.com)

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