

# Leagold Refinances With New Long-Term Debt and Announces Fully-Funded Growth Plans

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(All amounts in US dollars, unless otherwise indicated)

VANCOUVER, May 1, 2019 - [Leagold Mining Corp.](#) (TSX:LMC; OTCQX:LMCNF) (Leagold or the Company) announces it has received a binding underwritten commitment from a syndicate of lenders for a \$200 million term loan (the Term Loan) and a \$200 million revolving credit facility (the RCF, and collectively with the Term Loan, the New Loan Facilities). These loans will be used to repay current debt and finance the Company's growth through the phased expansion of the Los Filos mine and the construction of the Santa Luz project, without having to access equity markets.

The technical aspects of Leagold's growth projects were defined in recent independent feasibility studies; however, Leagold's plan sequences the timing of these projects to maximize the use of internal cash flows and mitigate construction risk. Leagold has taken the decision to proceed with the Los Filos expansion when the refinancing closes, which is expected in May, and to commence construction of the Santa Luz project in early 2021.

Highlights include:

- Leagold has received binding underwritten commitments from Société Générale, Investec Bank plc, and ING Capital LLC, for a senior secured term loan of \$200 million and a senior secured revolving credit facility of \$200 million. The Term Loan and \$150 million of the RCF are available on closing and the remaining \$50 million of the RCF is available for the construction of Santa Luz.
- The Term Loan and a portion of the RCF will be used to repay Leagold's existing loan facilities of \$238 million, with the remaining RCF available to provide additional funding and increase cash management flexibility.
- With the New Loan Facilities, Leagold will have a fully-funded growth plan to expand the Los Filos mine and build the Santa Luz mine and position itself to become a 600,000 to 700,000 ounce per year gold producer.

Neil Woodyer, CEO, stated "We are very pleased to announce this underwritten commitment to restructure our debt and fund our growth, which quickly follows the completion of the Los Filos expansion feasibility study on March 12. We appreciate the strong support from our current lenders and newly formed underwriting syndicate and believe the combination of a 5.5-year amortizing Term Loan and a 5.5-year bullet RCF will provide a strong, cost-effective and flexible structure to finance our growth.

"Over the past month, we have optimized the phasing of the key elements of the Los Filos expansion feasibility study by scheduling the resumption of development of the Bermejil underground for July 2019, bringing forward mining of the Guadalupe section of the Bermejil open pit to Q4 2019, and deferring the start of construction of the CIL plant until Q3 2020. This phasing of the Los Filos expansion capital reduces construction and implementation risks while increasing our ability to use internal funding.

"The phased development plan and the New Loan Facilities will enable us to expand Los Filos and build Santa Luz without having to access the equity markets.

"At the start of April, we successfully completed the land access negotiations with our Carrizallilo community of land owners at Los Filos; we greatly value the support that was achieved with a new six-year agreement. We have brought together the people, the assets and the financing to implement our growth plans. We are focused on generating cash flow and building value for our shareholders, our employees and the communities in which we operate."

## Senior Secured Term Loan and RCF

The New Loan Facilities are being provided by Société Générale, Investec Bank plc, and ING Capital LLC, with each institution acting as Joint Bookrunner and Joint Lead Arranger, and Société Générale acting as Coordinating Bank on behalf of Leagold. Société Générale will be the Administrative Agent, Investec will be the Technical Agent, and both Société Générale and ING will be Co-Syndication Agents. The New Loan Facilities are subject only to completion of definitive loan documentation, registration of material security interests, and other customary closing conditions, with completion in May 2019 and not later than June 30, 2019.

The Term Loan and a portion of the RCF will be used to repay Leagold's existing loan facilities of \$238 million. The remaining RCF availability will provide additional funding and cash management flexibility.

The New Loan Facilities will bear interest at LIBOR plus a margin of 3.75% to 4.45%, which compares favourably to the current term loan facility at LIBOR plus 7%. With the Term Loan, repayments are scheduled to commence on September 30, 2021, further increasing the amount of internal cash flow to be used to fund the growth plan. The \$200 million RCF includes \$50 million of funding for the development of the Santa Luz project in 2021, if needed.

Table 1: Key Terms of the New Loan Facilities

	Term Loan	Revolving Credit Facility (RCF)
Amount	\$200 million	\$200 million, with includes \$50 million
Type	Senior, secured, and to be fully drawn at closing	Senior, secured, and revolving
Purpose	To refinance existing loan facilities	General corporate, working capital
Repayments	Scheduled amortization from September 30, 2021 until December 31, 2024	Outstanding amounts due on
Interest	LIBOR plus a margin of 3.75% to 4.45% depending on the Company's net debt / EBITDA leverage ratio	

## Phased Development Plan

Following completion of the Los Filos Expansion Feasibility Study in March 2019, Leagold has continued with construction planning and optimizing the sequencing of the major expansion projects. Leagold has now taken the decision to proceed with the Los Filos phased expansion plan when the refinancing closes, which is expected in May, and to commence construction of the Santa Luz project in early 2021, with the timeline as detailed in Figure 1.

Leagold's phased development plan for Los Filos includes accelerating the start of mining of the Guadalupe section of the Bermejil open pit to Q4 2019 and delaying the start of construction of the CIL plant until Q3 2020. Development of the Bermejil underground is scheduled to resume in Q3 2019. With this updated schedule, the capital cost to develop the Bermejil underground and construct a new 4,000 tonne per day CIL plant with related infrastructure remains unchanged at \$180 million, and no material changes in operating costs or AISC per ounce are expected. The net cash investment requirement is now mostly self-financed from operations at current gold prices. However, as result of a greater proportion of ore being heap leached due to deferral of the CIL plant, the estimated life of mine gold production is approximately 1.5% lower than the 3.2 Moz estimated in the March 2019 Feasibility Study.

In creating the phased development plan, consideration was given to construction and implementation risks, which are being actively managed. Specific elements of the plan that address implementation risk include:

Phased implementation: The expansion of the Los Filos mine has been organized into three distinct projects,

which will have staggered start dates. The CIL plant construction is now scheduled to begin in mid-2020, after significant progress with accessing ore at both Bermejal underground and Guadalupe open pit is achieved. The development of Santa Luz is scheduled for 2021, following substantial completion of all elements of the Los Filos expansion.

The phased development plan results in a smoothed capital expenditure profile that benefits from increased internal financing.

Figure 1: Development Timeline

	2019				2020				2021			
Phased Development Plan	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Los Filos Mine Complex												
Bermejal underground development		X	X	X	X	X	X	X				
Guadalupe open pit stripping			X	X	X	X	X					
CIL plant construction						X	X	X	X	X	X	
Santa Luz project construction									X	X	X	

EPCM contracting: Leagold anticipates an EPCM-based approach for the construction of the Los Filos CIL plant with a highly experienced and reputable engineering and project management group.

Contractor development of Bermejal Underground: Building on its experience from using a contractor for the 1,330-metre access ramp at the Bermejal underground, Leagold plans to use an experienced contractor for Bermejal underground development.

Revenue protection: As the Los Filos expansion timeline is extended to approximately 2.5 years, Leagold has determined it is financially prudent to secure a portion of its revenue from gold sales over this period. Together with the completion of the New Loan Facilities, Leagold plans to implement a gold revenue protection program of 25,000 ounces per quarter over a three-year period from Q4 2019 through to Q4 2022, which represents approximately 20% of group gold production over this period.

EPCM contracting for Santa Luz plant: Leagold anticipates using an EPCM-based approach for several components of the Santa Luz plant construction.

In addition to its current growth projects, Leagold plans to continue near-mine exploration programs designed to increase mineral resources and extend mine lives.

#### About Leagold Mining Corporation

Leagold is 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 an expansion opportunity at the Los Filos mine complex in Mexico. Leagold is listed on the TSX under the trading symbol "LMC" and trades on the OTCQX market as "LMCNF". For more information on Leagold please visit [www.leagold.com](http://www.leagold.com) or contact:

#### Cautionary Note Regarding Forward Looking Statements

This news release contains "forward looking information" or "forward looking statements" within the meaning

