



## **LEAGOLD ANNOUNCES Q3 2018 RESULTS AND AISC MARGIN OF \$22.1 MILLION**

(All amounts in US dollars, unless otherwise indicated)

Q3 2018 highlights include:

- Gold production of 93,269 ounces;
- Sales of 91,733 gold ounces;
- Revenue of \$111.3 million;
- Earnings from mine operations of \$19.6 million;
- Net income of \$14.9 million or \$0.05 cents per share;
- All-in sustaining costs (AISC)<sup>1</sup> of \$966 per ounce of gold sold;
- AISC margin<sup>1</sup> of \$22.1 million; and
- Cash balance of \$47.0 million at September 30, 2018.

**Vancouver, November 14, 2018** – Leagold Mining Corporation (TSX:LMC; OTCQX:LMCNF) (“Leagold” or the “Company”) reports third quarter financial and operating results for its four wholly owned gold mines: the Los Filos mine in Mexico, and the RDM, Fazenda, and Pilar mines in Brazil. Consolidated gold production during the period totalled 93,269 ounces (oz) at all-in sustaining costs (AISC) of \$966 per oz sold, resulting in an AISC margin of \$22.1 million.

Leagold CEO Neil Woodyer commented: “During Q3 we made significant progress toward integrating our three new mines by making some important changes to the reporting and organizational structures in Brazil. We completed the updated feasibility study on the Santa Luz project in October, which demonstrates that it is a very attractive growth opportunity. A key next step for Leagold is the completion of our site-wide review of the Los Filos mine in Mexico, so we can then determine our preferred capital allocation priorities. The Los Filos study is on schedule for completion by year end.

“Among our mines, Fazenda and Pilar both performed as expected in the quarter. Los Filos production was below expectations in Q3, mainly due to the significant increase in contained gold placed on the pads that has caused recovery delays. With Los Filos production set to increase in the near term, the restart of RDM now scheduled for November 20, and the expected cost savings from optimizations in Brazil, we are looking forward to increased production and cash flow in 2019.”

### **Q3 Financial and Operating Results**

At the **Los Filos** mine in Mexico, Q3 production totalled 42,617 oz at AISC of \$1,060 per oz sold. Total material mined from the open pit was 7,400K tonnes at an average grade of 0.65 g/t gold. Ore mined from underground was 172K tonnes – a 19% increase over Q2 – at an average grade of 6.26 g/t. Q3 production was similar to Q2, despite a 49% increase in contained gold placed on

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<sup>1</sup> AISC and AISC margin are non-IFRS financial performance measures with no standard meaning under IFRS.

the heap leach pads in Q3, due to lower than anticipated recoveries of the lower grade, uncrushed and unagglomerated open pit material. The large increase in material placed on the pads may have extended the normal leaching curve by interrupting solution flow and saturation rates. The processing team is now focused on optimizing recoveries for the lower grade material, and production is expected to increase as recovery rates normalize. Production in October improved to 16,026 oz, a 13% increase over the monthly average of 14,206 ounces in Q3.

Also at Los Filos, Leagold launched initiatives in Q3 which are expected to result in annualized savings of up to \$4 million, including staff reductions, new supply chain procedures and controls, and elimination of air charter transportation.

In Brazil, Leagold continued to make progress in Q3 with the integration of the three operating mines acquired in May 2018. Programs were launched to transform each mine into stand-alone profit centres, which included increased management responsibility and the transfer of financial and operating accountability to the mines. Workforce reductions at the Belo Horizonte office were implemented in Q3 and are expected to total 50% by year-end. Excess mine site personnel reduction programs were also introduced in Q3, with total reductions of more than 400 positions representing approximately 15% of the total Brazilian workforce. In addition, operating and maintenance programs have been strengthened to improve long-term performance and cost reductions, and new forecasting and purchasing procedures that include new supply chain and inventory controls were launched during the quarter.

At the **RDM** mine, Q3 production totalled 16,596 oz, slightly below Leagold's August 2018 guidance for H2 2018 as water conservation measures due to regional drought conditions began to impact production. Total material mined in Q3 was 6,993K tonnes at an average grade of 1.18 g/t gold. AISC in Q3 totalled \$1,002 per oz sold, higher than anticipated due to limited power availability from expensive diesel power generators. To improve availability, additional diesel gensets were rented in Q3 and the grid power project was re-started. Once completed, the lower cost grid power is expected to reduce costs by \$6 million annually, from approx. \$0.23/kwh to approx. \$0.06/kwh. The increased availability of power from the grid will also permit the use of a full load of steel balls in the mill, improving grind size and gold recovery and enabling increased mill throughput.

Subsequent to quarter end, RDM was temporarily shut down due to regional drought conditions. With the onset of the rainy season, the water storage facilities have now accumulated the required water to support the restart of operations scheduled for November 20, 2018. Leagold is now implementing a phased restart of RDM using the existing diesel gensets, and will transition to the national grid during the commissioning of the new power line expected in late December. As the water in the reservoir builds up over the rainy season (typically October through April), and as RDM continues to implement water use reduction programs, RDM is expected to be well positioned for stable and continuous operations in 2019.

At the **Fazenda** mine, Q3 production totalled 20,167 oz, trending ahead of Leagold's August 2018 guidance of 33,000-36,000 oz for H2. AISC of \$727 per oz sold in Q3 was also ahead of H2 guidance of \$875-\$925 per oz. Total ore mined from the open pit was 40K tonnes at an average grade of 1.24 g/t gold. Ore mined from underground was 343K tonnes at an average grade of 1.87 g/t. Efficiencies are expected to continue to improve at Fazenda following delivery of new underground mining equipment in Q3.

At the **Pilar** mine, Q3 production totalled 13,889 oz, trending slightly ahead of Leagold's August 2018 guidance of 25,000-27,000 oz for H2. AISC of \$977 per oz sold in Q3 was also ahead of H2 guidance of \$1,000-\$1,050 per oz. Ore mined from underground was 267K tonnes at an average grade of 1.38 g/t. The plant achieved record throughput in the quarter which resulted in strong production performance.

**Table 1: Production and Costs for the Three-month Period July 1 to September 30, 2018**

| <b>Mining Physicals</b>                           | <b>Unit</b>   | <b>Los Filos</b> | <b>RDM</b>    | <b>Fazenda</b> | <b>Pilar</b>  | <b>Total</b>   |
|---|---------------|------------------|---------------|----------------|---------------|----------------|
| Gold ounces produced                              | oz            | 42,617           | 16,596        | 20,167         | 13,889        | 93,269         |
| Gold ounces sold                                  | oz            | 41,868           | 16,956        | 19,526         | 13,383        | 91,733         |
| <b>Cash Cost Details</b>                          |               |                  |               |                |               |                |
| <b>Gold revenue</b>                               | <b>\$000s</b> | <b>50,676</b>    | <b>20,326</b> | <b>23,524</b>  | <b>16,148</b> | <b>110,674</b> |
| Mining costs – open pit                           |               | 7,835            | 4,541         | 1,201          | -             | 13,577         |
| Mining costs – underground                        |               | 12,300           | -             | 7,483          | 7,346         | 27,129         |
| Processing costs                                  |               | 20,274           | 8,256         | 3,923          | 3,279         | 35,732         |
| Site general and admin costs                      |               | 4,954            | 1,493         | 1,576          | 1,132         | 9,155          |
| Change in inventory                               |               | (10,552)         | 1,307         | (1,916)        | (370)         | (11,531)       |
| Other   |               | 192              | 232           | 302            | 375           | 1,101          |
| <b>Total cash costs<sup>1</sup></b>               |               | <b>35,003</b>    | <b>15,829</b> | <b>12,569</b>  | <b>11,762</b> | <b>75,163</b>  |
| Land access payments                              |               | 3,904            | -             | -              | 11            | 3,915          |
| Royalties   |               | 525              | 508           | 349            | 256           | 1,638          |
| Sustaining capital <sup>1</sup>                   |               | 2,821            | 645           | 1,283          | 1,047         | 5,796          |
| Sustaining capital <sup>1</sup> – stripping costs |               | 2,111            | -             | -              | -             | 2,111          |
| <b>AISC<sup>1</sup></b>                           |               | <b>44,364</b>    | <b>16,982</b> | <b>14,201</b>  | <b>13,076</b> | <b>88,623</b>  |
| <b>AISC margin<sup>1</sup></b>                    |               | <b>6,312</b>     | <b>3,344</b>  | <b>9,323</b>   | <b>3,072</b>  | <b>22,051</b>  |
| <b>Cash costs per gold ounce sold<sup>1</sup></b> | <b>\$/oz</b>  | <b>836</b>       | <b>934</b>    | <b>644</b>     | <b>879</b>    | <b>819</b>     |
| <b>AISC per gold ounce sold<sup>1</sup></b>       | <b>\$/oz</b>  | <b>1,060</b>     | <b>1,002</b>  | <b>727</b>     | <b>977</b>    | <b>966</b>     |

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

## 2018 Guidance

As a result of the unplanned temporary shutdown of the RDM mine, and the Los Filos mine experiencing an extended recovery cycle on the heap leach pads, Leagold is updating its 2018 full-year production forecast from the previous guidance range of between 325,000 to 350,000 ounces to a revised guidance range of between 295,000 to 305,000 ounces. The updated guidance range accounts for the unexpected shutdown and considers the restart of RDM in late November with a two-week production ramp up. Leagold is expecting full year AISC to be similar to the nine months ended September 30, 2018 of \$979 per ounce.

## Expansion and Development Projects

At the **Los Filos** mine in Mexico, Leagold continued to advance and evaluate the long-term site-wide production and processing alternatives during Q3. Studies related to the Bermejil underground mine, a potential CIL plant, and an enlarged Los Filos open pit mine plan are

expected to be complete by year-end. On completion of these studies, Leagold anticipates making a decision on the Los Filos expansion opportunities in 2019.

At the **Santa Luz** project in Brazil, Leagold announced the results of an updated feasibility study in Q3. Santa Luz is a previously operating open pit mine and processing plant which was shut down in 2014 by a previous owner to focus on optimizing gold recoveries. Leagold's updated feasibility study demonstrates that resin-in-leach (RIL) processing will successfully achieve gold recoveries of 84%. The feasibility study outlines the potential for Santa Luz to add 100,000 oz per year of gold production within a 10-month construction period at a modest capital cost of \$82 million. With a high IRR and low costs, Santa Luz is a very attractive project. Leagold anticipates making a decision on the construction and re-start of Santa Luz in 2019.

## Financial Results

Leagold reported revenue of \$111.3 million in Q3 2018 and net earnings of \$15.5 million, or \$0.05 per share, as detailed below.

**Table 2: Financial Results for the Three Months ended September 30, 2018**

| <b>\$000s</b>                              | <b>Three months ended<br/>Sept 30, 2018</b> |
|--|---|
| Revenue                                    | 111,259                                     |
| Operating expenses                         | 75,185                                      |
| Depreciation and depletion                 | 14,827                                      |
| Royalties                                  | 1,639                                       |
| <b>Earnings from mine operations</b>       | <b>19,608</b>                               |
| Exploration costs                          | 273   |
| Share-based payments                       | (157)                                       |
| Transaction costs                          | 271   |
| General and administration costs           | 3,749                                       |
| Foreign exchange loss                      | 961   |
| Finance and accretion expense <sup>1</sup> | 755   |
| Other income                               | (626)                                       |
| <b>Earnings/(loss) before taxes</b>        | <b>14,382</b>                               |
| Current income tax expense                 | 2,136                                       |
| Deferred income tax (recovery)/expense     | (2,686)                                     |
| <b>Net income</b>                          | <b>14,932</b>                               |
| Basic and diluted earnings per share       | 0.05  |

<sup>1</sup> Finance and accretion expense includes income of \$6.9 million from the revaluation of the derivative warrant liability.

## Supporting Documents

Leagold's Q3 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 Thursday, November 15 at 7am PST/10am EST. Participants may dial in to the conference call using the numbers below, quoting conference ID 8561047:

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/svbwb5mf>

The conference call will be available for playback until 1pm EST on November 22, 2018 by dialling 1-855-859-2056 (North America toll free) or +1-404-537-3406 (international), quoting conference ID 8561047. The webcast playback will be available on Leagold's website [here](#).

## 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". For more information on Leagold please visit the Company website at [www.leagold.com](http://www.leagold.com) or contact:

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### CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This news release contains "forward looking information" or "forward looking statements" within the meaning of applicable securities legislation. All statements other than statements of historical fact, included herein, including without limitation, statements related to full-year production forecasts and AISC, expectations for increased recovery rates and the impact of cost savings initiatives at Los Filos, cost savings from low-cost grid power and anticipation of stable and continuous operations at RDM ,statements about potential future production at Santa Luz, future operating costs and capital costs, and the projected IRR for the Santa Luz project are forward looking statements. 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". 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 general economic conditions and credit availability, 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.