LEAGOLD MINING CORPORATION

Management's Discussion and Analysis

For the three months ended March 31, 2018 and 2017

(Expressed in Thousands of United States Dollars)

This Management's Discussion and Analysis is prepared as of May 2, 2018 and provides an analysis of our unaudited interim financial results for the three months ended March 31, 2018. The results for the three months ended March 31, 2018 were not comparable to the same periods in the prior year given the Company had no operations during this period in the prior year. The results for the three months ended December 31, 2017 have been provided for comparison purposes. Additional information regarding the Company, including its Annual Information Form is available on SEDAR at www.sedar.com.

The following discussion and analysis of the financial condition and results of operations of Leagold Mining Corporation. ("Leagold" or the "Company") should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2018 and March 31, 2017, as well as the consolidated financial statements for the year ended December 31, 2017 and December 31, 2016, and the related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts are in United States dollars unless otherwise specified.

BUSINESS OVERVIEW

Leagold is a Canadian based gold producer with an operating mine, Los Filos, in Mexico. The Company's shares are listed on the Toronto Stock Exchange (the "TSX") (symbol: LMC) and quoted in the United States on the OTCQX International (symbol: LMCNF).

Leagold's corporate strategy is to identify and acquire operating gold mines and projects nearing construction within Latin America which can be consolidated regionally and where the acquired assets complement each other. This involves targeting non-core gold assets from senior producers and the acquisition of publicly listed junior producers and unlocking value from implementing optimizations, de-risking projects and investing in exploration. Leagold has an experienced management team with a history of creating shareholder value and operational success.

On February 16, 2018, Leagold entered into a definitive agreement with Brio Gold Inc. ("Brio") to acquire, by way of a statutory plan of arrangement, all of the issued and outstanding shares of Brio ("the Arrangement"). 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, approving the Arrangement.

The acquisition of Brio has the potential to transform Leagold into an intermediate gold producer with four mines and two development projects with diversification across Mexico and Brazil. On a pro forma basis, Leagold is expected to produce between 420,000 and 475,000 ounces ("oz") of gold in 2018, based on market guidance provided by each of Leagold and Brio[1]. Leagold will also have a strong platform for further growth in Mexico, Brazil, and other regions of Latin America.

Q1 2018 HIGHLIGHTS

- For the three months ended March 31, 2018, Los Filos mine reported:
  - Gold production of 51,003 ounces;
  - Sales of 51,334 gold ounces;
  - Revenues of $68.1 million;
  - All-in sustaining cost ("AISC") per ounce[2] of $1,039;
  - Adjusted EBITDA[2] of $17.3 million;
  - All-in sustaining cost margin[2] of $14.5 million; and
  - Earnings from mine operations of $10.5 million

[1] Leagold news release of 19 January 2018 with 2018 guidance of 215,000 to 240,000 oz and Brio news release of 16 January 2018 with 2018 guidance of 205,000 to 235,000 oz.
[2] Non-IFRS measure, see *Non-IFRS Financial Performance Measures* for reconciliation. AISC includes mine cash costs, land access payments, royalties and sustaining capital expenditures.

- Los Filos is on track to deliver the 2018 production guidance range of 215,000 to 240,000 oz at an AISC of $875/oz to $925/oz, as the annual mine plan sequence schedules lower production and higher AISC/oz costs in H1 2018 and higher gold production with lower AISC/oz costs in H2 2018 (see Figure 2, page 5). The Q1 2018 AISC of $1,039/oz was under budget for the period.
- In the second half of 2018, the mine plan includes higher grades and lower strip ratio, and operations are also expected to benefit from improved pad management which includes the agglomerator and overland conveyor.
- Leagold continues to advance the Bermejal Underground expansion project, including:
  - Mine design and engineering, based on the updated mineral resource estimate, with expected completion by mid-year 2018;
  - Ongoing development of the exploration portal and ramp construction, with over 750 metres of the planned 1,300 metres of advance has been completed in the main ramp as of the date of this MD&A;
  - Completion of surface facilities at the underground portal and the first raise bore for ventilation; and
  - Commencement of access development to the test mining area.
- In conjunction with the Bermejal Underground expansion, studies are being finalized for the construction of a carbon-in-leach ("CIL") processing plant at Los Filos. The addition of a CIL plant at Los Filos enables higher recoveries for a wider range of ore types.
- For the three months ended March 31, 2018, Leagold generated net earnings before tax of $4.9 million
- At March 31, 2018, Leagold had cash and cash equivalents of $53.0 million.
- On March 8, 2018, Leagold filed a NI 43-101 Technical Report, which disclosed an increasing Proven and Probable mineral reserves by 59% to 2.7Moz (as of December 31, 2017)[3].

LOS FILOS MINE

The current Los Filos mine operation consists of two open-pit mines, Los Filos and Bermejal, and an underground mine at Los Filos. During 2017, the Los Filos mine commenced development on its Bermejal Underground expansion project which has the potential to increase production, reduce AISC/oz, increase cash flow, and extend mine life. The Los Filos mine is located 230 km south of Mexico City and is accessible by paved roads and a private airstrip. Grid power is supplied by InterGen with a 20 MVA substation at site.

BERMEJAL EXPANSION PROJECT

The Company continues to focus on the advancement of the Bermejal Underground as an expansion project. Following the acquisition of Los Filos in April 2017, the Company completed a 56,000 metre infill and step-out drilling program, completed a portal and decline trade-off analysis and commenced the development of an exploration portal and ramp. The highly successful exploration programs in 2017 increased the size of the Measured and Indicated mineral resources at Bermejal Underground from 1.0 million oz to 2.1 million oz as of the end of December 31, 2017.

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

Infill and Step-Out Exploration Drilling Program – To further refine the extent and continuity of the Bermejal Underground deposit, the 56,000 metre drilling program was completed in December 2017. Infill drilling throughout areas of previously identified mineralization and step-out drilling along the northern, eastern and western portions of the deposit were targeted to provide improved definition and additional resources. The

[3] *Year-end mineral reserves and mineral resources are derived from Los Filos Technical Report filed March 8, 2018 on SEDAR at www.sedar.com.*

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

update of the Bermejal Underground mineral resource estimate to the end of 2017 is provided in Table 1 and reflects the additional infill holes that were completed at the end of the drilling program. Mine design and engineering is ongoing using this mineral resource estimate, with expected completion by mid-year 2018.

Table 1: Mineral Resources for the Bermejal Underground Deposit (below current open pit mine design; effective date of December 31, 2017)

Class	Tonnes (kt)	Gold grade (g/t)	Gold ounces (koz)	Silver grade (g/t)	Silver ounces (koz)
Measured	429	7.50	103	27.27	376
Indicated	10,384	5.90	1,969	19.28	6,437
Measured & Indicated	10,812	5.96	2,073	19.60	6,812
Inferred	3,643	4.65	545	16.36	1,916

Notes:
1. Mineral resources are inclusive of mineral reserves and do not include dilution.
2. Metal price assumption for gold was US$1,400/oz.
3. Mineral resources are reported to a gold cut-off grade of 3.0 g/t Au.
4. Tonnage and grade measurements are in metric units. Contained gold and silver ounces are reported as troy ounces.
5. Summation errors may be present due to rounding.
6. Bermejal Underground Deposit is entirely below the current Mineral Reserves open pit.

Underground Development – The portal and surface facilities are complete, and the ramp is over 750m of the planned 1,300 metres developed towards the high grade central section of the Bermejal Underground deposit. Total development is over 1,100 metres as of the date of this MD&A.

ARRANGEMENT WITH BRIO GOLD INC.

On January 23, 2018, Leagold announced the intention to make an offer to acquire all of the issued and outstanding shares of Brio. Subsequently, on February 16, 2018, Leagold 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"). Leagold will issue 0.922 of a Leagold share and 0.4 of a Leagold share purchase warrant (each whole warrant, a "Leagold Warrant") for each Brio common share issued and outstanding. 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's and Brio's Board 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.

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%.

Brio represents a unique opportunity for Leagold to acquire a portfolio of producing assets with a meaningful growth profile. The Company believes the combination with Brio delivers significant benefits, including:

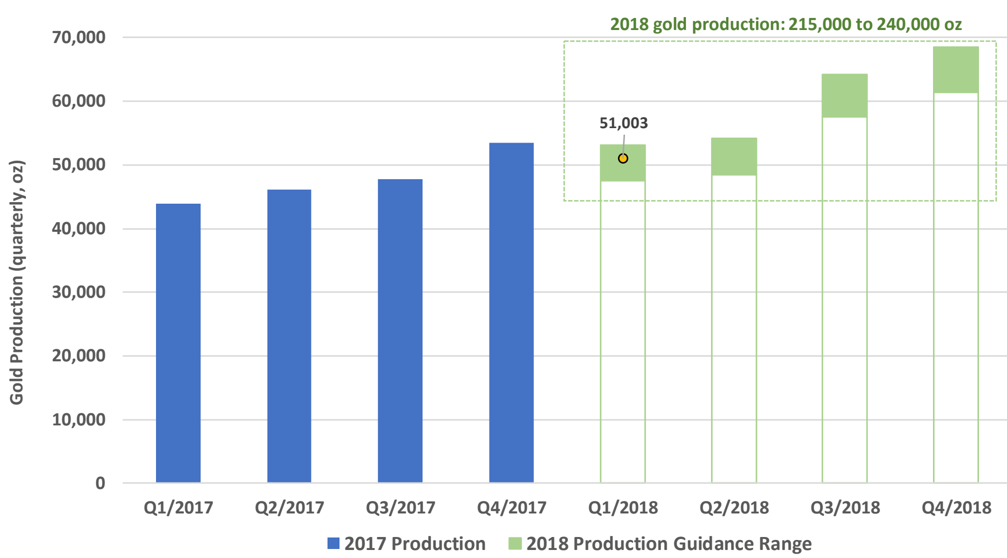
- Diversification from a single asset, single country;
- Strong platform for expansion in Brazil and Mexico;
- Compelling opportunity to acquire producing assets with a strong growth profile;
- Potential to more than double Leagold's production rate, based on combined 2018 guidance of approximately 450,000 ounces gold;
- Increased scale supports a market valuation re-rating; and
- Cost savings through the reduction of Brio corporate costs.

Assuming all other customary terms and conditions related to the transaction are met and a Mexican regulatory approval is obtained, the Arrangement is expected to close in May 2018. A copy of the Arrangement Agreement can be found under Leagold's profile on SEDAR at www.sedar.com.

OUTLOOK

The Company reported 2018 gold production guidance at Los Filos to be within the range of 215,000 to 240,000 ounces at an AISC of $875 to $925 per ounce representing growth of 12% to 25% over the 191,195 oz produced in 2017. Following completion of the acquisition of Brio and review of its operating plans in Q2, Leagold will provide revised 2018 production and AISC/oz guidance.

Figure 2: 2018 Los Filos Production guidance range, with an approximate quarterly profile



The current Los Filos 2018 outlook benefits from the operational improvements implemented since acquisition and several optimizations planned for the year ahead. As a result, we expect lower gold production and higher AISC/oz costs in H1 2018 and higher gold production and lower AISC/oz costs during H2 2018.

Gold production and AISC are expected to improve throughout 2018, in line with the steady improvements achieved in 2017:

- As part of the 2018 operating plan, a strategic decision was made to stop processing low grade run-of-mine ("ROM") material. This is expected to reduce the year's volume of leached material by approximately 50%, greatly increasing operating flexibility and improving overall pad management.
- Growth capital programs of $9.0 million are budgeted for current operations, of which $2.2 million was spent in Q1 2018 towards the completion of the overland conveyor and agglomerator.
- $2.0 million has been spent in Q1 2018 out of the $13.0 million that has been allocated to non-sustaining drilling and exploration programs in 2018 at Los Filos Underground to improve short-term mine planning and add resources and reserves. These step-out, and exploration programs include a total of 62,000 metres of drilling.

OPERATIONS REVIEW

The following table summarizes the data for the Los Filos mine for the three months ended March 31, 2018. The results for the three months ended December 31, 2017 have been provided for comparison purposes.

As part of the 2018 operating plan, a strategic decision was made to stop processing low grade ROM material. In Q1 2018, this resulted in a 41% reduction in tonnes of ore placed on the heap leach pads as compared to the previous quarter. As a result of this and other operational changes, total processing costs are reducing ($2 million reduction in Q1 2018), and processing costs per ounce produced are also improving ($19/oz reduction).

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

		Three months ended	
Mining Physicals:	**Unit**	**March 31, 2018**	**December 31, 2017**
Tonnes mined – open pit	000's	7,699	7,833
Tonnes of ore mined - open pit	000's	2,001	2,627
Average gold grade mined – open pit	g/t	0.57	0.76
Tonnes of ore mined - underground	000's	101	102
Average gold grade mined – underground	g/t	5.47	7.25
Tonnes of ore processed	000's	1,597	2,718
Avg. gold grade processed	g/t	0.97	0.92
Contained gold placed on pad	oz	50,029	80,070
Recovery rate in period[1]	%	102%	67%
Gold ounces produced	oz	51,003	53,446
Gold ounces sold	oz	51,334	51,138
Unit Cost Analysis:			
Realized gold sales price	$/oz	1,321	1,275
Mining cost - open pit[2]	$/t mined	1.29	1.31
Mining cost - underground	$/t ore	98	102
Processing costs	$/oz produced	371	390
Cash Cost Details:			
Gold revenue	**$000's**	**67,829**	**65,196**
Mining costs - open pit	$000's	8,187	10,225
Mining costs - underground	$000's	9,906	10,434
Processing costs	$000's	18,916	20,860
Site general and administration costs	$000's	5,988	5,024
Change in inventory	$000's	2,190	(6,635)
Other	$000's	12	(70)
Total cash costs	**$000's**	**45,199**	**39,838**
Land access payments	$000's	3,489	3,493
Royalties	$000's	545	324
Sustaining capital[3]	$000's	4,115	2,877
AISC[3]	**$000's**	**53,348**	**46,532**
AISC margin[3]	**$000's**	**14,481**	**18,664**
Cash cost per gold ounce sold[2]	**$/oz**	**880**	**779**
AISC per gold ounce sold[2]	**$/oz**	**1,039**	**910**

[1] Based on total gold ounces placed divided by gold ounces produced in the period, including reprocessed ounces. The recovery rate in Q1 2018 includes the lag effect inherent in heap leach pad processing and the significant volume of contained gold ounces placed in late 2017.

[2] Includes capitalized stripping cost of $1,752 for the three months ended March 31, 2018 Q1 2018.

[3] Sustaining capital, AISC and all-in sustaining margin are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to the section Non-IFRS Measures.

Q1 2018 Analysis

Ore mined from the underground remained consistent with the prior quarter, with unit costs decreasing to $98 per ore tonne compared to $102 per ore tonne in the prior quarter.

The Los Filos mine produced 51,003 ounces of gold in the three months ended March 31, 2018, compared to 53,446 ounces in the prior quarter. This was in line with the operations plan that schedules decreased ore processed and lower grades from both the open pit and underground operations, and is consistent with expectations of an improved H2 2018.

Gold sales were 51,334 ounces for the three months ended March 31, 2018, with associated revenues of $67,829 at an AISC of $1,039/oz sold. This represents a higher AISC during the quarter compared to the prior quarter and was approximately 2% under Leagold's Q1 2018 budget.

To improve the agglomeration quality of the crushed ore that is placed on the heap leach pads, Leagold refurbished and installed an agglomeration drum into the processing circuit. Commissioning of the agglomerator was successfully completed in Q1 2018 and is now fully operational. Gold recoveries from the heap leach pad are expected to increase due to the improved agglomeration by increasing the percolation of the leachate solution through the ore.

To reduce the cost of transportation and eliminate re-handling of crushed ore onto Heap Leach Pad 2, a series of new overland conveyors are being installed to more efficiently convey the ore. The first sections of the new overland conveyors became fully operational in Q1 2018. Remaining sections are being commissioned and will be fully operational by the end of Q2 2018. These new conveyors are replacing the mine trucks and shovels/excavators that haul and place ore on the pad. Of the $5 million committed to extend the overland conveyors to Heap Leach Pad 2, $3.3 million has been spent.

The following table reconciles the AISC for the Los Filos mine to the quarterly change in cash balances.

	Three months ended	
$000's	**March 31, 2018**	**December 31, 2017**
Gold revenue	**67,829**	**65,196**
Total cash cost[2]	(45,199)	(39,838)
Land access payments	(3,489)	(3,493)
Royalties[1]	(545)	(324)
Sustaining capex	(4,115)	(2,877)
AISC[2]	**(53,348)**	**(46,532)**
AISC margin[2,]	**14,481**	**18,664**
Less: Bermejal Underground expansion	(3,945)	(8,080)
Less: Overland conveyors and agglomerator	(2,161)	(2,862)
Less: Step-out drilling	(2,045)	-
AISC margin after investment capex	**6,330**	**7,722**
Operating working capital changes (excluding VAT)	6,327	(4,095)
Change in VAT receivable	(5,565)	2,869
Corporate costs paid, including 2017 annual bonus	(4,323)	(2,388)
Interest paid on the loan facility[1]	(3,261)	(3,195)
Brio transaction costs paid	(1,077)	-
Taxes paid[1]	(379)	(137)
Other	889	406
Cash (outflow)/inflow for the period	**(1,059)**	**1,182**
Opening cash balance	**54,039**	**52,857**
Closing cash balance	**52,980**	**54,039**

[1] As presented on the condensed interim consolidated statement of net loss and comprehensive loss and condensed interim consolidated statement of cash flows.

[2] Cash costs, AISC and all-in sustaining margin are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to the section Non-IFRS Measures.

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

Leagold ended Q1 2018 with a strong cash balance of $52,980. The AISC margin of $14,482 in Q1 2018 was used for $7,811 of non-sustaining capex, primarily on the Bermejal expansion project, step out drilling, the installation of conveyors and commissioning of the agglomerator.

The increase operating working capital (excluding value-added tax ("VAT")) is due to an increase in trade payables due to timing of payments, offset by an increase related to the bi-annual prepayment of land access.

The change in the VAT receivable balance of $5,565 represents the increase in VAT receivable accumulated in the quarter through the normal cyclical nature of VAT payments and receipts. During the three months ended March 31, 2018, $1,807 of VAT refunds were received relating to the Company's accumulated VAT receivable balance.

The increase in corporate and administration costs paid in the quarter is due to the year-end bonuses being paid in Q1 2018.

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

SAFETY, HEALTH & ENVIRONMENT

Leagold places the safety and health of people as the highest priority and is committed to sustainable development. Leagold recognizes that the long-term sustainability of its business is dependent upon good stewardship in both the protection of the environment and the efficient management of the exploration, development, and extraction of mineral resources. During the month of March, an accident occurred at the Los Filos Underground North mine that resulted in a fatality. The accident involved a shotcrete contractor operating an Alpha machine. The Company immediately dispatched first responders and emergency services personnel. Local authorities and the contractor company were alerted and the Los Filos Underground North mine was halted for five days to allow for investigation into the incident, after which operations were resumed.

Leagold is committed to the safety and security of its people with the goal to protect employees, assets, and Leagold's reputation. The Company has a Zero Harm policy which is applied at the Los Filos mine, and continuous efforts are made to reduce the lost time injury frequency rate ("LTIFR"). The following table shows the safety statistics for the three months ended March 31, 2018.

Incident Category	March 31, 2018
Fatality	1
Lost Time Injury (LTI)	4
Total Work Hours	1,241,274
LTIFR[1]	0.81

[1] Lost time injury frequency rate - number of LTI's in the period x 200,000/ (total work hours worked for the period)

ORION LOAN FACILITY

As part of the financing plan to complete the Los Filos acquisition, the Company arranged a loan facility with Orion Resource Partners, which bears interest at a rate equal to the greater of three-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.

Further details of the Los Filos acquisition can be found in the Final Prospectus ("Prospectus"), Technical Reports and other disclosure documents available on SEDAR at www.sedar.com.

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

FINANCIAL RESULTS FOR THE PERIOD

Financial Results

The following table summarizes the financial results of the Company:

	Three months ended		
	March 31, 2018	**December 31, 2017**	**March 31, 2017**
Revenues	$ 68,073	$ 65,265	$ -
Cost of sales	57,580	55,072	-
Earnings from mine operations	**10,493**	**10,193**	**-**
Exploration costs	56	36	-
Share-based payments	59	225	80
Transaction costs	1,792	38	2,968
General and administration costs	1,674	4,321	724
Foreign exchange (gain)/loss	(824)	58	(1,722)
Finance and accretion expense/(income)	3,588	3,514	(58)
Other (income)/expenses	(716)	(338)	-
Earnings/(loss) before taxes	**4,865**	**2,335**	**(1,992)**
Current income tax expense	5,112	2,036	-
Deferred income tax expense/(recovery)	10,506	(1,474)	-
Net (loss)/earnings and comprehensive (loss)/earnings for the period	**$ (10,754)**	**$ 1,773**	**$ (1,992)**
Basic and diluted net (loss)/earnings per share	(0.07)	0.01	(0.07)
Basic and diluted earnings/(loss) before taxes per share[1]	0.03	0.02	(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.

First quarter financial results

During the three months ended March 31, 2018, the Company recorded net loss of $10,754 or $0.07 loss per share (December 31, 2017 – net earnings of $1,773 or $0.01 net earnings per share). During the three months ended March 31, 2018, the Company recorded earnings before taxes of $4,865 or $0.03 earnings before taxes per share (December 31, 2017 – net earnings of $2,335 or $0.02 earnings before taxes per share). The results for the three months ended March 31, 2018 were not comparable to the same periods in the prior year given the Company had no operations in the prior year. The results for the three months ended December 31, 2017 have been provided for comparison purposes.

- Revenues for the three months ended March 31, 2018 were $68,073 (December 31, 2017 - $65,265), primarily relating to the sale of 51,334 gold ounces from the Los Filos mine at a realized gold price of $1,321 per ounce (December 31, 2017 – 51,138 gold ounces at a realized gold price of $1,275 per ounce).
- Operating expenses for the three months ended March 31, 2018 were $49,199 (December 31, 2017 - $47,059). Operating expenses related to the Los Filos operations were comprised of consumables used in mining and processing of $25,002 (December 31, 2017 - $31,472), contractors of $6,061 (December 31, 2017 - $8,339), salaries and wages of $10,027 (December 31, 2017 - $7,575) and other production costs of $8,109 (December 31, 2017 – $(327)).
- Depreciation and depletion for the three months ended March 31, 2018 was $7,836, related to the depletion of mineral reserves and the depreciation of plant and equipment with useful lives ranging from 3 to 10 years (December 31, 2017 - $7,690).
- Transaction costs for the three months ended March 31, 2018 were $1,792, these costs were related to the Arrangement, for which due diligence, legal, and advisory services were rendered.

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

- General and administration costs for the three months ended March 31, 2018 were $1,674 which were lower than the prior quarter as the three months ended December 31, 2017 included annual bonus provisions.
- Finance and accretion expenses for the three months ended March 31, 2018 were $3,588 (December 31, 2017 - $3,514). This was primarily related to the interest expense on the loan facility with Orion, the fair value adjustment of the valuation of the warrants issued to Orion, and the accretion expense in relation to the Los Filos mine reclamation and closure obligations.

Financial Condition Summary

The following table summarizes balance sheet items as at March 31, 2018:

	March 31, 2018	December 31, 2017
Current Assets		
Cash and cash equivalents	$ 52,980	$ 54,039
Trade and other receivables	33,410	29,517
Inventories	51,398	55,566
Prepaid expenses and other	15,388	9,795
	153,176	148,917
Non-current Assets		
Mining interests	295,445	288,857
Long-term inventories	2,184	2,410
Deferred income taxes	70,410	80,916
Total assets	**$ 521,215**	**$ 521,100**
Current Liabilities		
Trade and other payables	62,436	51,760
Reclamation and closure costs	1,776	1,523
Loan facility	11,538	-
	75,750	53,283
Non-current Liabilities		
Reclamation and closure costs	50,610	51,070
Loan facility	132,930	143,933
Other liabilities	4,001	4,455
Total liabilities	**$ 263,291**	**$ 252,741**
Total shareholders equity	**$ 257,924**	**$ 268,359**

Liquidity and Capital Resources

The Company had a working capital balance of $77,426 as at March 31, 2018 (December 31, 2017 - $95,634). The Company currently has sufficient cash and cash equivalents to fund its current operating and administration costs.

The decrease in working capital was primarily related to the fact that $11,538 of the loan facility is now classified as a current liability (principal portion due on March 31, 2018); accounts payable increased by $10,676 due to timing of payments, offset by an increase in prepaid expenses of $5,593 related to the bi-annual prepayment of land access payments.

As at March 31, 2018, the Company had cash and cash equivalents of $52,980 (December 31, 2017 - $54,039).

Net change in cash position at March 31, 2018 compared to December 31, 2017, was a decrease of $1,059, attributable to the following components of the statement of cash flows:

- Leagold's operating inflow before working capital adjustments was $15,489 for the three months ended March 31, 2018 (December 31, 2017 – 16,231). Operating activities generated $15,922 for the three months ended March 31, 2018 (December 31, 2017 - $14,988) resulting from an inflow of $433 in working capital movements (December 31, 2017 – outflow of $1,243).

- Investing activities used $13,945, associated primarily with the development of the Bermejal Underground project, the refurbishment of the agglomerator, the overland conveyor installation project and a step out drilling program at Los Filos (December 31, 2017 - $10,746).
- Financing activities used $3,033, relating primarily to interest paid on the loan facility (December 31, 2017 - $3,195).

For additional information on capital resources, refer to Capital Management section below.

Summary of Quarterly Results

The significant factors affecting results in the quarters presented below were the acquisition of the Los Filos mine and gold price volatility.

	For the three months ended			
(US dollars in thousands except per share and ounce amounts)	**Mar 31, 2018**	**Dec 31, 2017**	**Sept 30, 2017**	**June 30, 2017**
Revenues	68,073	65,265	60,947	67,482
Gold ounces sold	51,334	51,138	47,263	54,010
Earnings from mine operations	10,493	10,193	8,859	8,459
Net (loss)/earnings	(10,754)	1,773	317	(7,623)
Basic (loss)/earnings per share	(0.07)	0.01	0.00	(0.06)
Diluted (loss)/earnings per share	(0.07)	0.01	0.00	(0.06)

	For the three months ended			
(US dollars in thousands except per share and ounce amounts)	**Mar 31, 2017**	**Dec 31, 2016**	**Sept 30, 2016**	**June 30, 2016**
Revenues	-	-	-	-
Gold ounces sold	-	-	-	-
Earnings from mine operations	-	-	-	-
Net (loss)/earnings	(1,992)	(3,538)	(715)	134
Basic earning (loss) per share	(0.07)	(0.02)	(0.05)	(0.02)
Diluted earnings (loss) per share	(0.07)	(0.02)	(0.05)	(0.02)

Contractual Obligations and Commitments

The following table summarizes the Company's significant undiscounted commitments as at March 31, 2018:

	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**

<u>Gold Offtake Arrangement</u>

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

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

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.

Silver Streaming Arrangement

The Company's silver production from Los Filos mine is subject to the terms of an agreement (the "Silver Purchase Agreement") with Wheaton Precious Metals Corp. ("WPM"). During the three months ended March 31, 2018, silver revenue equalled less than 0.5% of the Company's total revenue. Under this agreement, the Company must sell a minimum of five 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.

Outstanding Share Data

As at May 2, 2018, the date of this MD&A, the Company had the following outstanding equity components outstanding:

	Units
Common shares	151,776,959
Share options	11,320,000
Warrants	2,000,000
	165,096,959

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. Leagold 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.

The impact of inflation on the Company's financial position, operational performance, or cash flows over the next 12 months cannot be determined with any degree of certainty.

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

Non-IFRS Financial Performance Measures

The Company has presented certain non-IFRS measures in this document. The Company believes that these measures, while not a substitute for measures of performance prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

All-in sustaining margin and adjusted EBITDA

The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use the all-in sustaining margin and adjusted earnings before interest, tax, depreciation, and amortization ("Adjusted EBITDA") to evaluate the Company's performance and ability to generate cash flows and service debt. Accordingly, these do not have a standard meaning and are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Adjusted EBITDA is defined as earnings before interest, tax, depreciation, and amortization, adjusted to exclude specific items that are significant but not reflective of the underlying operating performance of the Company, such as: the impact of foreign exchange gains and losses, finance and accretion expense, and share-based payments and other non-recurring items, such as, transaction costs and transition costs related to the acquisition.

The following tables provide the illustration of the calculation of this margin and adjusted EBITDA, as adjusted and calculated by the Company for the three months ended March 31, 2018:

	Three months ended March 31, 2018	**Three months ended December 31, 2017**	**Three months ended September 30, 2017**	**Acquisition Date to June 30, 2017**
Gold revenues:	$ 67,829	$ 65,196	$ 60,602	$ 67,199
Less: Cash costs of ounces sold[2]	(45,199)	(39,838)	(40,416)	(47,059)
Subtotal	22,630	25,358	20,186	20,140
Less: Land access payments	(3,489)	(3,493)	(3,552)	(3,393)
Less: Royalties	(545)	(324)	(364)	(307)
Less: Sustaining capital[2]	(4,115)	(2,877)	(2,621)	(2,680)
All-in sustaining cost margin	**$ 14,481**	**$ 18,664**	**$ 13,649**	**$ 13,760**

	Three months ended March 31, 2018	**Three months ended December 31, 2017**	**Three months ended September 30, 2017**	**Acquisition Date to June 30, 2017**
Earnings/(loss) before tax[1]	$ 4,864	$ 2,337	$ 1,833	$ (12,450)
Add back: Share-based payments[1]	59	225	485	9,392
Add back: Transaction costs[1]	1,792	-	124	4,544
Add back: Non-recurring costs[2]	-	-	1,562	4,122
Add back: Depreciation and depletion[1]	7,836	7,690	5,848	3,321
Add back: Foreign exchange (gain)/loss[1]	(824)	58	319	1,605
Add back: Finance and accretion costs[1]	3,588	3,514	4,820	3,686
Adjusted EBITDA	**$ 17,315**	**$ 13,824**	**$ 14,991**	**$ 14,220**

[1] As presented on the condensed interim consolidated statement of net loss and comprehensive loss for the respective periods.

[2] Q3 2017 cash costs and AISC excludes the impact of $1.6 million in non-recurring transition costs and include the impact of a $0.5 million reclassification of Q2 2017 operating costs to non-sustaining capital related to the Bermejal Underground expansion project. In addition, sustaining capital includes the impact of a $0.3 million reclassification of Q2 2017 sustaining capital to non-sustaining capital related to the Bermejal Underground expansion project. Q2 2017 cash costs were adjusted for non-recurring and other adjustments is comprised of $2.1 million in non-recurring transition costs and $2 million in certain inventory adjustments through PPA valuation relating to the Acquisition.

Total Cash Costs

Total cash costs is a common financial performance measure in the gold mining industry however it has no standard meaning under IFRS. The Company reports total cash costs on a per ounce sold basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS such as costs of sales, certain investors use this information to evaluate the Company's performance and ability to generate operating income and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating costs. Adoption of the standard is voluntary and other companies may quantify this measure differently as a result of different underlying principles and policies applied.

(US dollars in thousands except ounces amount)		Three months ended March 31, 2018	Three months ended Dec. 31, 2017	Three months ended Sept. 30, 2017	Acquisition Date to June 30, 2017
Total ounces of gold sold	Oz	51,334	51,138	47,263	54,010
Production costs from mine operations[1]	$	49,199	47,059	45,876	55,395
Less: Non-recurring and other adjustments[2]	$	(4,000)	(7,221)	(5,460)	(8,336)
Total cash costs[3]	**$**	**45,199**	**39,838**	**40,416**	**47,059**
Total cash costs per ounce of gold sold[1]	**$/oz**	**880**	**779**	**855**	**871**

[1] As presented on the condensed interim consolidated statement of net loss and comprehensive loss for the respective periods.

[2] For the three months ended December 31, 2017, non-recurring and other adjustments were comprised of $3.5 million in land access payments and $0.5 in silver credits and other adjustments. For the three months ended December 31, 2017, non-recurring and other adjustments were comprised of $3.5 million in land access payments and $3.7 million in inventory write-downs. For the three months ended September 30, 2017, non-recurring and other adjustments were comprised of $1.6 million in non-recurring transition costs and $3.6 million in land access payments. Acquisition Date to June 30, 2017, includes non-recurring and other adjustments were comprised of $2.1 million in non-recurring transition costs, $2 million in certain inventory adjustments through PPA valuation relating to the Acquisition and $4 million in land access payments.

[3] Q3 2017 cash costs and mine level AISC included the impact of a $0.5 million reclassification of Q2 2017 operating costs to non-sustaining capital related to the Bermejal Underground expansion project.

All-In Sustaining Costs

The Company is reporting all-in sustaining costs per ounce of gold sold. The methodology for calculating all-in sustaining costs per ounce was developed internally and is calculated below, and readers should be aware that this measure does not have a standardized meaning. This non-IFRS measure provides investors with transparency to the total period-attributable cash cost of producing an ounce of gold, and may aid in the comparison with other gold mining peers. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

(US dollars in thousands except ounces amount)		Three months ended March 31, 2018	Three months ended Dec. 31, 2017	Three months ended Sept. 30, 2017	Acquisition Date to June 30, 2017
Total ounces of gold sold	Oz	51,334	51,138	47,263	54,010
Total cash costs[1]	$	45,199	39,838	40,416	47,059
Land access payments	$	3,489	3,493	3,552	3,393
Royalties	$	545	324	364	307
Sustaining capital expenditures[1]	$	4,115	2,877	2,621	2,680
Total AISC[1]	**$**	**53,348**	**46,532**	**46,953**	**53,439**
Total AISC per ounce sold[1]	**$/oz**	**1,039**	**910**	**993**	**989**

[1] Q3 2017 cash costs and AISC excluded the impact of $1.6 million in non-recurring transition costs and included the impact of a $0.5 million reclassification of Q2 2017 operating costs to non-sustaining capital, related to the Bermejal Underground expansion project. In addition, sustaining capital includes the impact of a $0.3 million reclassification of Q2 2017 sustaining costs to non-sustaining capital, related to the Bermejal Underground expansion project. Q2 2017 cash costs and AISC have been adjusted for non-recurring and other adjustments is comprised of $2.1 million in non-recurring transition costs and $2 million in certain inventory adjustments through PPA valuation relating to the acquisition.

Adjusted Net Earnings and Adjusted Net Earnings per Share

Adjusted net earnings and adjusted net earnings per share (basic and diluted) are used by management and investors to measure the underlying operating performance of the Company. Presenting these measures from period to period helps management and investors evaluate earnings trends more readily in comparison with results from prior periods.

Adjusted net earnings is defined as net income adjusted to exclude specific items that are significant but not reflective of the underlying operating performance of the Company, such as: the impact of foreign exchange gains and losses, foreign exchange gains and losses on deferred income and mining taxes, and other non-recurring items, such as, transaction costs, share-based payments, change in fair value of warrant derivatives and one-time fair value adjustments from the acquisition.

Adjusted net earnings per share amounts are calculated using the weighted average number of shares outstanding on a basic and diluted basis as determined under IFRS.

(US dollars in thousands except shares amount)		**Three months ended March 31, 2018**	**Three months ended Dec. 31, 2017**	**Three months ended Sept. 30, 2017**	**Acquisition Date to June 30, 2017**
Basic weighted average shares outstanding	Shares	151,524,292	151,316,959	149,471,734	128,687,650
Diluted weighted average shares outstanding	Shares	151,995,781	152,329,738	150,217,863	129,367,650
Earnings/(loss) before tax[1]	$	4,864	2,339	1833	(12,451)
Adjustments:					
Transaction costs[1]	$	1,792	-	124	4,544
Non-recurring costs[2]	$	-	-	1,562	4,122
Share based payments[1]	$	59	225	485	9,392
Foreign exchange loss[1]	$	(824)	58	319	1,605
Change in fair value of warrants derivative	$	(421)	(353)	872	(795)
Adjusted net earnings	**$**	**5,470**	**2,269**	**5,195**	**6,417**
Per share – Basic	**$/share**	**0.04**	**0.01**	**0.03**	**0.06**
Per share – Diluted	**$/share**	**0.04**	**0.01**	**0.03**	**0.06**

[1] As presented on the condensed interim consolidated statement of net loss and comprehensive loss for the respective periods.
[2] Included in the three months ended September 30, 2017 was $1.6 million in non-recurring transition costs. Acquisition Date to June 30, 2017, included $2 million in non-recurring transition costs and $2 million in certain inventory adjustments through PPA valuation relating to the acquisition.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

ACCOUNTING POLICY OVERVIEW

(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 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.

CRITICAL ACCOUNTING POLICIES AND JUDGEMENTS

The critical judgements that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Company's consolidated financial statements include, determination of economic recoverability, functional currency, business combinations and capitalization of waste stripping.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Estimates and assumptions are continuously 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 assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities include impairment of mining interests, estimated recoverable ounces, mineral reserves, environmental rehabilitation, deferred income taxes, share-based payments and contingencies

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. 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 Company's financial assets and liabilities measured and recognized in the statements of financial position at fair value are categorized are as follows:

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

	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)

Risk Factors

Readers of this Management's Discussion and Analysis should give careful consideration to the information included or incorporated by reference in this document and the Company's unaudited consolidated financial statements and related notes for the three months ended March 31, 2018 and March 31, 2017. For further details of risk factors, please refer to the most recent Annual Information Form filed on SEDAR at http://www.sedar.com/, the 2017 year-end audited consolidated financial statements, and the below discussions.

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:

Credit risk

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, but 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.

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

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

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. Refer to the Contractual Obligations and Commitments section for details on the Company's significant undiscounted commitments at March 31, 2018. The Company believes it has sufficient cash resources to pay its obligations associated with its financial liabilities as at March 31, 2018.

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 year 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.

Operational Risks

Acquisition of the Los Filos mine

The Company will be subject to the risks of operating the Los Filos mine. See. "Risk Factors" as disclosed in the Prospectus filed on SEDAR at www.sedar.com

Funding

Although the Company has been successful in the past in obtaining financing though the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of the Company's growth strategy.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases. The Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Price Volatility of Public Stock

In recent years securities markets have experienced extremes in price and volume volatility. The market price of securities of many early stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on the TSX may be affected by such volatility.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Mineral Reserves and Resources

Mineral reserve and mineral resource estimates are imprecise and depend partially on statistical inference drawn from drilling and other data, which may prove to be unreliable. Estimates, which were valid when made, may change over the course of the mine life. Reserves should not be interpreted as assurances of mine life or of the profitability of current or future production. Furthermore, there can be no assurance that those portions of such mineral resource that are not mineral reserves will ultimately be converted into mineral reserves. Mineral resources that are not part of mineral reserves do not have demonstrated economic viability. Mineral reserves depleted by production must be frequently replaced to maintain production levels over the long term. There is no assurance that current or future exploration programs will result in any new commercial mining operations or yield new reserves to replace or expand current reserves

Outside Contractors risk

Certain aspects of mining operations such as drilling and blasting to be conducted by an outside contractor. The operations at the south underground of Los Filos are performed by a contractor, and as a result, the

Company is subject to a number of risks, including reduced control over the aspects of the operations that are the responsibility of the contractor, failure of a contractor to perform under its agreements with the companies, inability to replace the contractor if either party terminates the contract, interruption of operations in the event the contractor ceases operations due to insolvency or other events, failure of the contractor to comply with applicable legal and regulatory requirements and failure of the contractor to properly manage its workforce resulting in labor conflict or other employment issues.

Conflicts of Interest

The Company's directors and officers may serve as directors and officers, or may be associated, with other reporting companies or have significant shareholding in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the British Columbia Business Corporations Act ("Corporations Act") in dealing with conflicts of interest. These provisions state that where a director or officer has such a conflict, the director must arrange a meeting of the board to disclose his interest and must refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

For further information on Risk Factors, refer to those set forth in the Company's Annual Information Form dated March 29, 2018, filed under the Company's profile on SEDAR at www.sedar.com.

Disclosure controls and procedures and internal controls over financial reporting

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate and recorded, processed, summarized and reported to allow timely decisions with respect to required disclosure, including in its annual filings, interim filings or other reports filed or submitted by it under securities legislation. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the Company's disclosure controls and procedures, that as of March 31, 2018, the Company's disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the Company is made known to them by others within the Company.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, are responsible for establishing adequate internal control over financial reporting. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation, that the internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. During the three months ended March 31, 2018, there were no changes in the Company's internal control over financial reporting that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

Additionally, Leagold Mining acquired the Los Filos mine on April 7, 2017. Therefore, the Company was unable to assess the Los Filos mine's disclosure controls and procedures and internal control over financial reporting in the period between the acquisition date and the date of management's internal control assessment, due to the timing of the acquisition. Accordingly, in accordance with National Instrument 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, because the Los Filos mine was acquired not more than 365 days before the end of March 31, 2018, the Company has limited the scope of the Company's design of disclosure controls and procedures and internal controls over financial reporting to exclude the controls, policies and procedures of the Los Filos mine.

As Los Filos is the Company's only operation, the financial information presented in this MD&A relates primarily to Los Filos.

Cautionary Note Regarding Brio Information

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

Other Information

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

TECHNICAL DISCLOSURE

The scientific disclosure and technical information included in this MD&A is based upon information included in the NI 43-101 compliant technical report entitled "Technical Report for the Los Filos Gold Mine, Guerrero State, Mexico" dated March 7, 2018 and having an effective date of December 31, 2017 (the "Los Filos Technical Report"). The Los Filos Technical Report was prepared for Leagold by Doug Reddy, P.Geo. (Leagold, SVP Technical Services), Rodolfo Balderrama, Member of SME (Administración Los Filos, S.A.P.I de C.V., a wholly-owned subsidiary of the Company, Mine Operations Manager), Paul Sterling, P.Eng. (Consultant to Leagold) and Dr. Gilles Arseneau, P.Geo. (Associate Consultant with SRK Consulting (Canada) Inc. and independent of the Company), each of whom is a Qualified Person as that term is defined in NI 43-101.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this MD&A and certain information incorporated herein by reference constitute "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 outlook, plans or future financial or operating performance, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of new deposits, anticipated production, expected AISC of a combined Brio-Leagold entity, potential for further growth and expansion beyond Brazil and Mexico, terms of the Acquisition, anticipated timing of closing the Acquisition, expectations with respect to the benefits of a combination of the businesses of Leagold and Brio. Generally, these forward looking information and forward looking statements can be identified by the use of forward looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "will continue" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Statements concerning mineral resource estimates may also be deemed to constitute forward looking information to the extent that they involve estimates of the mineralization that will be encountered. The material factors or assumptions used to develop forward looking information or statements are disclosed throughout this document.

Forward looking information and forward looking statements, while based on management's best estimates and assumptions, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Leagold to be materially different from those expressed or implied by such forward-looking information or forward looking statements, including but not limited to: risks related to the successful integration of acquisitions; risks related to international operations; risks related to having to obtain regulatory, shareholder and other approvals in connection with the Acquisition, risks related to successful integration of Brio if the Acquisition is consummated, risks related to general economic conditions and credit availability, actual results of current exploration activities, unanticipated reclamation expenses; changes in project parameters as plans continue to be refined; fluctuations in prices of metals including gold; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables, possible variations in mineral reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates, actual resolutions of legal and tax matters, as well as those factors discussed in the section entitled "Description of the Business – Risk Factors" in Leagold's most recent AIF available on SEDAR at www.sedar.com.

Although Leagold has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information and forward looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information or statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information or statements. The Company has and continues to disclose in its Management's Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking information and forward looking statements and to the validity of the information, in the period the changes occur. The forward looking statements and forward looking information are made as of the date hereof and Leagold disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward looking statements or forward looking information contained herein to reflect future results. Accordingly, readers should not place undue reliance on forward-looking statements and information.