Condensed Interim Consolidated Financial Statements of

LEAGOLD MINING CORPORATION

For the three months ended March 31, 2018 and 2017
(Expressed in Thousands of United States Dollars)
(Unaudited)

Leagold Mining Corporation
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Thousands of United States Dollars) – Unaudited

	As at March 31, 2018	As at December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	**$ 52,980**	$ 54,039
Trade and other receivables (Note 5)	**33,410**	29,517
Inventories (Note 6)	**51,398**	55,566
Prepaid expenses and other	**15,388**	9,795
	153,176	148,917
Mining interests (Note 7)	**295,445**	288,857
Long-term inventories (Note 6)	**2,184**	2,410
Deferred income tax assets	**70,410**	80,916
Total assets	**$ 521,215**	$ 521,100
Liabilities		
Current liabilities		
Trade and other payables (Note 8)	**62,436**	51,760
Reclamation and closure costs (Note 9)	**1,776**	1,523
Current portion of loan facility (Note 10)	**11,538**	-
	75,750	53,283
Reclamation and closure costs (Note 9)	**50,610**	51,070
Loan facility (Note 10)	**132,930**	143,933
Other long-term liabilities	**4,001**	4,455
Total liabilities	**263,291**	252,741
Equity		
Share capital (Note 11)	**269,187**	268,777
Reserves	**11,221**	11,312
Deficit	**(22,484)**	(11,730)
Total equity	**257,924**	268,359
Total liabilities and equity	**$ 521,215**	$ 521,100

Nature and continuance of operations (Note 1)
Subsequent events (Notes 20)
Commitments and contingencies (Note 19)

Approved by the Board of Directors and authorized for issue on May 2, 2018:

"Neil Woodyer" Director

"Miguel Rodriguez" Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Leagold Mining Corporation
Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss
(Expressed in Thousands of United States Dollars, Except Per Share and Share Information) - Unaudited

	Three months ended March 31,	
	2018	2017
Revenues (Note 12)	**$ 68,073**	$ -
Cost of sales		
Production costs (Note 13)	**49,199**	-
Depreciation and depletion (Note 7)	**7,836**	-
Royalties	**545**	-
	$ 57,580	$ -
Earnings from mine operations	**10,493**	-
Exploration costs	**56**	-
Share-based payments (Note 11b)	**59**	80
Transaction costs (Note 20)	**1,792**	2,968
General and administration costs	**1,674**	724
Earnings/(loss) from operations	**6,912**	(3,772)
Foreign exchange gain	**(824)**	(1,722)
Finance expense/(income) (Note 14)	**3,588**	(58)
Other income	**(716)**	-
Earnings/(loss) before taxes	**4,864**	(1,992)
Current income tax expense	**5,112**	-
Deferred income tax expense	**10,506**	-
Net loss and comprehensive loss for the period	**$ (10,754)**	$ (1,992)
Basic and diluted loss per share (Note 11c)	**(0.07)**	(0.07)
Basic and diluted earnings/(loss) before taxes per share (Note 11c)	**0.03**	(0.07)
Weighted average common shares outstanding		
Basic (Note 11c)	**151,524,292**	27,130,911
Diluted (Note 11c)	**151,995,781**	27,130,911

Leagold Mining Corporation
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Thousands of United States Dollars) – Unaudited

	Three months ended March 31, 2018	2017
Operating activities		
Net loss for the period	**$ (10,754)**	$ (1,992)
Adjust for:		
Depreciation and depletion (Note 7)	**7,836**	-
Share-based payments (Note 11b)	**59**	80
Finance expense (Note 14)	**3,588**	-
Current income tax expense	**5,112**	-
Deferred income tax expense	**10,506**	
Other	**(39)**	(1,722)
Cash spent on reclamation (Notes 9, 15b)	**(440)**	-
Income taxes paid	**(379)**	-
Operating cash flows before working capital	**$ 15,489**	$ (3,633)
Changes in working capital items:		
Trade and other receivables	**(5,238)**	-
Inventories	**2,339**	-
Prepaid expenses and other	**(5,291)**	(322)
Trade and other payables	**8,623**	5,795
Cash provided by operating activities	**$ 15,922**	$ 1,839
Investing activities		
Expenditures on mining interests (Notes 7, 15a)	**(14,049)**	-
Interest received	**104**	-
Cash used in investing activities	**$ (13,945)**	$ -
Financing activities		
Private placement proceeds, net of issue costs (Note 11)	**-**	121,600
Proceeds from exercise of share options (Note 11b)	**228**	-
Interest paid on loan facility (Note 10)	**(3,261)**	-
Other	**-**	(241)
Cash (used in)/provided by financing activities	**$ (3,033)**	$ 121,359
Foreign exchange (gain)/loss on cash and cash equivalents	**(3)**	1,721
(Decrease)/increase in cash and cash equivalents	**(1,059)**	124,918
Cash and cash equivalents, beginning of period	**54,039**	24,650
Cash and cash equivalents, end of period	**$ 52,980**	$ 149,568

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Leagold Mining Corporation
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Thousands of United States Dollars, Except Share Information) – Unaudited

	Share Capital						
	Common Shares		Subscription Receipts				
	Number	Amount	Number	Amount	Reserve	Deficit	Total
Balance at December 31, 2016	27,130,958	$ 26,119	-	$ -	$ 2,235	$ (4,205)	$ 24,149
Subscription receipts issued, net of costs	-	-	63,640,000	121,600	-	-	121,600
Net loss and comprehensive loss	-	-	-	-	-	(1,992)	(1,992)
Balance at March 31, 2017	27,130,958	$ 26,119	63,640,000	$ 121,600	$ 2,235	$ (6,197)	$ 143,757
Balance at December 31, 2017	151,316,959	$ 268,777	-	$ -	$ 11,312	$ (11,730)	$ 268,359
Share options granted (Note 11b)	-	-	-	-	91	-	91
Share options exercised (Note 11b)	460,000	410	-	-	(182)	-	228
Net loss and comprehensive loss	-	-	-	-	-	(10,754)	(10,754)
Balance at March 31, 2018	**151,776,959**	**$ 269,187**	**-**	**$ -**	**$ 11,221**	**$ (22,484)**	**$ 257,924**

The accompanying notes are an integral part of these condensed interim consolidated financial statements

(Expressed in Thousands of United States Dollars, Except as Otherwise Stated) - Unaudited

1. NATURE AND CONTINUANCE OF OPERATIONS

Leagold Mining Corporation ("Leagold" or the "Company") was incorporated under the *Canada Business Corporations Act* on July 7, 1981 and was continued into British Columbia on August 31, 2016. As of July 20, 2017, the Company's common shares are listed to the Toronto Stock Exchange ("TSX"). The address of the Company's registered and records office is 2900 – 550 Burrard Street, Vancouver, British Columbia, V6C 0A3 and its executive office is 3043 - 595 Burrard Street, Vancouver, British Columbia, V7X 1J1.

On April 7, 2017, the Company completed the acquisition of the Los Filos Mine in Guerrero State, Mexico from Goldcorp Inc. ("Goldcorp") (the "Los Filos Acquisition"). Leagold is focused on effectively managing and operating its newly acquired Los Filos Mine, as well as pursuing growth through acquisitions of gold mining operations and advanced-stage development projects with a focus on opportunities in Latin America (Note 20). The Company has one operating segment, the Los Filos Mine in Mexico.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Certain disclosures required by the IFRS have been condensed or omitted in the following note disclosures or are disclosed or have been disclosed on an annual basis only. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the years ended December 31, 2017 and 2016 ("annual financial statements"), which have been prepared in accordance with IFRS.

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the annual financial statements, except as noted below.

(b) Basis of consolidation

The accounts of the subsidiaries controlled by the Company are included in the consolidated financial statements from the date that control commenced until the date that control ceases. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The principal subsidiaries of the Company and their geographic locations at March 31, 2018 are as follows:

Direct parent company	Location	Ownership
Leagold Acquisition Corp.	Canada	100%
Leagold Acquisition Corp. II	Canada	100%
Leagold (BC) Holding Corp.	Canada	100%
Leagold Switzerland SA	Switzerland	100%
Leagold Mexico S.A.P.I. de C.V.	Mexico	100%
Mina Leagold Los Filos, S.A.P.I. de C.V.	Mexico	100%
Administración Los Filos, S.A.P.I. de C.V.	Mexico	100%
Desarrollos Mineros San Luis S.A. de C.V.	Mexico	100%
Exploradora de Yacimientos Los Filos S.A. de C.V.	Mexico	100%
Minera Thesalia, S.A. de C.V.	Mexico	100%
MXN Silver Corp.	Barbados	100%

Intercompany balances, transactions, income and expenses arising from intercompany transactions are eliminated in full on consolidation.

(c) Foreign currency translation

The presentation and functional currency of the Company is the US dollar. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities in foreign currencies other than the functional currency are translated using the historical rate. All gains and losses on translation of these foreign currency transactions are included in the consolidated statements of net loss and comprehensive loss.

3. CHANGES IN ACCOUNTING POLICIES AND STANDARDS

(a) Application of new accounting standards effective January 1, 2018

The Company has adopted the following new IFRS standards for the annual period beginning on January 1, 2018.

a. *Impact of IFRS 15 Revenue from Contracts with Customers ("IFRS 15")*

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of goods to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods. Specifically, IFRS 15 introduces a five-step approach to revenue recognition. Under IFRS 15, an entity recognizes revenues when a performance obligation is satisfied, which is when "control" of the goods have transferred to the customer.

Revenue from the sale of gold in doré bar form is recognized and revenue is recorded at market prices following the transfer of control to the customer. The performance obligations are completed, and control is transferred to the customer, when the Company has a present right to payment, has transferred legal title to the asset, has transferred physical possession of the asset to the customer, the customer has accepted the significant risks and rewards of ownership, and the customer has accepted the asset. The Company receives sales proceeds from a combination of refiners, gold traders and off-take partners. Revenue is gross of royalties paid to third parties.

The Company adopted IFRS 15 using the modified retrospective method and has determined that there is no impact of the change in the accounting for revenue at the transition date.

b. Impact of IFRS 9 Financial Instruments ("IFRS 9")

The key requirements of IFRS 9 as they relate to the Company include the following:

- Subsequent to initial measurement at fair value, all recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost in subsequent periods. For those financial assets that have a business model whose objective is achieved by both collecting the contractual cash flows and selling financial assets, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at fair value through profit and loss ("FVTPL") in subsequent accounting periods. In addition, on initial recognition, an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's FVTOCI, with only dividend income generally recognized in profit or loss. Transaction costs for financial assets held at FVTPL are expensed, for all other financial assets, they are recognized at fair value at initial measurement less any directly attributable transaction costs.
- Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial

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liabilities are carried on the balance sheet subsequent to inception and how changes in value are recorded.

- For the impairment of financial assets, IFRS 9 requires an 'expected credit loss' model applies which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The Company has adopted IFRS 9 on a retrospective basis without the restatement of the comparative period and none of the Company's classification of its financial instruments have changed significantly as a result of the adoption of IFRS 9. The Company has assessed the impairment of its receivables using the expected credit loss model, however, there is no material difference as a result, and no impairment has been recognized upon transition and at March 31, 2018. There are no transitional impacts regarding financial liabilities in regards to classification and measurement. Trade and other payables and the loan facility are classified as other financial liabilities and carried on the balance sheet at amortized cost and the warrant derivative is a liability at fair value through profit or loss.

(b) Future accounting standards and interpretations

The Company has not early adopted IFRS 16, Leases, which has been issued and will be effective January 1, 2019. IFRS 16, Leases provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance leases. The Company is currently assessing the impact IFRS 16 will have on the consolidated financial statements.

4. CRITICAL JUDGEMENTS, ESTIMATES AND ASSUMPTIONS IN APPLYING ACCOUNTING POLICIES

Judgements, estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant judgments, estimates and assumptions made by management in applying the Company's accounting policies were the same as those that applied to the annual financial statements.

5. TRADE AND OTHER RECEIVABLES

	March 31, 2018	December 31, 2017
Trade receivables	**$ 8,490**	$ 9,622
VAT receivables	**21,115**	16,114
Income taxes receivables	**2,319**	2,708
Other receivables	**1,486**	1,073
	$ 33,410	$ 29,517

The VAT receivable balance of $21,115 represents the VAT receivable accumulated from the closing of the Los Filos Acquisition to March 31, 2018, net of VAT refunds received. During the three months ended March 31, 2018, $1,807 of VAT refunds have been received relating to the Company's accumulated VAT receivable balance.

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6. INVENTORIES

		March 31, 2018		December 31, 2017
Supplies	**$**	**10,213**	$	10,522
Finished goods		**1,748**		2,407
Work in progress		**1,525**		1,473
Heap leach ore		**39,365**		38,149
Stockpiled ore		**731**		5,425
	$	**53,582**	$	57,976
Less: non-current heap leach ore		**2,184**		2,410
Current portion	**$**	**51,398**	$	55,566

(a) The costs of inventories recognized as expense for the three months ended March 31, 2018 was $49,199 and is included in production costs (Note 13).

7. MINING INTERESTS

	Mining Properties							
		Depletable		Non-depletable		Plant and equipment		Total
Cost								
At December 31, 2017	$	66,435	$	89,253	$	157,618	$	313,306
Additions/expenditures		5,679		6,093		512		12,284
Change in reclamation liability (Note 9)		83		-		-		83
Balance as at March 31, 2018	**$**	**72,197**	**$**	**95,346**	**$**	**158,130**		**325,673**
Accumulated depreciation								
At December 31, 2017	$	9,124	$	-	$	15,325	$	24,449
Depreciation/depletion		2,395		-		5,441		7,836
Change in depreciation included in inventory		(744)		-		(1,313)		(2,057)
Balance as at March 31, 2018	**$**	**10,775**	**$**	**-**	**$**	**19,453**	**$**	**30,228**
Carrying amounts								
At December 31, 2017	**$**	**57,311**	**$**	**89,253**	**$**	**142,293**	**$**	**288,857**
Balance as at March 31, 2018	**$**	**61,422**	**$**	**95,346**	**$**	**138,677**	**$**	**295,445**

(a) The Company had no mining properties or plant and equipment as at March 31, 2017.

8. TRADE AND OTHER PAYABLES

		March 31, 2018		December 31, 2017
Trade and other payables	**$**	**40,713**	$	27,348
Accrued liabilities		**21,723**		24,412
	$	**62,436**	$	51,760

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9. RECLAMATION AND CLOSURE OBLIGATIONS

		March 31, 2018		December 31, 2017
Beginning balance	$	52,593	$	-
Assumed on Los Filos Acquisition		-		42,428
Revision of estimate		83		10,249
Accretion expense		316		1,175
Expenses incurred		(606)		(1,259)
	$	52,386	$	52,593
Less: non-current portion		50,610		51,070
Current portion	$	1,776	$	1,523

The Company's environmental permits require that it reclaims any land it disturbs during mine development, construction and operations. The majority of these reclamation costs are expected to be incurred subsequent to the end of the expected useful life of the operation to which they relate. The Company measures the provision at the expected value of future cash flows including US based nominal inflation of 1.90%, discounted to the present value using a US dollar risk free discount rate of 2.43%. The undiscounted value of the provision as of March 31, 2018 was $54,385.

10. LOAN FACILITY

		March 31, 2018		December 31, 2017
Loan facility	$	150,000	$	150,000
Deferred financing costs		(7,712)		(7,712)
Accretion expense		14,704		10,908
Interest paid		(12,524)		(9,263)
Ending balance	$	144,468	$	143,933
Less: non-current portion		132,930		143,933
Current portion	$	11,538	$	-

As part of the financing plan to complete the Los Filos Acquisition, the Company closed a financing with a fund managed by Orion Resource Partners ("Orion") consisting of a $150,000 senior secured 5-year loan facility, which bears interest at a rate equal to the greater of 3-month USD Libor or 1.00%, plus 700 basis points, and will mature on April 6, 2022. Principal repayments commence with the first repayment due on March 31, 2019 and with equal quarterly installments thereafter, until fully repaid. The loan facility includes a standard debt service cover ratio that ranges from 1.75 at all times up to and including December 31, 2018, and gradually declines to 1.25 by October 1, 2019 until maturity. Effective October 31, 2017, Société Générale and Investec Bank plc joined the $150,000 loan facility, with the new lenders participating for $25,000 each, and Orion retaining $100,000 of the loan facility. All other terms of the loan facility remain the same.

11. SHARE CAPITAL

On March 8, 2017, the Company completed an offering of 63,640,000 subscription receipts ("Subscription Receipt Offering") at an issue price of C$2.75 per subscription receipt for gross proceeds of $129,700 (C$175,010). Each subscription receipt entitled the holder thereof to receive one common share of the Company for no additional consideration, upon closing of the Los Filos Acquisition. The share issue costs relating to the Subscription Receipt Offering totaled $8,100 during the three months ended March 31, 2017.

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(a) Authorized capital

Unlimited common shares without par value.
Unlimited preferred shares without par value.
Unlimited series 1 convertible preferred shares with special rights and restrictions attached.

(b) Share-based payments

The following table summarizes the share-based payments:

	Three months ended March 31,	
	2018	**2017**
Share-based payment expense on share options granted	**$ 91**	$ -
Expense recognized on grant of DSUs, net of change in fair value during the period	**(32)**	80
Total share-based payments	**$ 59**	$ 80

i. Share options

The Company has adopted a rolling share option plan (the "Plan") whereby the option to acquire up to 10% of the issued share capital may be granted to eligible optionees from time to time. The Plan permits options granted to have a maximum term of ten years, a vesting period determined by the directors, and the exercise price may not be less than the market price, as prescribed by regulatory requirements.

A summary of the changes in the share options is presented below:

	Options outstanding	Weighted average exercise price ($CAD)
At December 31, 2016	2,500,000	2.23
Granted	9,200,000	2.86
Exercised	(20,000)	0.63
At December 31, 2017	11,680,000	$ 2.73
Granted	100,000	2.92
Exercised	(460,000)	0.63
At March 31, 2018	**11,320,000**	**$ 2.81**

During the three months ended March 31, 2018, 460,000 share options with an exercise price of C$0.625 were exercised for gross proceeds of $228, and 100,000 share options with an exercise price of C$2.92 were granted by the Company with a Black Scholes valuation of $91.

(Expressed in Thousands of United States Dollars, Except as Otherwise Stated) - Unaudited

The following table summarizes information about the exercisable share options outstanding as March 31, 2018:

Exercise Prices ($CAD)	Number of Share Options Outstanding	Number of Share Options Exercisable	Weighted average exercise price ($CAD)	Weighted average remaining contractual life
$ 0.63	220,000	220,000	$ 0.63	8.3 years
$ 2.85	1,800,000	1,800,000	$ 2.85	3.6 years
$ 2.85	9,000,000	9,000,000	$ 2.85	4.1 years
$ 3.15	200,000	200,000	$ 3.15	4.5 years
$ 2.92	100,000	100,000	$ 2.92	4.8 years
	11,320,000	**11,320,000**	**$ 2.81**	**4.1 years**

The following weighted average assumptions were used for Black-Scholes valuation of the share options granted during the three months ended March 31, 2018:

	2018
Risk-free interest rate	1.97%
Expected life	4.1 years
Annualized volatility	41.89%
Dividend rate	0.00%
Forfeiture rate	0.00%

There were no share options granted during the three months ended March 31, 2017.

ii. Deferred share units

The Company established a DSU plan for the purposes of strengthening the alignment of interests between non-executive directors of the Company and shareholders by linking a portion of the annual director compensation to the future value of the Company's common shares. Upon establishing the DSU plan for non-executive directors in November 2016, the Company adopted a policy to no longer grant share options to non-executive directors. The DSU plan allows each non-executive director to receive, in the form of DSUs, 50% of the director's fees which would otherwise be payable in cash. The plan also provides for discretionary grants of additional DSUs by the Board. Each DSU fully vests upon award but is distributed only when the director has ceased to be a member of the Board. Vested units are settled in cash based on the common share price at the date of settlement.

A summary of the changes in the DSUs is presented below:

	DSUs outstanding	Weighted average grant price ($CAD)
At December 31, 2016	26,640	$ 3.15
Granted	479,378	2.62
Exercised	(24,368)	2.53
At December 31, 2017	481,650	$ 2.63
Granted	54,786	2.65
At March 31, 2018	**536,436**	**$ 2.63**

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During the three months ended March 31, 2018, the Company granted 54,786 DSU's with a resulting fair value of $113 which was recognized as share-based payments expense during the period. The total fair value of all outstanding DSUs at March 31, 2018 was $1,086 (December 31, 2017 - $1,118) which was recorded as other long-term liabilities.

iii. Warrant derivative

In relation to the Los Filos Acquisition financing, the Company has granted Orion 2,000,000 share purchase warrants that are exercisable in whole or in part for a term of five years at an exercise price of C$3.575 per share.

The exercise price of these warrants is denominated in Canadian dollars; however, the functional currency of the Company is the US dollar. As a result of this difference in currencies, the proceeds that will be received by the Company are not fixed and will vary based on foreign exchange rates resulting in the warrants being classified as derivatives and therefore, are required to be recognized and measured at fair value at each reporting period. Any changes in fair value from period to period are recorded as a non-cash finance costs in the consolidated statements of net loss and comprehensive loss. Upon exercise, the holder will pay the Company the respective exercise price for each warrant exercised in exchange for one common share of the Company. The fair value at the date of exercise and the associated non-cash liability will be reclassified to share capital. The non-cash liability associated with any warrants that expire unexercised will be recorded as a gain in the consolidated statements of net loss and comprehensive loss. There are no circumstances in which the Company would be required to pay any cash upon exercise or expiry of the warrants.

A reconciliation of the change in the fair values of the warrant derivative, included on the consolidated statements of financial position as another long-term liability, is presented below:

		Fair value of warrant derivative
At December 31, 2016	$	-
Warrants issued		1,734
Change in fair value of warrant derivative		(276)
At December 31, 2017	$	1,458
Change in fair value of warrant derivative		(421)
At March 31, 2018	**$**	**1,037**

There were no warrants outstanding during the three months ended March 31, 2017.

The following weighted average assumptions were used for Black-Scholes valuation of the warrants granted during the three months ended March 31, 2018.

	2017
Risk-free interest rate	2.04%
Expected life	4 years
Annualized volatility	42.66%
Dividend rate	0.00%
Forfeiture rate	0.00%

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(c) Diluted earnings per share

	Three months ended March 31, 2018				
	Weighted average shares outstanding	**Net loss**	**Net loss per share**	**Earnings before taxes**	**Earnings before taxes per share[(1)]**
Basic EPS	**151,524,292**	**$(10,754)**	**$(0.07)**	**$4,864**	**$0.03**
Effect of dilutive stock options	**471,579**	**-**	**-**	**-**	**-**
Diluted EPS	**151,995,871**	**$(10,754)**	**$(0.07)**	**$4,864**	**$0.03**

	Three months ended March 31, 2017				
	Weighted average shares outstanding	Net loss	Net loss per share	Loss before taxes	Loss before taxes per share[(1)]
Basic EPS	27,130,911	$(1,992)	$(0.07)	$(1,992)	$(0.07)
Effect of dilutive stock options	-	-	-	-	-
Diluted EPS	27,130,911	$(1,992)	$(0.07)	$(1,992)	$(0.07)

(1) The Company is presenting net earnings before taxes per share as the Company believes this is a relevant metric that reflects the Company's results from continuing operations prior to the effect of the deferred tax recognized on the Los Filos Acquisition.

At March 31, 2018, 2,000,000 share purchase warrants and 300,000 stock options were outstanding, which for the three months ended March 31, 2018 were anti-dilutive. This is due to the underlying exercise prices exceeded the daily weighted average market values of the common shares for the three months ended March 31, 2018 of C$2.86.

12. REVENUE

Revenue is comprised of the following sales:

	Three months ended March 31, 2018		2017	
Gold (a)	**$**	**67,829**	$	-
Silver (b)		**244**		-
	$	**68,073**	$	-

(a) Gold Offtake Arrangement

As part of the Los Filos Acquisition financing, the Company entered into an offtake agreement with Orion (the "Gold Offtake Agreement") which provides for a gold offtake of 50% of the gold production from the Los Filos Mine at market prices, until a cumulative delivery of 1.1 million ounces to Orion. As of March 31, 2018, 98,570 payable gold ounces had been sold to Orion under the terms of the Gold Offtake Agreement.

(b) Silver Streaming Arrangement

During the three months ended March 31, 2018, silver revenue equalled less than 0.5% of the Company's total revenue. The Company's silver production from the Los Filos mine and Bermejal property is subject to the terms of an agreement (the "Silver Purchase Agreement") with Wheaton Precious Metals Corp. ("WPM") under which the Company must sell a minimum of 5 million payable silver ounces produced by the Los Filos mine operations from August 5, 2010 to the earlier of the termination of the agreement or October 15, 2029 to WPM at the lesser of $3.90 per ounce (the "Fixed Price") or the prevailing market price, subject to an inflationary adjustment. The contract price is revised each year on the anniversary date of the contract, and will be $4.34 per ounce until October 14, 2018. As of March 31, 2018, 1.6 million payable silver ounces had been sold to WPM under the terms of the agreement.

(Expressed in Thousands of United States Dollars, Except as Otherwise Stated) - Unaudited

(c) Royalties

The Company is subject to a royalty arrangement of 0.5% of gross income on gold and silver revenues. In addition, the concession named Xochipala is subject to a royalty arrangement of 3% of gross income on gold and silver revenues.

13. PRODUCTION COSTS

	Three months ended March 31,	
	2018	2017
Raw materials and consumables	**$ 25,002**	$ -
Contractors	**6,061**	-
Salaries and employee benefits	**10,027**	-
Other	**8,109**	-
	$ 49,199	$ -

14. FINANCE EXPENSE

	Three months ended March 31,	
	2018	2017
Interest expense	**$ 3,693**	$ (58)
Change in the fair value of warrant derivative (Note 12b)	**(421)**	-
Accretion expense (Note 10)	**316**	-
	$ 3,588	$ (58)

15. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Expenditures on mining interests per the condensed interim consolidated statements of cash flows include:

	Three months ended March 31,	
	2018	**2017**
Capitalized expenditures on mining interests (Note 7)	**$ 12,284**	$ -
Change in trade and other payables	**1,765**	-
	$ 14,049	$ -

(b) Expenditures on reclamation and closure obligations per the condensed interim consolidated statements of cash flows include:

	Three months ended March 31,	
	2018	**2017**
Expenditures on reclamation and closure obligations (Note 9)	**$ 606**	$ -
Change in trade and other payables	**(166)**	-
	$ 440	$ -

(Expressed in Thousands of United States Dollars, Except as Otherwise Stated) - Unaudited

16. RELATED PARTY TRANSACTIONS

Compensation of key management personnel and directors

The remuneration of key management which includes directors and management personnel responsible for planning, directing and controlling the activities of the Company during the period were as follows:

	Three months ended March 31, **2018**	2017
Short-term benefits	**$ 468**	$ 371
DSUs granted	**113**	80
	$ 581	$ 451

17. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties, support any expansionary plants, maintain sufficient capital for potential investment opportunities and to pursue generative acquisition opportunities. The Company intends to finance potential acquisitions with a prudent combination of equity, debt and other forms of finance.

In the management of capital, the Company includes the components of equity, and long-term debt, net of cash and cash equivalents.

Capital, as defined above, is summarized in the following table:

	March 31, 2018	December 31, 2017
Equity	**$ 257,924**	$ 268,359
Loan facility	**144,468**	143,933
	402,392	412,292
Less:		
Cash and cash equivalents	**(52,980)**	(54,039)
	$ 349,412	$ 358,253

The Company manages its capital structure and makes adjustments to it in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables and other long-term liabilities and the loan facility.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

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The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – inputs that are not based on observable market data.

The fair values of the Company's cash and cash equivalents, trade and other receivables, and trade and other payables approximate their carrying values due to their short-term nature.

Other long-term liabilities include the warrant derivative, which is measured at their fair value at the end of each reporting period. The loan facility is measured at amortized cost and the carrying value approximates the fair value as the contractual interest rates are comparable to current market interest rates.

At each of March 31, 2018 and December 31, 2017, the levels in the fair value hierarchy into which the Corporation's financial assets and liabilities measured and recognized in the statements of financial position at fair value are categorized are as follows:

	March 31, 2018		December 31, 2017	
	Level 1	**Level 2**	Level 1	Level 2
Cash and cash equivalents	**$ 52,980**	**$ -**	$ 54,039	$ -
Other long-term liabilities		**(1,037)**	-	(1,458)
	$ 52,980	**$ (1,037)**	$ 54,039	$ (1,458)

Financial Risk

The Company is exposed to varying degrees of a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

<u>Credit risk</u>

The Company's primary exposure to credit risk is on its cash and cash equivalents and trade and other receivables.

The Company closely monitors its financial assets and does not have any significant concentration of credit risk other than receivable balances owed from the Mexican government. During the three months ended March 31, 2018, $1,807 of VAT refunds have been received relating to the Company's accumulated VAT receivable balance. There is no indication that the Company will not receive any VAT receivables from the Mexican government. The Company sells its gold to large international organizations with strong credit ratings, the historical level of customer defaults is minimal and, as a result, the credit risk associated with gold trade receivables at March 31, 2018 is considered to be negligible.

In determining the recoverability of a receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

Excess cash deposits are restricted to guaranteed investment certificates of major banks or instruments of equivalent or better quality. No investments in asset-backed commercial paper is permitted.

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The Company's maximum exposure to credit risk is as follows:

		March 31, 2018		December 31, 2017
Cash and cash equivalents	**$**	**52,980**	$	54,039
Trade and other receivables		**33,410**		29,517
	$	**86,390**	$	83,556

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company believes it has sufficient cash resources to pay its obligations associated with its financial liabilities as at March 31, 2018.
The Company's significant undiscounted commitments at March 31, 2018 are as follows:

	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	$ 62,436	$ -	$ -	$ -	$ 62,436
Other long-term liabilities	-	-	-	4,001	4,001
Reclamation and closure costs	926	4,983	4,800	43,676	54,385
Loan facility – principal	11,538	92,308	46,154	-	150,000
Loan facility – interest	13,223	17,325	2,547	-	33,095
	$ 88,123	**$ 114,616**	**$ 53,501**	**$ 47,677**	**$ 303,917**

Foreign currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Company incurs in its operations. There has been no change in the Company's objectives and policies for managing this risk during the three months ended March 31, 2018.

The Company's reporting currency is the US dollar and major purchases are transacted in US dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the US dollar. A portion of the Company's exploration, development and operating costs and administrative costs are incurred mainly in Mexican pesos and Canadian dollars. The fluctuation of the Mexican peso and Canadian dollar in relation to the US dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholder's equity.

The table below highlights the net assets held in Canadian dollars and Mexican pesos (in US dollar equivalents):

		March 31, 2018		December 31, 2017
Canadian dollars	**$**	**(109)**	$	145
Mexican pesos		**(4,410)**		301
	$	**(4,519)**	$	446

The effect on earnings and other comprehensive earnings before tax as at March 31, 2018, of a 10% appreciation or depreciation in the foreign currencies against the US dollar on the above mentioned financial and non-financial assets and liabilities of the Company is estimated to be $411 (December 31, 2017 - $41), assuming that all other variables remained constant.

Commodity Price risk

Gold prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the political and economic conditions of major gold producing countries. The profitability of the Company is directly related to the market price of gold. A decline in the market prices for this precious metal could negatively impact the Company's future operations. The Company has not hedged any of its gold or silver sales.

Interest rate risk

The Company is exposed to interest rate risk on its cash and cash equivalents and the loan facility. At March 31, 2018, the Company has determined the interest rate risk to be low and that a 10% increase or decrease in market interest rates would result in a $64 (December 31, 2017 - $142) increase or decrease to the Company's earnings.

19. COMMITMENTS AND CONTINGENCIES

As at March 31, 2018, the Company has no material commitments and contingencies other than disclosed in Note 12.

20. SUBSEQUENT EVENTS

On January 23, 2018, the Company announced the intention to make an offer to acquire all of the issued and outstanding shares of Brio (the "Arrangement"). Subsequently, on February 16, 2018, the Company reached an agreement with Brio to proceed with the acquisition, which was supported by the Brio Board of Directors, by way of a statutory plan of arrangement. Pursuant to the definitive arrangement agreement (the "Arrangement Agreement"), for each Brio common share issued and outstanding, the Company will issue 0.922 of a Leagold share and 0.4 of a Leagold share purchase warrant (each whole warrant, a "Leagold Warrant"). Each Leagold Warrant will entitle the holder to purchase one Leagold share at a price of C$3.70 for a period of two years following completion of the transaction. Both the Leagold and Brio Boards of Directors have unanimously approved the terms of the Arrangement Agreement. On April 17, 2018, Brio obtained a final order from the Ontario Superior Court of Justice approving the Arrangement, following the Brio special shareholders meeting held on April 12, 2018, where the shareholders of Brio voted in favour of the proposed acquisition of Brio. Transaction costs related to the Arrangement incurred during the three months ended March 31, 2018 totaled $1,792 and have been expensed in the consolidated statements of net loss and comprehensive loss.

On May 2, 2018, the Company arranged debt and equity financings subject to the completion of the Arrangement. The Company's existing loan facility with its syndicate of lenders has been amended to provide an additional $100 million tranche of funding. The $100 million tranche will bear interest at LIBOR plus 5.25% and the principal amount will be due as a single payment on the maturity date, being 18-months from completion of the Arrangement. The $100 million tranche will be used to fully repay Brio's $75 million senior secured credit facility and the drawn amounts of Brio's debt with a group of Brazilian banks, which amounted to $22 million as of December 31, 2017. As consideration for the new $100 million tranche and effective as of closing of the Arrangement, the Company has agreed to a fee of $1.5 million to the lenders and to increase the aggregate commitment under the Gold Offtake Agreement, on a pro-rata basis with the increase in the principal amount, to 1.833 million ounces with deliveries from the Los Filos mine and the Brio mines. In addition, the Company will issue 2.0 million warrants to Orion, with each warrant exercisable for one Leagold common share for a period of three years from the date of issuance at an exercise price of C$3.529, equivalent to 130% of the equity subscription price.

In addition, Orion, through a fund it manages, will subscribe for, on a private placement basis, $45 million worth of Leagold common shares at C$2.7143 per share, based on Leagold's five-day volume weighted average price for the period ended May 1, 2018. This investment is expected to result in Orion acquiring 21,317,098 additional Leagold common shares to allow Orion to maintain its current ownership interest in the Company, on a pro forma basis, at approximately 16%.