

TSXV: LMC

All amounts in US\$ unless otherwise indicated

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VANCOUVER, Feb. 27, 2017 /CNW/ - [Leagold Mining Corp.](#) (TSX-V: LMC) ("Leagold" or the "Company") is pleased to announce that it has executed a non-binding term sheet dated February 23, 2017 (the "Term Sheet") with Orion Resources Partners, pursuant to which a fund managed by Orion Resources Partners ("Orion") proposes to provide to the Company US\$200 million in cash through a senior secured loan facility in the principal amount of US\$150 million (the "Loan Facility"), and an equity private placement of US\$50 million (the "Equity Subscription").

Leagold's previously announced financing plan to fund the acquisition of the Los Filos Mine contemplated up to US\$200 million of debt financing, but the strong interest in the equity component of the financing plan has facilitated an adjustment to the debt-equity mix. The new anticipated financing plan includes a US\$150 million five-year term loan, US\$50 million equity private placement, and the previously announced subscription receipt offering (the "Subscription Receipt Offering"), which is now expected to raise gross proceeds of C\$175 million (approximately US\$133 million).

The terms of the Loan Facility and Equity Subscription set out in the Term Sheet are not binding and create no legal obligation or liability as against the Company or Orion until definitive agreements have been executed. The Loan Facility and Equity Subscription are also subject to the completion of Orion's due diligence and certain other conditions precedent including the approval of the TSX Venture Exchange. The Term Sheet provides for customary expense reimbursement for Orion, and provides for an alternative transaction break fee of US\$1.5 million in the event the Company enters into a substantially similar capital raising transaction with another counterpart prior to May 1, 2017. UBS Securities Canada Inc. is acting as financial adviser to Leagold in connection with the Loan Facility and Equity Subscription transactions.

US\$150 Million Loan Facility

The Term Sheet contemplates that Orion will provide a senior secured loan facility in the principal amount of US\$150 million (the "Principal Amount") to the Company or a subsidiary of the Company. The Loan Facility will bear interest at a rate equal to the greater of 3-month Libor and 1.00%, plus 700 basis points, plus customary fees, and will mature on March 31, 2022 (the "Maturity Date"). Principal repayment would commence with the first repayment due on March 31, 2019 and with equal quarterly installments thereafter (i.e., fully amortized from March 31, 2019 through to the Maturity Date).

As additional consideration for the Loan Facility, the Company would be required to issue to Orion upon the completion of the Loan Facility, 2,000,000 warrants (the "Warrants"), with each Warrant exercisable for one Common Share (calculated on a post-consolidation basis) at an exercise price equal to 130% of the offering price under the Subscription Receipt Offering and exercisable in whole or in part at any time until the Maturity Date. The Term Sheet further provides for a gold offtake to Orion of 50% of the gold production at market prices from the Los Filos Mine.

US\$50 Million Equity Private Placement

The Term Sheet also contemplates that Orion would subscribe for US\$50 million of subscription receipts or common shares of the Company by way of a private placement on pricing terms identical to the Subscription Receipt Offering. Such common shares would be subject to a statutory hold period for four months.

Anticipated Proceeds from Subscription Receipt Offering

The cash required for the US\$279 million cash payment to [Goldcorp Inc.](#) as partial consideration for the Los Filos Mine acquisition is expected to be raised from the net proceeds of the Loan Facility, Equity Subscription and Subscription Receipt Offering. It is now anticipated that the gross proceeds to be raised under the Subscription Receipt Offering will be limited to approximately C\$175 million, as compared to the previously announced range of C\$130 to C\$200 million. The Subscription Receipt Offering is being led by BMO Capital Markets and UBS Securities Canada Inc. and includes Scotia Capital Inc., Canaccord Genuity Corp., GMP Securities L.P. and TD Securities Inc. (the "Underwriters"). The Company has granted the Underwriters an option, exercisable at the offering price for a period of 30 days following the closing of the Subscription Receipt Offering, to purchase additional subscription receipts in an amount equal to 15% of the Subscription Receipt Offering, to cover over-allotments, if any.

The securities referenced in this release have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold in the United States absent registration or an available exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Leagold aims to build a new mid-tier gold producer with a focus on opportunities in Latin America. Leagold is based in Vancouver, Canada and is listed on the TSX Venture Exchange under the trading symbol "LMC".

On behalf of [Leagold Mining Corp.](#)

Neil Woodyer, Chief Executive Officer

This news release contains "forward-looking statements" and "forward looking information" (as defined under applicable securities laws), including but not limited to, statements with respect to completion of the acquisition of the Los Filos mine, Leagold's plans and operating performance, the Loan Facility and Equity Subscription, including the final terms, the completion of the conditions precedent including the receipt of TSX Venture Exchange approval, and the entering into of definitive agreements, the Subscription Receipt Offering, including the size and gross proceeds, and the use of proceeds of the Loan Facility, the Equity Subscription and the Subscription Receipt Offering. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "expects", "expected", "budgeted", "forecasts" and "anticipates". Forward-looking statements and information, while based on management's best estimates and assumptions, are subject to risks and uncertainties that may cause actual results to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the completion of the acquisition of the Los Filos mine, including receipt of all necessary approvals, risks related to the completion of the Loan Facility, and the Equity Subscription, including receipt of all necessary approvals, risks related to the successful negotiation of definitive agreements with respect to the Loan Facility, and the Equity Subscription; risks related to completion of the Subscription Receipt Offering; risks related to the Los Filos mine, risks related to the successful integration of acquisitions; risks related to international operations; 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 ore 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 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 Leagold operates. Although Leagold has attempted to identify important factors that could cause actual results to differ materially from those contained in 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 statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. 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. Please refer to Leagold's most recent filings under its profile at www.sedar.com for further information respecting the risks affecting Leagold and its business.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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