Condensed Interim Consolidated Financial Statements of

# LEAGOLD MINING CORPORATION

For the three months ended March 31, 2017 and 2016
(Expressed in United States Dollars)

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

| | As at March 31, 2017 | As at December 31, 2016 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | **$ 21,834** | $ 24,650 |
| Restricted cash (Note 4) | **127,734** | - |
| Prepaid expenses | **110** | 135 |
| Deposits | **291** | - |
| Other receivables | **103** | 47 |
| | **150,072** | 24,832 |
| Other long term assets (Note 9) | **241** | - |
| Total assets | **$ 150,313** | 24,832 |
| **Liabilities** | | |
| Current liabilities | | |
| Trade and other payables (Note 3) | **$ 6,456** | $ 633 |
| | **6,456** | 633 |
| Other long-term liabilities (Note 4b) | **100** | 50 |
| Total liabilities | **6,556** | 683 |
| **Equity** | | |
| Common shares (Note 4) | **26,119** | 26,119 |
| Subscription receipts (Note 4) | **121,600** | - |
| Reserve | **2,235** | 2,235 |
| Deficit | **(6,197)** | (4,205) |
| Total equity | **143,757** | 24,149 |
| Total liabilities and equity | **$ 150,313** | $ 24,832 |

Nature and continuance of operations (Note 1)
Subsequent events (Note 9)
Commitments and contingencies (Note 8)

Approved by the Board of Directors and authorized for issue on 10 May 2017:

"Neil Woodyer" Director

"Miguel Rodriguez" Director

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

| | Three months ended March 31, 2017 | 2016 |
|---|---|---|
| **Expenses** | | |
| Share-based payments (Note 4(b)) | **$ 80** | $ - |
| Transaction costs (Note 9) | **2,968** | - |
| Consulting services | **100** | - |
| Salaries and benefits | **371** | - |
| Office and administration | **173** | 4 |
| Professional services | **42** | 1 |
| Marketing and travel | **27** | - |
| Regulatory and transfer agent fees | **11** | 2 |
| Foreign exchange gain | **(1,722)** | - |
| | **(2,050)** | (7) |
| Finance income | **58** | - |
| **Net loss and comprehensive loss for the period** | **(1,992)** | (7) |
| Basic and diluted loss per share for the period | **$ (0.07)** | $ (0.00) |
| Weighted average number of common shares outstanding - basic and diluted | **27,130,911** | 4,724,738 |

**Leagold Mining Corporation**
Condensed Interim Consolidated Statement of Cash Flows
(Expressed in Thousands of United States Dollars) - Unaudited

| | Three months ended March 31, 2017 | 2016 |
|---|---|---|
| **Operating activities** | | |
| Net loss for the period | **$ (1,992)** | $ (7) |
| Adjust for: | | |
| Share-based payments (Note 4(b)) | **80** | - |
| Unrealized foreign exchange gain | **(1,722)** | - |
| Changes in non-cash working capital items: | | |
| Prepaid expenses | **25** | - |
| Deposits | **(291)** | - |
| Other receivables | **(56)** | - |
| Trade and other payables | **5,794** | 1 |
| Cash provided (used in) by operating activities | **$ 1,838** | $ (6) |
| **Investing activities** | | |
| Loan payable | **-** | 6 |
| Cash provided by investing activities | **$ -** | $ 6 |
| **Financing activities** | | |
| Proceeds from subscription receipts, net of share issuance costs (Note 4) | **121,600** | - |
| Other long term assets (Note 9) | **(241)** | - |
| Cash provided by financing activities | **$ 121,359** | $ - |
| Foreign exchange gain on cash and cash equivalents | **1,721** | - |
| Increase in cash and cash equivalents | **124,918** | - |
| Cash and cash equivalents, beginning of period | **24,650** | - |
| **Cash and cash equivalents, end of period** | **$ 149,568** | $ - |
| **Cash and cash equivalents is comprised of:** | | |
| Cash | **$ 834** | $ - |
| Term deposits | **21,000** | - |
| Restricted cash | **127,734** | - |
| | **$ 149,568** | $ - |

**Leagold Mining Corporation**

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Thousands of United States Dollars, Except Share Information) - Unaudited

| | Common Shares | | Subscription Receipts | | Preferred Shares | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Number** | **Amount** | **Number** | **Amount** | **Number** | **Amount** | **Reserve** | **Deficit** | **Total** |
| | **(Note 4)** | | | | **(Note 4)** | | | | |
| **Balance at December 31, 2015** | 7,087,158 | $ 10,469 | - | $ - | 5,600 | $ 99 | $ 7 | $ (10,643) | $ (68) |
| Net loss and comprehensive loss | - | - | - | - | - | - | - | (7) | (7) |
| **Balance at March 31, 2016** | 7,087,158 | $ 10,469 | - | $ - | 5,600 | $ 99 | $ 7 | $ (10,650) | $ (75) |
| | | | | | | | | | |
| **Balance at September 30, 2015** | 7,087,158 | $ 10,469 | - | $ - | 5,600 | $ 99 | $ (149) | $ (10,638) | $ (219) |
| Shares issued on private placement | 20,000,000 | 26,877 | - | - | - | - | - | - | 26,877 |
| Shares issued as finder's fees | 38,200 | 51 | - | - | - | - | - | - | 51 |
| Share issue costs | - | (809) | - | - | - | - | - | - | (809) |
| Share-based compensation | - | - | - | - | - | - | 2,579 | - | 2,579 |
| Conversion of preferred shares | 5,600 | 99 | - | - | (5,600) | (99) | - | - | - |
| Reduction in capital | - | (10,568) | - | - | - | - | - | 10,568 | - |
| Translation adjustment (Note 2(c)) | - | - | - | - | - | - | (195) | - | (195) |
| Net loss and comprehensive loss | - | - | - | - | - | - | - | (4,135) | (4,135) |
| **Balance at December 31, 2016** | 27,130,958 | $ 26,119 | - | $ - | - | $ - | $ 2,235 | $ (4,205) | $ 24,149 |
| Share issue costs (Note 4) | - | - | - | (8,100) | - | - | - | - | (8,100) |
| Subscription receipts issued | - | - | 63,640,000 | 129,700 | - | - | - | - | 129,700 |
| Net loss and comprehensive loss | - | - | - | - | - | - | - | (1,992) | (1,992) |
| **Balance at March 31, 2017** | **27,130,958** | **$ 26,119** | **63,640,000** | **$121,600** | **-** | **$ -** | **$ 2,235** | **$ (6,197)** | **$ 143,757** |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Leagold Mining Corporation ("Leagold" or the "Company") is incorporated under the laws of British Columbia. On February 9, 2017, the Company's listing was transferred from the NEX board of the TSX Venture Exchange to the TSX Venture Exchange (TSX-V.LMC). The address of the Company's registered and records office is 2900 – 550 Burrard Street, Vancouver, British Columbia, V6C 0A3 and its executive office is 3123 - 595 Burrard Street, Vancouver, British Columbia, V7X 1J1. The Company's principal business activity is the acquisition of gold mining operations and advanced-stage development projects with a focus on opportunity in Latin America.

On April 7, 2017, the Company completed the acquisition of the Los Filos Mine in Guerrero State, Mexico from Goldcorp Inc. Refer to the Subsequent Events note disclosure (Note 9) for more details.

In 2016, the Company changed its year end from September 30 to December 31 to prepare for improved comparability with its gold sector peers.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### *(a) Basis of presentation*

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Certain disclosures required by IFRS have been condensed or omitted in the following note disclosures or are disclosed or have been disclosed on an annual basis only. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual audited financial statements for the 15-month period ended December 31, 2016 and year ended September 30, 2015, which have been prepared in according with IFRS.

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the 15-month period ended December 31, 2016 and year ended September 30, 2015.

### *(b) Basis of consolidation*

The accounts of the subsidiaries controlled by the Company are included in the condensed interim consolidated financial statements from the date that control commenced until the date that control ceases. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The principal subsidiaries of the Company and their geographic locations at March 31, 2017 are as follows:

| Direct parent company | Location | Ownership |
|---|---|---|
| Leagold Acquisition Corp. | Canada | 100% |
| Leagold (BC) Holding Corp. | Canada | 100% |
| Leagold Switzerland SA | Switzerland | 100% |
| Leagold Mexico S.A.P.I. de C.V. | Mexico | 100% |
| Mina Leagold Los Filos, S.A.P.I. de C.V. | Mexico | 100% |
| Administración Los Filos, S.A.P.I. de C.V. | Mexico | 100% |

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

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

### *(c) Recent accounting standards not yet effective*

The Company has not early adopted the following new and revised Standards, Amendments and Interpretations that have been issued but are not yet effective. The Company is currently assessing the impact they will have on the financial statements.

IFRS 9, Financial Instruments: IFRS 9 introduces the new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value, and all financial liabilities classified as subsequently measured at amortized cost except for financial liabilities measured at fair value through profit or loss. In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The mandatory effective date of IFRS 9 is annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16, Leases: IFRS 16 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. The standard is effective for annual periods beginning on or after January 1, 2019.

IFRS 15, Revenue from Contracts with Customers: IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

The Company plans to adopt the new standard (including the clarifications issued by the IASB in April 2016) on or before the required effective date. The Company has no history of revenues, therefore the Company will not be subject to a retrospective application of the standard.

## 3. TRADE AND OTHER PAYABLES

| | **March 31, 2017** | December 31. 2016 |
|---|---|---|
| Trade and other payables | **$ 1,911** | $ 452 |
| Accrued liabilities | **4,545** | 181 |
| | **$ 6,456** | $ 633 |

## 4. SHARE CAPITAL

On March 8, 2017, the Company completed an offering of 63,640,000 subscription receipts ("Subscription Receipt Offering") at an issue price of C$2.75 per subscription receipt for gross proceeds of $129,700 (CAD$175,010) million, held in escrow. Each subscription receipt entitled the holder thereof to receive one common share of the Company for no additional consideration, upon closing of the Acquisition (Note 9). The share issue costs totalled $8,100 of which $3,729 was included in accrued liabilities as it is payable upon closing of the Acquisition.

On March 8, 2017, the outstanding common shares of the Company were consolidated on the basis of one post-consolidation common share for every 5 pre-consolidation common shares. All share information in these condensed interim consolidated financial statements have been adjusted retrospectively to reflect the share consolidation.

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

***(a) Authorized capital***

Unlimited common shares without par value.

***(b) Share-based payments***

The following table summarizes the share-based payments:

| | Three months ended March 31, 2017 | 2016 |
|---|---|---|
| Expense recognized on grant and change in fair value of DSUs | 80 | - |
| Total share-based payments | $ 80 | $ - |

***i. Stock options***

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

No options were granted during the three months ended March 31, 2017. No options expired or were forfeited during the three months ended March 31, 2017.

The following table summarizes information about the exercisable share options outstanding as March 31, 2017:

| Exercise Prices ($CAD) | Number of Stock Options Outstanding | Number of Stock Options Exercisable | Weighted average exercise price ($CAD) | Weighted average remaining contractual life |
|---|---|---|---|---|
| $ 0.63 | 700,000 | 700,000 | $ 0.63 | 9.2 years |
| $ 2.85 | 1,800,000 | 1,800,000 | $ 2.85 | 4.6 years |
| | 2,500,000 | 2,500,000 | $ 2.23 | 5.9 years |

On April 28, 2017, the Company granted an aggregate of 9,000,000 incentive stock options at a price of CAD$2.85 per share, exercisable until April 28, 2022 which vested immediately.

***ii. Deferred share units***

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

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During the three months ended March 31, 2017, the Company granted 34,485 DSU's with a resulting fair value of $79.

There were 61,126 and 26,641 DSUs outstanding at March 31, 2017 and December 31, 2016, respectively. The fair value of all outstanding DSUs as at March 31, 2017, was $142 (March 31, 2016 - $Nil), of which $100 was recorded as other long term liabilities and $42 was included as current other payables. The current portion of the DSU related to two directors who resigned subsequent to year end and became an officer of the Company.

## 5. RELATED PARTY TRANSACTIONS

*Compensation of key management personnel and directors*

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

| | Three months ended March 31, | | | |
|---|---|---|---|---|
| | | **2017** | | 2016 |
| Short-term benefits | $ | 371 | $ | - |
| Share-based payments | | 80 | | - |
| | $ | 451 | $ | - |

## 6. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to 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.

The Company considers its cash to be its manageable capital. 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 are permitted.

The Company currently has no externally-imposed capital requirements except to maintain sufficient cash balances.

## 7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, other receivables, and trade and other payables.

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.

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

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

**Financial Risk**

The Company is exposed to varying degrees to 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, restricted cash, and other receivables. As the Company's policy is to limit cash and cash equivalent holdings to instruments issued by major Canadian banks, and the Company's other receivables are primarily with the government, the credit risk is considered by management to be negligible.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's liquidity risk from financial instruments is to repay accounts payable. The Company currently maintains sufficient cash balances to meet these needs.

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 quarter ended March 31, 2017.

The Company's reporting currency is the US dollar and major purchases are transacted in US dollars. The Company maintains some Canadian dollar bank accounts and is subject to gains and losses from fluctuations in the Canadian dollar against the US dollar.

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

| | **March 31, 2017** | December 31. 2016 |
|---|---|---|
| Canadian dollar | **$129,295** | $(210) |

The effect on earnings and other comprehensive earnings before tax as at March 31, 2017, 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 $11,754 (December 31, 2016 - $21), assuming that all other variables remained constant.

Interest rate risk

The Company is exposed to interest rate risk on its cash. As cash is held in instruments issued by a Canadian bank, the interest rate risk is considered to be nominal.

## 8. COMMITMENTS AND CONTINGENCIES

### Operating lease

On January 17, 2017, the Company entered into an office rent agreement. The minimum term of which is five years, commencing August 1, 2017. Minimum payments under the agreement are approximately $156 per annum for the first two years and $162 per annum for the final three years.

## 9. SUBSEQUENT EVENTS

On April 7, 2017 (the "Closing Date"), the Company completed the acquisition of the Los Filos Mine in Guerrero State, Mexico from Goldcorp Inc. ("Goldcorp"), for total consideration of $350 million (the "Acquisition"). The Acquisition was completed through the purchase of Goldcorp's indirect subsidiaries: Desarollos Mineros San Luis S.A. de C.V. ("DMSL"), Exploradora de Yacimientos Los Filos S.A. de C.V. ("Exploradora") and Minera Thesalia, S.A. de C.V. ("Minera") (collectively, "Los Filos"). The purchase price consisted of $279 million in cash and $71 million in common shares of the Company. Leagold has also agreed to distribute to Goldcorp the VAT receivable amount in DMSL outstanding as of the Closing Date, as and when these amounts are received from the Mexican tax authorities. At closing of the Acquisition, Leagold issued 34,635,091 common shares to Goldcorp, representing $71 million at C$2.75 per share. As part of the agreement for the Acquisition, Goldcorp has appointed a director to the Leagold Board of Directors as their nominee.

To fund the Acquisition, Leagold's financing plan totalled $333 million and included the Subscription Receipt Offering of C$179.1 million ($130 million) that was completed on March 8, 2017, the exercise of the over-allotment option for 1.5 million common shares granted to the underwriters ($3 million), which was exercised on the Closing Date, as well as $150 million loan facility and $50 million equity private placement with a fund managed by Orion Resource Partners ("Orion"). Both the Subscription Receipt Offering and equity private placement were completed at the equivalent of C$2.75 per common share.

The Mexican anti-trust commission ("COFECE") has approved the completion of the Acquisition, but requires a second COFECE application with respect to a portion of Orion's $50 million equity investment. To accommodate this on-going process, the $50 million was split into a $21 million private placement that was completed on the Closing Date and a $29 million subscription receipt financing, with each subscription receipt converting into one common share, without payment of additional consideration or further action, upon receipt of the second COFECE approval. At closing of the Acquisition, the Company issued to Orion 10,244,182 common shares and 14,146,728 subscription receipts representing $21 million and $29 million at C$2.75 per share, respectively.

To accommodate the cash funding deferral, Goldcorp agreed to defer $29 million of the $279 million cash portion of the Acquisition by accepting a short-term promissory note from Leagold. Upon receipt of the second COFECE approval, the $29 million proceeds from the Orion subscription receipt financing will be paid to Goldcorp. The net proceeds from the various financings completed have been used to satisfy the $250 million cash portion of the Los Filos Mine acquisition paid to Goldcorp and to provide for general working capital purposes.

The loan facility with Orion will bear interest at a rate equal to the greater of 3-month Libor or 1.00%, plus 700 basis points, and will mature on March 31, 2022. Principal repayments commence with the first repayment due on March 31, 2019 and with equal quarterly installments thereafter (i.e., fully amortizing from March 31, 2019 through to the March 31, 2022). The Acquisition financing also provides for a gold offtake to Orion of 50% of the gold production at market prices from the Los Filos Mine, until cumulative delivery of 1.1 million ounces to Orion. Also, in relation to the Acquisition financing, the Company has granted Orion 2,000,000 share purchase warrants that are exercisable in whole or in part for a term of five years at an exercise price of C$3.575 per share.

The transaction costs related to the Acquisition, incurred as at March 31, 2017, totaling $2,968 have been expensed in the statement of net loss and comprehensive loss.

The Company has capitalized $241 relating to transaction costs associated with the loan facility which had not yet been drawn at March 31, 2017.

As at the date of these condensed interim consolidated financial statements, the initial accounting for the business combination is not complete. The Company has not completed its preliminary analysis of the fair values of the assets acquired and the liabilities assumed.