Financial Statements of

LEAGOLD MINING CORPORATION
(formerly HTI Ventures Corp.)

For the 15-month period ended December 31, 2016 and the year ended September 30, 2015

(Expressed in United States Dollars)

Independent Auditor’s Report

To the Shareholders of
Leagold Mining Corporation

We have audited the accompanying financial statements of Leagold Mining Corporation, which comprise the statement of financial position as at December 31, 2016, and the statement of net loss and comprehensive loss, statement of equity and statement of cash flows for the fifteen-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Leagold Mining Corporation as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of Leogold Mining Corporation for the year ended September 30, 2015 (prior to the restatement described in Note 2(c) to the financial statements) were audited by another auditor who expressed an unmodified opinion on those financial statements on January

27, 2016. The statement of financial position as at October 1, 2014 has been derived from the statement of financial position as at September 30, 2014 (not presented herein).

As part of our audit of the financial statements of Leogold Mining Corporation for the fifteen-month period ended December 31, 2016, we also audited the adjustments described in Note 2(c) of the financial statements that were applied to restate the financial statements to retrospectively apply the change in accounting policy for the change in the presentation currency as at and for the year ended September 30, 2015, and to derive the statement of financial position as at October 1, 2014. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the financial statements of the Company for the year ended September 30, 2015 or to the statement of financial position as at September 30, 2015 and October 1, 2014 other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the financial statements as at and for the year ended September 30, 2015 or to the statement of financial position as at October 1, 2014 taken as a whole.

/s/ Deloitte LLP

Chartered Professional Accountants
March 31, 2017
Vancouver, Canada

Leagold Mining Corporation (formerly HTI Ventures Corp.)
Statements of Financial Position
(Expressed in United States Dollars)

	As at December 31, 2016	As at September 30, 2015	As at October 1, 2014
		(Note 2(c))	*(Note 2(c))*
Assets			
Current assets			
Cash and cash equivalents	**$ 24,650,343**	$ 426	$ 19
Prepaid expenses	**134,744**	-	3,764
Other receivables	**47,127**	4,308	5,134
Total assets	**$ 24,832,214**	$ 4,734	$ 8,917
Liabilities			
Current liabilities			
Trade and other payables (Note 5)	**$ 632,974**	$ 179,719	$ 208,519
Loan payable (Note 6)	**-**	43,944	28,716
	632,974	223,663	237,235
Other long-term liabilities	**50,000**	-	-
Total liabilities	**682,974**	223,663	237,235
Equity			
Common shares (Note 7)	**26,119,015**	10,468,764	10,468,764
Preferred shares (Note 7)	**-**	99,179	99,179
Reserve	**2,235,292**	(149,134)	(188,198)
Deficit	**(4,205,067)**	(10,637,738)	(10,608,063)
Total equity	**24,149,240**	(218,929)	(228,318)
Total liabilities and equity	**$ 24,832,214**	$ 4,734	$ 8,917

Nature and continuance of operations (Note 1)
Subsequent events (Note 13)
Commitments and contingencies (Note 12)

Approved by the Board of Directors and authorized for issue on 31 March 2017:

"Neil Woodyer" Director

"Miguel Rodriguez" Director

The accompanying notes are an integral part of these financial statements

Leagold Mining Corporation (formerly HTI Ventures Corp.)
Statements of Net Loss and Comprehensive Loss
(Expressed in United States Dollars)

	Fifteen-month period ended December 31, 2016	Year ended September 30, 2015
		(Note 2(c))
Expenses		
Share-based payments (Note 7(b))	**$ 2,641,514**	$ -
Transaction costs (Note 1)	**565,221**	-
Consulting services	**343,532**	-
Management services	**297,705**	-
Office and administration	**168,256**	5,924
Professional services	**131,584**	9,125
Marketing and travel	**126,028**	794
Regulatory and transfer agent fees	**27,929**	9,803
Unrealized foreign exchange loss	**17,456**	-
	(4,319,225)	(25,646)
Cancellation of trade and other payables (Note 5)	**136,434**	-
Finance income (expense)	**47,519**	(4,029)
Net loss and comprehensive loss for the period	**$ (4,135,272)**	$ (29,675)
Basic and diluted loss per share for the period	**$ (0.04)**	$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	**98,834,879**	35,435,538

The accompanying notes are an integral part of these financial statements

Leagold Mining Corporation (formerly HTI Ventures Corp.)
Statements of Cash Flows
(Expressed in United States Dollars)

	Fifteen-month period ended December 31, 2016	Year ended September 30, 2015
Operating activities		
Net loss for the period	**$ (4,135,272)**	$ (29,675)
Adjust for:		
Cancellation of trade and other payables (Note 5)	**(136,434)**	-
Share-based payments (Note 7(b))	**2,641,514**	-
Finance income	**(47,519)**	-
Interest accrued on loan	**-**	4,029
Unrealized foreign exchange loss	**17,456**	-
Changes in non-cash working capital items:		
Prepaid expenses	**(134,744)**	4,580
Other receivables	**(12,949)**	826
Trade and other payables	**508,399**	5,419
Finance income received	**17,649**	-
Cash used in operating activities	**$ (1,281,900)**	$ (14,821)
Investing activities		
Loan payable (Note 6)	**(43,944)**	15,228
Cash (used in) provided by investing activities	**$ (43,944)**	$ 15,228
Financing activities		
Private placement, net of share issue costs (Note 7)	**26,119,015**	-
Cash provided by financing activities	**$ 26,119,015**	$ -
Foreign exchange on cash and cash equivalents	**(143,254)**	-
Increase in cash and cash equivalents	**24,649,917**	407
Cash and cash equivalents, beginning of period	**426**	19
Cash and cash equivalents, end of period	**$ 24,650,343**	$ 426
Cash and cash equivalents is comprised of:		
Cash	**$ 150,343**	$ 426
Term deposits	**24,500,000**	-
	$ 24,650,343	$ 426

The accompanying notes are an integral part of these financial statements

Leagold Mining Corporation (formerly HTI Ventures Corp.)
Statements of Changes in Equity
(Expressed in United States Dollars)

	Common Shares		Preferred Shares				
	Number	Amount	Number	Amount	Reserve	Deficit	Total
Balance at September 30, 2013	35,435,471	$ 10,468,764	28,000	$ 99,179	$ 7,250	$ (10,579,199)	$ (4,006)
Translation adjustment (Note 2(c))	-	-	-	-	(195,448)	-	(195,448)
Net loss and comprehensive loss	-	-	-	-	-	(28,864)	(28,864)
Balance at October 1, 2014	35,435,471	10,468,764	28,000	99,179	(188,198)	(10,608,063)	(228,318)
Translation adjustment (Note 2(c))	-	-	-	-	39,064	-	39,064
Net loss and comprehensive loss	-	-	-	-	-	(29,675)	(29,675)
Balance at September 30, 2015	35,435,471	10,468,764	28,000	99,179	(149,134)	(10,637,738)	(218,929)
Shares issued on private placement (Note 7)	100,000,000	26,876,500	-	-	-	-	26,876,500
Shares issued as finder's fees (Note 7)	191,000	51,334	-	-	-	-	51,334
Share issue costs (Note 7)	-	(808,819)	-	-	-	-	(808,819)
Share-based compensation (Note 7(b))	-	-	-	-	2,579,014	-	2,579,014
Conversion of preferred shares (Note 7)	28,000	99,179	(28,000)	(99,179)	-	-	-
Reduction in capital (Note 7)	-	(10,567,943)	-	-	-	10,567,943	-
Translation adjustment (Note 2(c))	-	-	-	-	(194,588)	-	(194,588)
Net loss and comprehensive loss	-	-	-	-	-	(4,135,272)	(4,135,272)
Balance at December 31, 2016	135,654,471	$ 26,119,015	-	$ -	$ 2,235,292	$ (4,205,067)	$ 24,149,240

[1]Figures in these financial statements have been retrospectively restated to reflect the stock split (Note 7)

1. NATURE AND CONTINUANCE OF OPERATIONS

Leagold Mining Corporation ("Leagold" or the "Company")(formerly HTI Ventures Corp.) is incorporated under the laws of British Columbia and publicly listed on the NEX board of the TSX Venture Exchange (LMC.H). On February 9, 2017, the Company's listing was transferred from the NEX board of the TSX Venture Exchange to the TSX Venture Exchange. 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 in Latin America.

On January 12, 2017, the Company announced that it entered into a share purchase agreement with Goldcorp Inc. ("Goldcorp") to acquire the Los Filos Gold Mine in Guerrero State, Mexico, for total consideration of $350 million (the "Acquisition") 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 consideration consists of $279 million in cash and $71 million in common shares of Leagold. Leagold has also agreed to distribute to Goldcorp the VAT receivable amount in DMSL that is outstanding as of the Acquisition completion date, as and when these amounts are received from the Mexican tax authorities. Based on Leagold's transaction financing plan, Goldcorp is expected to become a major shareholder of Leagold at completion of the Acquisition and will have the right to nominate a director to Leagold's Board of Directors upon completion of the Acquisition. The transaction costs related to the Acquisition, incurred as at December 31, 2016, have been expensed in the statement of net loss and comprehensive loss.

In connection with the closing of the transaction financing, 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 (the "Consolidation") (refer to note 13). On August 31, 2016, the Company changed its name to Leagold Mining Corporation, to reflect its new focus on opportunities in the gold mining sector. The Company also changed its year end from September 30 to December 31 to prepare for improved comparability with its gold sector peers.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND NEW STANDARDS

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements were approved by the Board of Directors of the Company on March 31, 2017.

(b) Basis of measurement

These financial statements are prepared on a historical cost basis, except for certain financial instruments, which are carried at their fair values.

(c) Foreign currency translation

On September 30, 2016, the Company determined that its functional currency had changed from the Canadian dollar ("CAD") to the United States dollar ("USD") due to the Company's exposure to the USD through the Company's increased USD denominated expenses. The change in the functional currency has been applied prospectively and the assets and liabilities of the Company have been translated from the Canadian dollar to the United States dollar at the exchange rate on the date of change in the functional currency.

In addition, the Company changed its presentation currency to USD and this change in accounting policy has been applied retrospectively. Accordingly, all comparative amounts have been presented in USD using the foreign exchange rate in effect at the date of the transactions. The change in the presentation currency did not result in a change in the loss per share for any of the periods presented. The following exchange rates were used to convert the previously filed CAD financial statements into USD: October 1, 2014 CAD 1.00 = USD 0.8929; 2014 average rate CAD 1.00 = USD 0.9233; September 30, 2015 CAD 1.00 = USD 0.7493; 2015 average rate

(Expressed in United States Dollars)

CAD 1.00 = USD 0.8136; September 30, 2016 CAD 1.00 = USD 0.7624; 2016 average rate CAD 1.00 = USD 0.7549. All resulting exchange rate differences are included in the reserve in the statement of changes of equity.

The change in presentation currency resulted in the following impact on the October 1, 2014, opening statement of financial position:

	Reported at October 1, 2014, in CAD	Presentation currency change	Restated October 1, 2014 in USD
Total assets	9,987	1,070	8,917
Total liabilites	(265,691)	(28,456)	(237,235)
Equity	255,704	27,386	228,318

The change in presentation currency resulted in the following impact on the September 30, 2015, opening statement of financial position:

	Reported at September 30, 2015, in CAD	Presentation currency change	Restated September 30, 2015, in USD
Total assets	6,318	1,584	4,734
Total liabilites	(298,496)	(74,833)	(223,663)
Equity	292,178	73,249	218,929

The net loss for the year ended September 30, 2015, was translated using the average rate of CAD 1.00 = USD 0.8136 which resulted in a net loss of $29,675.

Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities in foreign currencies other than the functional currency are translated using the historical rate. All gains and losses on translation of these foreign currency transactions are included in the statements of operations.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash balances held with banks and brokers and highly liquid short-term investments with terms of three months or less, or are redeemable prior to maturity without significant costs or penalties. The Company held $150,343 in cash (2015 - $426) and $24,500,000 in term deposits (2015 - $nil) as at December 31, 2016.

(e) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(f) Leases

Leases in which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized at the lower of the fair value and the present value of minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. All other leases are classified as operating leases. Operating lease payments are recognized as an operating cost in profit or loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which benefits from the leased asset are consumed.

(g) Income taxes

The Company uses the liability method of accounting for income and mining taxes. Under the liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for unused tax losses and other income tax deductions. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply if the related assets are realized or the liabilities are settled. To the extent that it is probable that taxable profit will not be available against which deductible temporary differences can be utilized a deferred tax asset is not recognized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period in which the change is substantively enacted. Deferred tax assets and liabilities are considered monetary assets. Deferred tax balances denominated in currency other than US dollars are translated into US dollars using current exchange rates at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The Company had no deferred tax assets or liabilities as at December 31, 2016 (2015 - $nil).

(h) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial instruments at fair value through profit or loss (“FVTPL”)

Financial assets and liabilities are classified as at FVTPL when: (i) they are acquired or incurred principally for short-term profit taking and/or meet the definition of a derivative (held-for-trading); or (ii) they meet the criteria for being designated as at FVTPL and have been designated as such on initial recognition. These instruments are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned or paid on the financial instrument. The Company classifies its cash and cash equivalents as FVTPL. The purchase and sale of investments are recognized on the trade date, which is the date that the Company commits to purchase or sell the asset.

Available-for-sale financial assets ("AFS financial assets")

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

The Company did not have any AFS financial assets as at December 31, 2016 (2015 $nil).

Loans and receivables and other financial liabilities

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method, less any impairment. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Impairment

Financial assets other than those at FVTPL are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Derecognition of financial assets and liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(i) Share capital

Common and preferred shares are classified as share capital. Incremental costs directly attributable to the issue of new share or options are shown in equity as a deduction, net of tax from the proceeds.

(j) Earnings per share

Earnings per share calculations are based on the weighted average number of common and preferred shares issued and outstanding during the period. The rights of the common and preferred shares are the same and as such, common and preferred shares are treated as one class of shares for the earnings per share calculation. Diluted earnings per share are calculated using the treasury stock method, whereby the proceeds from the exercise of potentially dilutive common shares with exercise prices that are below the average market price of the underlying shares are assumed to be used in purchasing the Company's common shares at their average market price for the period. As the Company is in a loss position for the periods presented in these financial statements, all potentially dilutive common shares are anti-dilutive.

(k) Share-based payment arrangements

Cash settled share-based payments in the form of deferred share units to directors are measured at the fair value of the equity instruments at the grant date and revalued each reporting period. Initial recognition and the subsequent revaluation are recognized as share-based payments in the statement of comprehensive loss.

Equity settled share-based payments are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity settled share-based payments are expensed over the vesting period in accordance with the Company's stock option plan, in the statement of comprehensive loss.

(l) 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 1 January 2018. Early adoption is permitted.

The Company plans to adopt the new standard (including the clarifications issued by the IASB in April 2016) on 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. The Company plans to assess whether the standard will have a material impact on its consolidated financial statements subsequent to the acquisition of Los Filos in 2017.

(Expressed in United States Dollars)

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (Note 4), that have the most significant effect on the amounts recognized in the Company's financial statements are as follows:

(a) Functional currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. Management has determined the functional currency of the Company is the US dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and management reconsiders the functional currency if there is a change in events and conditions of the primary economic environment.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Estimates and assumptions are continuously evaluated and any changes to estimates are recognized prospectively.

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 are as follows:

(a) Share-based payments

The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include: share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends, and the risk-free rate. The Company estimates volatility based on historical share price comparable companies. The expected life of the options is based on historical experience and general option holder behavior. Dividends were not taken into consideration as the Company does not expect to pay dividends in the near term. Management also assumes that options fully vest immediately when granted.

5. TRADE AND OTHER PAYABLES

	December 31, 2016	September 30, 2015	October 1, 2014
Trade and other payables	**$632,974**	$179,719	$208,519

During the period ended December 31, 2016, the Company settled $136,434 of accounts payable.

6. LOAN PAYABLE

	December 31, 2016	September 30, 2015	October 1, 2014
Loan payable	**$Nil**	$43,944	$28,716

The loan payable was fully repaid during the period ended December 31, 2016. The loan was unsecured and repayable on demand.

(Expressed in United States Dollars)

7. SHARE CAPITAL

On June 15, 2016, the Company approved a share stock split of its outstanding common shares that was implemented by way of a stock dividend whereby shareholders received one-half of one common share for each common share held.

The record date for the stock dividend was June 23, 2016, and the payment date was June 28, 2016. The Company's common shares began trading on the TSX Venture Exchange on a post-stock split basis on June 29, 2016.

All common share and per share figures in these financial statements have been retrospectively restated to reflect the stock split ratio of 1.5 new common share for 1 previous common share outstanding.

On August 29, 2016, the Company closed a non-brokered private placement of 100,000,000 shares at a price of CAD$0.35 per share for gross proceeds of $26,876,500 (CAD$35,000,000). The Company paid cash share issue costs totalling $757,485 and issued 191,000 common shares with a deemed value of $51,334 as finder's fees in relation to this non-brokered private placement.

On August 31, 2016, the outstanding preferred shares were converted on a 1:1 basis to common shares. In addition, on the same date, the Company completed a reduction of capital reducing the common shares account by $10,567,943 (CAD$13,921,011) with a corresponding reduction in the accumulated deficit.

(a) Authorized capital

Unlimited common shares without par value.

(b) Share-based payments

The following table summarizes the share-based payments:

	December 31, 2016	September 30, 2015
Share-based payments from option grants	$ 2,579,014	$ -
Total expense recognized on grant and change in fair value of DSUs	62,500	-
Total share-based payments	$ 2,641,514	$ -

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. Generally, options granted have a maximum term of ten years, a vesting period determined by the directors, and the exercise price may not be less than the discounted market price, as prescribed by the policies of the TSX Venture Exchange.

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

	Options outstanding	Weighted average exercise price ($CAD)
At October 1, 2014 and September 30, 2015	-	$ -
Granted	12,500,000	0.45
At December 31, 2016	12,500,000	$ 0.45

(Expressed in United States Dollars)

On July 11, 2016, the Company granted an aggregate of 3,500,000 incentive stock options at a price of CAD$0.125 per share, exercisable until July 11, 2026, which vested immediately. Share-based payments expense of $257,180 using the Black-Scholes valuation model was recorded during the period.

On November 10, 2016, the Company granted an aggregate of 9,000,000 incentive stock options at a price of CAD$0.57 per share, exercisable until November 10, 2021, which vested immediately. Share-based payments expense of $2,321,834 using the Black-Scholes valuation model was recorded during the period.

No options expired or were forfeited during the period ended December 31, 2016.

The following table summarizes information about the exercisable share options outstanding as at December 31, 2016:

Exercise Prices ($CAD)	Outstanding	Exerciseable	Weighted average exercise price ($CAD)	Weighted average remaining contractual life
$ 0.13	3,500,000	3,500,000	$ 0.13	10 years
$ 0.57	9,000,000	9,000,000	0.57	5 years
	12,500,000	12,500,000	$ 0.45	6 years

The following assumptions were used for Black-Scholes valuation of the stock options granted during the period ended December 31, 2016:

	2016
Risk-free interest rate	**1.20% - 1.24%**
Expected life	**5 - 10 years**
Annualized volatility	**75.00%**
Dividend rate	**0.00%**
Forfeiture rate	**0.00%**

The Company’s expected volatility is based on the historical volatility of the Company’s common shares.

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 will 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.

The fair value of all outstanding DSUs as at December 31, 2016, was $62,500 (2015 - $Nil), of which $50,000 was recorded as other long term liabilities and $12,500 was included as current other payables. The current portion of the DSU related to a director who resigned subsequent to year end and became an officer of the Company. There was no fair value adjustment of the DSUs given that the single and only grant took place on December 30, 2016.

(Expressed in United States Dollars)

8. 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:

	December 31, 2016	September 30, 2015
Short-term benefits	$ 297,705	$ -
Share-based payments	2,641,514	-
	$2,939,219	$ -

The Company reviews its compensation practices on an ongoing basis and is dedicated to maintaining an effective compensation program that is market competitive, aligns with business strategy and shareholder interests, and attracts and retains a high-performing executive team.

9. INCOME TAXES

(a) Reconciliation

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2016	September 30, 2015
Loss for the period	$ (4,135,272)	$ (29,675)
Expected income tax recovery	$ (1,075,171)	$ (7,715)
Permanent difference	676,715	-
Share issue costs	(210,293)	-
Change in unrecognized deductible temporary differences	608,749	7,715
Total income tax expense (recovery)	$ -	$ -

(b) Unrecognized deductible temporary differences

At December 31, 2016, the Company had deductible temporary differences for which deferred tax assets have not been recognized because it is not probable that future profits will be available against which the Company can utilize the benefit. The significant components of the Company’s deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2016	September 30, 2015
Deferred tax assets		
Share issue costs	$ 168,000	$ -
Computer equipment and software	6,000	-
Non-capital losses	816,000	375,180
	990,000	375,180
Unrecognized deferred tax assets	(990,000)	(375,180)
Net deferred tax assets	$ -	$ -

The Company had net loss carryforwards of $3,137,285 expiring between 2026 to 2036.

10. 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.

11. 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.

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:

<u>Credit risk</u>

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

<u>Liquidity risk</u>

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.

<u>Foreign currency risk</u>

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 period ended December 31, 2016.

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:

	December 31, 2016	September 30, 2015
Canadian dollar	$ (209,661)	$ (218,929)

The effect on earnings and other comprehensive earnings before tax as at December 31, 2016, 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 $21,000 (December 31, 2015 $22,000), assuming that all other variables remained constant. The calculation is based on the Company's statement of financial position as at December 31, 2016.

Interest rate risk

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

12. 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 $209,742 per annum for the first two years and $215,120 per annum for the final three years.

13. SUBSEQUENT EVENTS

On January 12, 2017, the Company announced the Acquisition with Goldcorp relating to the purchase of Goldcorp's indirect subsidiaries: Los Filos. The purchase price consists of $279 million in cash and $71 million in common shares of Leagold. Leagold has also agreed to distribute to Goldcorp the VAT receivable amount in DMSL that is outstanding as of the Acquisition completion date, as and when these amounts are received from the Mexican tax authorities. Based on Leagold's transaction financing plan, Goldcorp is expected to become a major shareholder of Leagold and have the right to nominate a director to Leagold's Board upon completion of the Acquisition.

On February 27, 2017, the Company executed a non-binding term sheet dated February 23, 2017 (the "Term Sheet") with Orion Resources Partners ("Orion") pursuant to which a fund managed by Orion will provide to the Company $200 million in cash through a senior secured loan facility in the principal amount of $150 million and an equity private placement of $50 million. The net proceeds will be used to fund a portion of the purchase price to acquire Los Filos from Goldcorp.

On March 8, 2017, the Company announced the completion of 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 CAD$175 million. Each Subscription Receipt will entitle the holder thereof to receive one common share of Leagold for no additional consideration, subject to certain escrow conditions. The net proceeds of the Subscription Receipt Offering will be used to fund a portion of the purchase price to acquire Los Filos from Goldcorp and will be held in escrow pending completion of the acquisition.

In connection with the Acquisition, on March 8, 2017, the outstanding common shares of the Company have been consolidated on the basis of one post-consolidation Common Share for every 5 pre-consolidation Common Shares.