

# Leagold Reports H1 2019 Results, Including AISC of \$951/oz and AISC Margin of \$66 Million

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(All amounts in US dollars, unless otherwise indicated)

H1 2019 Highlights include:

- Gold production of 197,234 ounces;
- Gold sales of 201,724 ounces;
- All-in sustaining costs (AISC)<sup>1</sup> of \$951 per ounce of gold sold;
- AISC margin<sup>1</sup> of \$65.9 million;
- EBITDA<sup>1</sup> of \$67.3 million;
- Completion of \$400 million debt refinancing; and
- Reported cash balance of \$52.8 million at June 30, 2019

VANCOUVER, Aug. 1, 2019 - [Leagold Mining Corp.](#) (TSX:LMC; OTCQX:LMCNF) ("Leagold" or the "Company") reports 2019 financial and operating results, with consolidated gold production for the six months ended June 30, 2019 of 197,234 ounces, AISC of \$951/oz sold, resulting in an AISC margin of \$65.9 million. Six-month sales of 201,724 oz generated H1 2019 revenue of \$258.3 million, earnings from mine operations of \$44.2 million, and EBITDA of \$67.3 million.

Table 1: Highlights for Q2 2019 and H1 2019, Compared to Q1 2019

Mining Physicals	Unit	Three months ended June 30, 2019	Three months ended March 31, 2019	Six months ended June 30, 2019
Gold production	oz	91,285	105,949	197,234
Gold sales	oz	94,178	107,546	201,724
Average realized gold price	\$/oz sold	\$1,272	\$1,280	\$1,276
Revenue	\$millions (\$m)	\$120.2	\$138.1	\$258.3
Earnings from mine operations	\$m	\$18.6	\$25.6	\$44.2
EBITDA	\$m	\$28.9	\$38.4	\$67.3
Adjusted EBITDA	\$m	\$32.8	\$41.5	\$74.3
Net income before taxes	\$m	\$1.3	\$11.8	\$13.1
Net loss after tax	\$m	\$(70.2)	\$3.1	\$(67.1)
All-in sustaining costs (AISC)	\$/oz sold	\$978	\$927	\$951
AISC margin	\$m	\$27.9	\$38.0	\$65.9
Cash balance, end of period	\$m	\$52.8	\$65.2	\$52.8

Also during Q2 2019, Leagold completed a \$400 million debt refinancing, which was used to repay existing debt and provide additional financing to fund the phased exploration of the Los Filos mine complex and construction of the Santa Luz project. For further details please see Leagold's news releases dated May 1, 2019 and June 25, 2019, available on [www.leagold.com](http://www.leagold.com) or SEDAR.

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<sup>1</sup> AISC, AISC margin and EBITDA are non-IFRS financial performance measures with no standard meaning under IFRS. AISC includes cash costs, royalties, land access and community payments, and sustaining capital.

The Los Filos mine complex expansion preparations were under way in Q2 and commenced in July. The first task will be development of an additional vent raise followed by lateral development on key mine infrastructure, extending beyond the 1,330-metre access ramp that was completed in November 2018. An access road for the Guadalupe open pit is being prepared and stripping is scheduled to begin in Q4 2019.

Leagold has commenced a 24,000-metre drill program in the Guadalupe area to convert inferred resources to indicated resources and assess the potential to steepen pit slopes. These programs will potentially add to reserves and lower the overall strip ratio. A 12,750-metre step-out drill program was also initiated in the Los Filos underground mine to extend the mine life. The estimated cost of the Guadalupe and Los Filos drill programs and associated work is \$7 million and is scheduled to be complete within eight months.

Leagold CEO Neil Woodyer commented: "At the mid-point of the year we are on track to meet our full-year production and cost guidance. In the first half we have sold just over 200,000 oz gold at AISC of \$951 per oz. We have also launched the expansion of Los Filos which, together with the re-start of Santa Luz scheduled for 2021, is expected to take group production to 600,000-700,000 oz per year."

Table 2: Production and Costs for Q2 2019 and H1 2019 Compared to Q1 2019 and H1 2018

		Three months ended		Six months ended	
	Unit	Jun 30, 2019	Mar 31, 2019	Jun 30, 2019	Jun 30, 2018 <sup>1</sup>
Gold produced					
Los Filos	oz	44,896	64,028	108,924	94,544
RDM	oz	17,217	13,835	31,052	7,889
Fazenda	oz	17,692	18,675	36,367	7,460
Pilar	oz	11,189	9,411	20,600	5,627
Santa Luz <sup>2</sup>	oz	291	-	291	-
Total gold produced	oz	91,285	105,949	197,234	115,520
Total gold sold	oz	94,178	107,546	201,724	118,316
Financial Results					
Gold revenue	\$000s	119,761	137,695	257,456	154,558
Cash Costs					
Mining costs &ndash; open pit		19,812	16,864	36,676	22,658
Mining costs &ndash; underground		25,952	26,289	52,241	27,858
Processing costs		33,167	35,453	68,620	42,019
Site general and administration costs		11,264	11,038	22,302	13,506
Change in inventory		(11,167)	(2,722)	(13,889)	(6,587)
Other		1,095	1,452	2,547	911
Total cash costs	\$000s	80,123	88,374	168,497	100,365
Land access payments		4,269	4,024	8,293	7,396
Royalties		1,425	1,546	2,971	1,365
Sustaining capital		6,022	3,955	9,977	6,135
Sustaining capital &ndash; stripping costs		-	1,809	1,809	1,752
Total AISC	\$000s	91,839	99,708	191,547	117,013
AISC margin	\$000s	27,922	37,987	65,909	37,544
Cash costs	\$/oz sold	853	822	836	848
AISC	\$/oz sold	978	927	951	989

<sup>1</sup> Results for H1, 2018 at the RDM, Fazenda and Pilar mines were limited to the period of ownership from May 24 to June 30, 2018

<sup>2</sup> Santa Luz gold oz sold was excluded for the purposes of calculating cash costs and AISC

Table 3: Mine by Mine Production, Sales and Costs for Q2 2019

	Los Filos	Fazenda	RDM	Pilar	Total
Gold production <sup>1</sup> (oz)	44,896	17,692	17,217	11,189	91,285
Gold sales <sup>1</sup> (oz)	47,047	18,268	17,087	11,485	94,178
All-in sustaining costs <sup>1,2</sup> (\$/oz sold) <sup>1</sup>	916	936	1,111	1,103	978

<sup>1</sup> Santa Luz production of 291 oz was included in Q2 2019 consolidated sales and production and was excluded for the purposes of calculating cash costs and AISC.

<sup>2</sup> AISC is a non-IFRS financial performance measure with no standard meaning under IFRS. AISC includes cash costs, royalties, land access and community payments, and sustaining capital.

At the Los Filos mine complex in Mexico, Q2 2019 production and sales totalled 44,896 oz and 47,047 oz respectively, with associated revenue of \$59.9 million and AISC of \$916 per oz sold. Gold production and sales were 108,924 oz and 112,908 oz respectively in H1 2019, with associated revenue of \$144.1 million and AISC of \$846 per oz sold. The Los Filos underground mine is now producing over 1,950 tpd with costs below \$76 per tonne of ore mined in H1 2019, compared to 1,350 tpd at \$88 per tonne for H1 2018.

Management continues to focus on heap leach pad improvements at Los Filos. These include the ongoing program of lime addition and solution control, which maintains pH levels, reduces cyanide consumption, and improves recoveries. The separate stacking of high-grade underground ore also continues, which maximizes extraction and reduces lag time.

At the Fazenda mine in Brazil, Q2 2019 production totalled 17,692 oz, 5% lower than Q1 2019 due to a decrease in grade and recovery, partially offset by an increase in throughput. Gold sales were 18,268 oz in Q2 2019, with associated revenue of \$23.3 million and AISC of \$936 per oz sold. The increase in AISC compared to Q1 2019 (\$808 per oz sold) was attributable to increased sustaining capital spending related to the commencement of the tailings dam raise. Fazenda produced 36,367 oz during the first six months of 2019. H1 gold sales were 37,195 oz with associated revenue of \$47.6 million at AISC of \$871 per oz sold.

At the RDM mine in Brazil, Q2 2019 production totalled 17,217 oz, a 24% improvement over Q1 2019 following the grid powerline connection at the end of the previous quarter. Gold sales were 17,087 oz in Q2 2019, with associated revenue of \$21.8 million and AISC of \$1,111 per oz sold – a 22% improvement over Q1 2019 due to higher throughput and recoveries. Further improvements are expected in H2 2019 as management focuses on increasing mining rates through improved availability of both the RDM fleet and the contractor fleet. RDM produced 31,052 oz during the first six months of 2019. H1 gold sales were 30,539 oz with associated revenue of \$39.1 million at AISC of \$1,247 per oz sold.

At the Pilar mine in Brazil, Q2 2019 production of 11,189 oz was a 19% improvement over Q1 2019 primarily due to higher equipment availability with the new haulage contractor. Under a new mine leadership team, mining and processing have both shown improvements. Gold sales were 11,485 oz in Q2 2019 compared to 9,307 oz in Q1 2019, with associated revenue of \$14.8 million. Q2 2019 AISC of \$1,103 per oz sold represented a 20% improvement over Q1 2019. During H1 2019, production totalled 20,600 oz. Gold sales were 20,792 oz with associated revenue of \$26.7 million at AISC of \$1,227 per oz sold.

## Financial Results

During Q2 2019, Leagold reported total revenue of \$120.2 million, earnings from mine operations of \$18.6 million, and a net loss of \$70.2 million, as detailed in Table 4.

Table 4: Financial Results for the Three Months Ended June 30, 2019 and 2018

\$000s	Three months ended	
	Jun 30, 2019	Jun 30, 2018
Revenue	120,181	86,929
Operating expenses	84,282	65,140
Depreciation and depletion	15,880	10,869
Royalties	1,425	820
Earnings from mine operations	18,594	10,100
Share-based payments	534	101
Acquisition and restructuring costs	-	3,450
General and administration costs	2,812	3,114
Other expenses	478	1,388
Foreign exchange loss/(gain)	1,730	(1,556)
Interest expense on loan facilities	5,393	4,301
Finance and accretion expense/(income)	6,352	(8,110)
Earnings before taxes	1,295	7,412
Current income tax expense/(recovery)	2,871	(808)
Deferred income tax expense/(recovery) <sup>1</sup>	68,672	(1,559)
Net (loss)/earnings	(70,248)	9,779
Basic and diluted (loss)/earnings per share	(0.25)	0.05
Basic and diluted (loss)/earnings before taxes per share	0.00	0.04

<sup>1</sup> Includes non-cash provision of \$63.5 million

During Q2 2019, Leagold recognized a provision of \$63.5 million against its deferred income tax assets (a non-cash item) generated by its wholly owned Mexican subsidiary, DMSL, and attributable to multiple tax periods prior to and including 2017. The provision, which is a non-cash adjustment related to the deferred income tax assets, results from management's current understanding of the terms and impact of a tax settlement with the Mexican Tax Authorities. Leagold is continuing to review and assess the impact of the tax settlement and, in the interim, has recognized this provision. For further details see the Financial Results section on page 20 of Leagold's Management's Discussion and Analysis dated August 1, 2019, available on the Company's website at [www.leagold.com](http://www.leagold.com) and SEDAR.

## Supporting Documents

Leagold's Q2 2019 financial statements and related MD&A are available on SEDAR and in the Investor Relations section of Leagold's website [here](#).

## Conference Call

A conference call and live webcast will be held on August 2, 2019 at 8am PDT/11am EDT. Participants may dial in to the call using the numbers below (no access code is needed).



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