LEAGOLD MINING CORPORATION

Management Discussion and Analysis

For the three and nine months ended September 30, 2017 and 2016

The following discussion and analysis of the financial condition and results of operations of Leagold Mining Corporation. ("Leagold" or the "Company") should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2017 and September 30, 2016, as well as the audited financial statements for the 15-month period ended December 31, 2016, and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). During 2016, the Company changed its year end from September 30 to December 31, to provide for improved comparability with its gold sector peers. All monetary amounts are in United States dollars unless otherwise specified.

The Management's Discussion and Analysis is prepared as of November 10, 2017. Additional information regarding the Company, including its Annual Information Form is available on SEDAR at www.sedar.com.

BUSINESS OVERVIEW

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

Leagold's corporate strategy is to identify and acquire operating gold mines, mine projects nearing the construction stage and attractive development stage projects within Latin America which can be consolidated regionally. This involves targeting medium-sized dislocated or non-core gold assets in Latin America with attractive values and upside potential from optimization, project de-risking and exploration. Leagold has an experienced management team with a history of creating shareholder value and operational success.

On April 7, 2017, 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"). Further details of the Acquisition can be found under "Los Filos – Acquisition". The Los Filos mine is an ideal cornerstone asset to launch Leagold's growth strategy. It is a sizable, profitable mine with long-established operations, 'best-in-class' infrastructure and experienced workforce. The Los Filos mine has also commenced development on its Bermejal Underground expansion project which has the potential to increase production, reduce all in sustaining cost ("AISC") per ounce, and extend mine life.

Q3 2017 HIGHLIGHTS

- For the three months ended September 30, 2017, Los Filos mine:
  - Produced 47,766 gold ounces (Q2 2017: 43,980 gold ounces)
  - Sold 47,263 gold ounces (Q2 2017: 54,010 gold ounces)
  - An AISC/oz(1) of $993 (Q2 2017: $989)
  - Adjusted EBITDA(1) of $15.1 million (Q2 2017: $14.2 million)
  - All-in sustaining cost margin(1) of $13.6 million (Q2 2017: $13.8 million)
  - Earnings from mine operations of $8.9 million (Q2 2017: $8.5 million)
- Leagold is optimizing the Los Filos operations with a focus on changes that result in significant and sustainable cost savings. The installation of the agglomerator to improve gold recoveries and the extension of the conveyor to improve ore delivery to the heap leach are both on schedule, with anticipated completion in Q4 2017 and commencement of operations in Q1 2018.
- Leagold continued to advance the Bermejal Underground expansion project with ongoing exploration drilling programs and the commencement of portal and ramp development:
  - During the quarter, Leagold increased the Bermejal Underground Measured and Indicated mineral resources(2) by 94% to 1.97 million ounces and added 0.82 million ounces to the Inferred mineral resources.

- During Q3 2017, Leagold generated total revenue of $60.9 million (Q2 2017: $67.5 million), EBITDA of $15.1 million (Q2 2017: $14.2 million) and earnings from mine operations of $8.9 million (Q2 2017: $8.5 million).
- During Q3 2017, Leagold generated adjusted net earnings[1] after tax of $5.2 million (Q2 2017: $6.4 million).
- At September 30, 2017, Leagold had cash and cash equivalents of $52.9 million (December 31, 2016 – $24.7 million)

(1) Non-IFRS measure, see Non-IFRS Financial Performance Measures for reconciliation.

(2) Prepared by SRK, effective date of August 31, 2017; see October 16, 2017 new release for details.

LOS FILOS MINE

The current Los Filos mine operation consists of two open-pit mines, Los Filos and Bermejal and an underground mine at Los Filos. In addition, the Los Filos mine has commenced development on its Bermejal Underground expansion project which has the potential to increase production, reduce AISC per ounce, increased cash flow, and extend mine life. The open-pit operation began commercial production in 2008. Gold is recovered from crushed and run-of-mine ore via a conventional, low-cost heap leach process. The Los Filos mine is located 230 km south of Mexico City and is accessible by paved roads and a private airstrip. Grid power is supplied by InterGen with a 20 MVA substation at site.

The Los Filos mine produced 231koz during 2016 and has a significant mineral resource base, as well as the valuable expansion project at Bermejal Underground.

BERMEJAL UNDERGROUND EXPANSION PROJECT

The Company continues to focus on the advancement of the Bermejal Underground as an expansion project. Following the Acquisition, the Company commenced an infill and step-out drilling program, completed a portal and decline trade-off analysis and commenced the development of an exploration portal and ramp.

Infill and Step-Out Exploration Drilling Program – To further refine the extent and continuity of the Bermejal Underground deposit, a 56,000 metre drilling program was initiated in April 2017. Infill drilling throughout areas of previously identified mineralization and step-out drilling along the northern, eastern and western regions of the deposit are targeted to provide improved definition and additional resources. At the end of Q3, approximately 38,581 metres were completed, and an updated mineral resources estimate resulted in an increase in Measured and Indicated mineral resources[1] by 94% to 1.97 million ounces and added 0.82 million ounces to the Inferred mineral resources. The drill program is continuing with 14 drill rigs and 41 additional holes to be completed by year end. Additional metallurgical samples and a subsequent metallurgical testing program is in progress. Samples were collected based on gold grades and rock types from the current drilling program to improve the understanding and predictability of gold recovery by lithology from the deposit.

Portal and Decline Study – A trade-off study was performed to determine the optimal portal location and decline design to provide initial access to the deposit. Multiple portal locations were analyzed based on development costs, construction schedules and geotechnical parameters. The preferred portal location is at the base of the northern end of the existing Bermejal Open Pit, where surface mining has already been completed. This location provides the shortest decline access to the eastern flank of the deposit (650 linear metres of development) and to the main body of the deposit (1,325 linear metres of development). The design also provides timely access to the eastern flank to allow initial trial mining. Development of an exploration portal and ramp commenced in Q3 2017. The ramp will provide access to the eastern and central portions of the deposit and will enable additional exploration, allow collection of material for confirmatory metallurgical testwork for heap leaching, demonstrate the minability of Bermejal Underground, and advance the project towards declaration of reserves.

(1) Prepared by SRK, effective date of August 31, 2017; see October 16, 2017 new release for details.

OUTLOOK

When Leagold acquired the Los Filos mine in April 2017, it was anticipated that it would take approximately six months – Q2 and Q3 – to transition the mine and implement planned improvements. Q3 2017 results have remained relatively consistent with the prior quarter. Leagold expects that production and cost improvements will be reflected in the results of Q4 and onwards.

The Los Filos Mine remains on track to produce between 95,000 and 110,000 oz at an AISC per ounce of $875 to $925 for the second half of 2017, consistent with previous guidance.

At a gold price of $1,200 per ounce and using the mid-point of H2/2017 production and AISC/oz guidance ranges, Los Filos is projecting an AISC margin(1) of approximately $18.5 million in Q4/2017. Including the AISC margin of $27.4 million generated from April 8 to September 30, 2017, the AISC margin for the 267-day operating period of April 8 to December 31, 2017 is estimated to be $46 million.

For the second half of 2017, non-sustaining project capital of $19 million has been allocated which includes $12 million for drilling, engineering and design work, and initial development of the Bermejal underground expansion project, $5 million to extend the overland conveyors to Heap Leach Pad 2, and $1.3 million for refurbishment and reinstalling the agglomeration drum. The conveyor and agglomeration drum capital projects are expected to improve production and cost performance starting in 2018.

(1) Non-IFRS measure, see Non-IFRS Financial Performance Measures for reconciliation.

OPERATIONS REVIEW

The following table summarizes the data for the Los Filos mine from the Acquisition date (April 8, 2017) to September 30, 2017 (inclusive):

Mining Physicals:	**Unit**	**Acquisition date to June 30, 2017**	**Three months ended September 30, 2017**	**Acquisition date to September 30, 2017**
Tonnes mined - Open Pit	000's	6,696	7,602	14,298
Tonnes of ore mined - Open Pit	000's	1,956	2,091	4,047
Average gold grade mined – Open Pit	g/t	0.57	0.67	0.62
Tonnes of ore mined - Underground	000's	89	98	187
Average gold grade mined – Underground	g/t	6.33	7.43	6.90
Tonnes of ore processed	000's	1,986	2,134	4,120
Recovery rate[1]	%	80%	70%	74%
Gold ounces produced	oz	43,980	47,766	91,746
Gold ounces sold	oz	54,010	47,263	101,273
Unit Cost Analysis:				
Realized gold sales price	$/oz	1,244	1,282	1,262
Mining cost - Open pit	$/t mined	1.45	1.39	1.42
Mining cost - Underground	$/t ore	99.84	104.32	102.18
Processing costs	$/t placed	10.93	9.75	10.32
Site general and administration costs	$/t placed	2.12	1.74	1.92
Cash Cost Details:				
Gold revenue	**$000's**	**67,199**	**60,602**	**127,801**
Mining costs - Open Pit	$000's	9,681	10,583	20,264
Mining costs - Underground	$000's	8,889	10,176	19,065
Processing costs	$000's	21,697	20,806	42,503
Site general and administration costs	$000's	4,212	3,715	7,927
Inventory and other adjustments	$000's	2,580	(4,864)	(2,284)
Total cash costs[2]	**$000's**	**47,059**	**40,416**	**87,475**
Land payments	$000's	3,393	3,552	6,945
Royalties	$000's	307	364	671
Sustaining capital[2, 3]	$000's	2,680	2,621	5,301
Mine-level AISC[2, 3]	**$000's**	**53,439**	**46,953**	**100,392**
AISC margin[2, 3]	**$000's**	**13,760**	**13,649**	**27,409**
Cash Cost per gold ounce sold[2]	**$/oz**	**871**	**855**	**864**
AISC per gold ounce sold[2]	**$/oz**	**989**	**993**	**991**

[1] Based on total gold ounces produced in the period.

[2] Q3 2017 cash costs and all-in sustaining costs excludes the impact of $1.6 million in non-recurring transition costs and includes the impact of a $0.5 million reclassification of Q2 2017 operating costs to non-sustaining capital related to the Bermejal Underground expansion project. In addition, sustaining capital includes the impact of a $0.3 million reclassification of Q2 2017 sustaining capital to non-sustaining capital related to the Bermejal Underground expansion project. (Q2 2017 cash costs and all-in sustaining costs excludes the impact of $2.1 million in non-recurring transition costs and the impact of $2 million in certain inventory adjustments through purchase price allocation ("PPA") valuation relating to the acquisition of Los Filos).

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

Total tonnes mined from the open pit increased by 906 thousand tonnes ("kt"), compared to the prior quarter with a higher contained gold grade. The increased total tonnage mined contributed to lower unit costs of

$1.39 per tonne mined compared to $1.45 in the prior quarter. The increased open pit mining productivity is attributable to improved utilization rate of the mining equipment.

Ore mined from the underground increased by 9 kt compared to the prior quarter. Unit costs increased to $104.32 per ore tonne compared to $99.84 per ore tonne in the prior quarter, driven by increased grade control drilling, which in turn has resulted in an improved contained gold grade for the quarter.

The Los Filos mine produced 47,766 ounces of gold for the three months ended September 30, 2017, compared to 43,980 ounces in the prior quarter. This is attributable to the increased ore production from both the open pit and underground operations, as well as the initial impact from heap leach process efficiencies implemented in the second and third quarters.

Gold sales were 47,263 ounces for the three months ended September 30, 2017, with associated revenues of $60.6 million at an AISC of $993 per ounce sold.

Gold production and associated costs are expected to improve in Q4 2017 as the benefits of operational and cost improvement programs implemented during the transition period continue to be realized. Some duplications of administrative costs occurred during the transition period; however, all administrative services have now been transferred to the mine.

To improve the agglomeration quality of the crushed ore that is placed on the heap leach pads, Leagold is refurbishing and installing an agglomeration drum, that was already on site but previously decommissioned, into the processing circuit. Gold recovery from the heap leach pad should increase due to the improved agglomeration by increasing the percolation of the leachate solution through the ore. The agglomeration drum was removed from the processing circuit several years ago to de-bottleneck the processing circuit, but given the current and planned throughput, this is no longer a factor in the Los Filos operating plan. Civil works for the new base and support structure are nearly complete and maintenance is being carried out on the drum components. Of the $1.3 million committed for the refurbishment and reinstallation of the agglomeration drum, $0.5 million was spent in Q3 2017. The commissioning of the refurbished agglomerator is projected to begin during Q4 2017.

To reduce the cost of transportation and eliminate re-handling of crushed ore onto the Heap Leach Pad 2, a series of new overland conveyors will be installed to efficiently convey the ore onto the pad. These new conveyors will replace the mine trucks and shovels/excavators that are currently hauling ore to the pad. The detailed design of the overland conveyors was completed in Q3 and a turn key contract has been signed and manufacturing commenced. Of the $5 million committed to extend the overland conveyors to Heap Leach Pad 2, $2 million was spent in Q3. The new overland conveyors are on schedule to be fully operational in Q1 2018.

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

$000's	Three months ended Mar 30, 2017	Three months ended Jun 30, 2017	Three months ended Sept 30, 2017	Nine months ended Sept 30, 2017
Gold revenue	**-**	**67,199**	**60,602**	**127,801**
Total cash cost[2, 3]	-	(47,059)	(40,416)	(87,475)
Land payments	-	(3,393)	(3,552)	(6,945)
Royalties[1]	-	(307)	(364)	(671)
Sustaining capex[3]	-	(2,680)	(2,621)	(5,301)
AISC[2, 3]	**-**	**(53,439)**	**(46,953)**	**(100,392)**
AISC margin[2, 3]	**-**	**13,760**	**13,649**	**27,409**
Less: Non-sustaining capex	-	(1,469)	(2,760)	(4,229)
Less: Bermejal Underground expansion[3]	-	(1,981)	(6,367)	(8,348)
AISC margin after investment capex	**-**	**10,310**	**4,522**	**23,180**
Operating working capital changes (excluding VAT)	-	(7,409)	(1,665)	(9,074)
Change in VAT receivable	-	(5,436)	(6,928)	(12,364)
Taxes paid[1]	-	(382)	(218)	(600)
Cash acquired through Acquisition[1]	-	20,547	-	20,547
Private placement proceeds[1]	129,699	24,765	-	154,464
Share issue costs[1]	(8,100)	(1,075)	(908)	(10,083)
Loan facility proceeds, net of issue costs[1]	-	142,288	-	142,288
Transaction costs[1]	(2,968)	(4,544)	(124)	(7,636)
Non-recurring expenses[3]	-	(4,122)	(1,562)	(5,684)
Cash paid to Goldcorp for Acquisition[1]	-	(250,000)	-	(250,000)
Interest paid on Facility and promissory note[1]	-	(3,386)	(3,277)	(6,663)
Corporate and administration	(725)	(1,560)	(1,535)	(3,820)
Corporate working capital changes	5,185	(1,055)	13	4,143
Foreign exchange gain on cash and cash equivalents[1]	1,706	(1,915)	(135)	(344)
Other	121	(1,230)	(690)	(1,799)
Cash inflow/(outflow) for the period	**124,918**	**(84,204)**	**(12,507)**	**28,207**
Opening cash balance	**24,650**	**149,568**	**65,364**	**24,650**
Closing cash balance	**149,568**	**65,364**	**52,857**	**52,857**

[1] As presented on the consolidated statement of comprehensive earnings/(loss) and consolidated statement of cash flows.

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

[3] Q3 2017 cash costs and all-in sustaining costs excludes the impact of $1.6 million in non-recurring transition costs and includes the impact of a $0.5 million reclassification of Q2 2017 operating costs to non-sustaining capital related to the Bermejal Underground expansion project. In addition, sustaining capital includes the impact of a $0.3 million reclassification of Q2 2017 sustaining capital to non-sustaining capital related to the Bermejal Underground expansion project. (Q2 2017 cash costs and all-in sustaining costs excludes the impact of $2.1 million in non-recurring transition costs and the impact of $2 million in certain inventory adjustments through purchase price allocation ("PPA") valuation relating to the acquisition of Los Filos).

Leagold ended Q3 2017 with a strong cash balance of $52,857 and an AISC margin after investment capital expenditures of $4,522. The change in VAT receivable balance represents the VAT receivable accumulated from the Closing Date to September 30, 2017. Subsequent to September 30, 2017, $5,747 of VAT refunds have been received relating to the Company's accumulated VAT receivable balance.

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

SAFETY, HEALTH & ENVIRONMENT

Leagold places the safety and health of people as the highest priority and is committed to sustainable development. Leagold recognizes that the long-term sustainability of its business is dependent upon good stewardship in both the protection of the environment and the efficient management of the exploration, development, and extraction of mineral resources. Leagold is committed to the safety and security of its people with the goal to protect employees, assets, and Leagold's reputation. The Company has a Zero Harm policy which is applied at the Los Filos mine, and continuous efforts are made to reduce the lost time injury frequency rate ("LTIFR"). The following table shows the safety statistics from the Acquisition date of April 8, 2017 to September 30, 2017 (inclusive).

Incident Category	September 30, 2017
Fatality	-
Lost Time Injury (LTI)	10
Total Work Hours	2,318,825
LTIFR[1]	0.86

[1] Lost time injury frequency rate - Number of LTI's in the period x 200,000/ (Total Work Hours worked for the period)

LOS FILOS – ACQUISITION

On April 7, 2017 (the "Closing Date"), the Company completed the acquisition of the Los Filos Mine in Guerrero State, Mexico from 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 appointed a director to the Leagold Board of Directors.

Concurrent with the closing of the Acquisition, Leagold closed a financing with a fund managed by Orion Resource Partners ("Orion") consisting of a $150 million senior secured 5-year loan facility (the "Facility"), and an equity investment private placement of $50 million.

The Mexican anti-trust commission ("COFECE") had approved the completion of the Acquisition, but required a second COFECE application with respect to $29 million of Orion's $50 million equity investment. To accommodate this, the $50 million was split into a $21 million private placement that was completed on the Closing Date whereby 10,244,182 common shares were issued to Orion at C$2.75 per share, and a $29 million subscription receipt financing whereby 14,146,728 subscription receipts were issued to Orion at C$2.75 per subscription receipt, with each subscription receipt converting into one common share upon receipt of the second COFECE approval. To accommodate the cash funding postponement, Goldcorp agreed to defer $29 million of the $279 million cash portion of the Acquisition by accepting a short-term promissory note from Leagold. On July 12, 2017, the Company received the second COFECE approval with respect to the $29 million subscription receipt financing provided by Orion and the $29 million in subscription receipts were converted to 14,146,728 common shares and the $29 million proceeds were paid to Goldcorp in satisfaction of the promissory note. Interest of $595 had been paid up to July 12, 2017 to Goldcorp relating to the promissory note.

The transaction costs related to the Acquisition incurred for the three and nine months ended September 30, 2017, totaled $124 and $7,636, respectively, and have been expensed in the consolidated statements of net earnings/(loss) and comprehensive income/(loss). The Company has capitalized $7,712 relating to transaction costs associated with the Facility for the three and nine months ended September 30, 2017. Subsequent to the Acquisition, the Company has incurred expenses for the three and nine months ended

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

September 30, 2017 of $441 and $2,274, respectively, relating to certain transitional services provided to the Company by Goldcorp.

As of the date of these condensed interim consolidated financial statements, the determination of fair value of assets and liabilities acquired is based on preliminary estimates and has not been finalized. The actual fair values of the assets and liabilities may differ from the amounts disclosed in the preliminary fair value below and are subject to change.

The following table shows the consideration and preliminary allocation of the purchase price to the identifiable assets and liabilities based on their estimated fair values at the date of acquisition:

		April 7, 2017
Cash	$	250,000
Common shares issued		71,000
Short term promissory note		29,000
Total Consideration	**$**	**350,000**

Cash	$	20,547
Mining interests		270,801
Deferred income and mining tax assets		75,844
Net working capital acquired (excluding cash)		24,169
Long-term inventories		3,801
Provision for reclamation		(42,428)
Other non-current payables		(2,734)
Total Consideration	**$**	**350,000**

Since acquisition date of April 7, 2017, the revenues and net income included in the condensed interim consolidated financial statements are $128,429 and $21,090, respectively. Had the acquisition happened on January 1, 2017, the pro forma consolidated revenues and net losses of the Company for the nine months ended September 30, 2017 would have been approximately $180 million and $3.7 million, respectively.

<u>Orion Loan Facility</u>

The Company arranged a Facility with Orion which bears 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, until fully repaid in March 31, 2022. The Facility includes a standard debt service cover ratio that ranges from 1.75 at all times up to and including December 31, 2018, and gradually declines to 1.25 by October 1, 2019 until maturity.

Subsequent to September 30, 2017, Société Générale and Investec Bank plc have joined the $150 million Facility, with the new lenders participating for $25 million each, and Orion retaining $100 million of the Facility. All other terms of the Facility remain the same.

Further details of the Acquisition can be found in the Final Prospectus (“Prospectus”), Technical Report and other disclosure documents available on SEDAR at www.sedar.com.

FINANCIAL RESULTS FOR THE PERIOD

The following tables summarize the Company's financial and operational information for the last eight quarters and three fiscal years. The significant factors affecting results in the quarters presented below is the acquisition of the Los Filos mine.

Summary of Quarterly Results

	For the three months ended:			
(US dollars in thousands except per share and ounce amounts)	**Sept 30, 2017**	**June 30, 2017**	**Mar 31, 2017**	**Dec 31, 2016**
Revenues	60,947	67,482	-	-
Gold ounces sold	47,263	54,010	-	-
Earnings from mine operations	8,859	8,459	-	-
Net earnings (loss)	317	(7,623)	(1,992)	(3,538)
Basic earning (loss) per share	0.00	(0.06)	(0.07)	(0.02)
Diluted earnings (loss) per share	0.00	(0.06)	(0.07)	(0.02)
	For the three months ended:			
(US dollars in thousands except per share and ounce amounts)	**Sept 30, 2016**	**June 30, 2016**	**Mar 31, 2016**	**Dec 31, 2015**
Net earnings (loss)	(715)	134	(6)	(5)
Basic earning (loss) per share	(0.05)	(0.02)	(0.00)	(0.00)
Diluted earnings (loss) per share	(0.05)	(0.02)	(0.00)	(0.00)

Three and nine months ended September 30, 2017 and three and nine months ended September 30, 2016

During the three and nine months ended September 30, 2017, the Company recorded a net earnings of $317 or $0.00 earnings per share and net loss of $9,295 and $0.08 loss per share, respectively. The results for the three and nine months ended September 30, 2017, are not comparable to the same periods in the prior year given the Company had no operations in the prior year.

- Revenues for the three and nine months ended September 30, 2017, were $60,947 and $128,429, respectively. This relates to the sale of 47,263 gold ounces for the three month period and 101,273 gold ounces for the nine month period from the Los Filos mine.

- Operating expenses for the three and nine months ended September 30, 2017, were $45,876 and $101,271, respectively. For the three months ended September 30, 2017, operating expenses related to the Los Filos operations were comprised of consumables used in mining and processing ($26,828), salaries and wages ($7,935), contractors ($9,539) and other production costs ($1,574). For the nine months ended September 30, 2017, operating expenses related to the Los Filos operations were comprised of consumables used in mining and processing ($57,139), salaries and wages ($16,687), contractors ($22,876) and other production costs ($4,569).

- Depreciation and depletion for the three and nine months ended September 30, 2017, was $5,848 and $9,169, respectively, related to the depletion of mineral reserves and the depreciation of plant and equipment with useful lives ranging from 3 to 10 years. The upward trend from Q2 to Q3 reflects the increased production volumes.

- Share based payments for the three and nine months ended September 2017 was $485 and $9,956, respectively. (2016 - $nil). This primarily relates to a Black-Scholes valuation of the 9 million incentive stock options granted to the officers, employees, and consultants on April 28, 2017. In addition, the share based payments include the fair values of the deferred share units ("DSU's") issued to the Board of Directors of the Company and the change in fair values to September 30, 2017.

- Transaction costs for the three and nine months ended September 30, 2017 were $124 and $7,636, respectively. These costs are related to the Acquisition, for which due diligence, legal, and advisory services were rendered.

- Finance and accretion expenses for the three and nine months ended September 30, 2017 were $4,820 and $8,448, respectively. This is primarily related to the interest expense on the Facility with Orion, the promissory note that was held with Goldcorp, the fair value adjustment of the valuation of the warrants issued to Orion, and the accretion expense in relation to the Los Filos mine rehabilitation provision.

Liquidity and Capital Resources

The Company had a working capital balance of $93,882 as at September 30, 2017 (December 31, 2016 - $24,199), and an accumulated deficit of $13,500 (December 31, 2016 - $4,205). The Company currently has sufficient cash and cash equivalents to fund its current operating and administration costs.

As at September 30, 2017, the Company had cash and cash equivalents of $52,857 (December 31, 2016 - $24,650).

Net change in cash position at September 30, 2017 compared to June 30, 2017, was a decrease of $41,535, attributable to the following components of the statement of cash flows:

- Leagold's operating inflow before working capital adjustments was $12,698 for the three months ended September 30, 2017 (three months ended September 30, 2016 – outflow of $441). Operating activities used $1,525 for the three months ended September 30, 2017 (three months ended September 30, 2016 – outflow of $493) resulting from an outflow of $14,223 in working capital movements, primarily due to an increase in VAT receivable. Subsequent to September 30, 2017, $5,747 of VAT refunds have been received relating to the Company's accumulated VAT receivable balance.
- Investing activities used $6,757 associated primarily with the development of the Bermejal Underground project, the refurbishment of the agglomerator and the overland conveyor installation project at Los Filos.
- Financing activities used $33,185, of which $29,000 relates to the repayment of the Goldcorp promissory note with the proceeds from the subscription receipts issued to Orion and $3,277 relates to interest paid on the Facility and Goldcorp promissory note (three months ended September 30, 2017 – inflow of $26,068).

Net change in cash position at September 30, 2017 compared to December 31, 2016, was an increase of $28,207, attributable to the following components of the statement of cash flows:

- Leagold's operating cash inflow before working capital adjustments was $14,434 for the nine months ended September 30, 2017 (nine months ended September 30, 2016 – outflow of $454). Operating activities used $8,504 for the nine months ended September 30, 2017 (nine months ended September 30, 2016 - $542) resulting from an outflow of $22,938 in working capital movements, primarily due to an increase in VAT receivable. Subsequent to September 30, 2017, $5,747 of VAT refunds have been received relating to the Company's accumulated VAT receivable balance.

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

- Investing activities show a cash outflow of $243,027, primarily associated with the acquisition of Los Filos net of the cash acquired through the Acquisition. During the nine months ended September 30, 2017, the Los Filos mine has paid $12,885 for the development of mining interests, of which $8,348 is related to the Bermejal Expansion project.
- Financing activities generated $280,016, of which $154,463 was received through a private placement financing and $142,288 was generated by the Facility. The Company paid interest of $6,663 relating to these loan facilities (nine months ended September 30, 2016 - $26,068).

Contractual Obligations and Commitments

The following table summarizes the contractual maturities of the Company's financial liabilities as at September 30, 2017:

	Within 1 Year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	$ 41,453	$ -	$ -	$ -	$ 41,453
Other current liabilities	2,630	-	-	-	2,630
Other long-term liabilities	-	-	-	3,324	3,324
Loan facility – principal	-	80,769	69,231	-	150,000
Loan facility – interest	12,623	20,167	5,097	-	37,887
	$ 50,706	**$ 100,936**	**$ 74,328**	**$ 3,324**	**$ 235,294**

Gold Offtake Arrangement

As part of the Acquisition financing, the Company entered into an offtake agreement with Orion (the "Gold Offtake Agreement") which provides for a gold offtake of 50% of the gold production from the Los Filos Mine at market prices, until a cumulative delivery of 1.1 million ounces to Orion. As of September 30, 2017, 48,785 payable gold ounces had been sold to Orion under the terms of the Gold Offtake Agreement.

Silver Streaming Arrangement

The Company's silver production from the Los Filos mine and Bermejal property is subject to the terms of an agreement (the "Silver Purchase Agreement") with Wheaton Precious Metals Corp. ("WPM"). During the three and nine months ended September 30, 2017, silver revenue equalled less than 0.5% of the Company's total revenue. Under this agreement the Company must sell a minimum of 5 million payable silver ounces produced by the Los Filos mine operations from August 5, 2010 to the earlier of the termination of the agreement or October 15, 2029 to WPM at the lesser of $3.90 per ounce (the "Fixed Price") or the prevailing market price, subject to an inflationary adjustment. The contract price is revised on the anniversary date of the contract which was $4.29 per ounce until October 14, 2017. From October 15, 2017, the contract price has been revised to $4.34 per ounce. As of September 30, 2017, 1.5 million payable silver ounces had been sold to WPM under the terms of the agreement.

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

Outstanding Share Data

As at November 10, 2017, the date of this MD&A, the Company had the following outstanding equity components outstanding:

	Units
Common shares	151,316,959
Stock options	11,680,000
Warrants	2,000,000
	164,996,959

Related Party Transactions

The Company's related parties consist of its key management personnel. The remuneration of directors and a number of other members of key management personnel responsible for planning, directing, and controlling the activities of the Company during the year were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Short-term benefits	$ 518	$ -	$ 1,169	$ -
DSUs granted	485	-	1,078	-
Stock-options granted	-	-	7,374	-
	$ 1,003	$ -	**$ 9,621**	$ -

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.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

The Company has presented certain non-IFRS measures in this document. The Company believes that these measures, while not a substitute for measures of performance prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers. As the Acquisition closed on April 7, 2017, these measures are not available or meaningful for periods prior to this date.

All-in sustaining margin and adjusted EBITDA

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

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

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

The following tables provide the illustration of the calculation of this margin and adjusted EBITDA, as adjusted and calculated by the Company for the period of April 8, 2017 to September 30, 2017 (inclusive) in which the Company owned the Los Filos mine:

	Acquisition date to June 30, 2017	**Three months ended September 30, 2017**	**Acquisition date to September 30, 2017**
Gold revenues:	$ 67,199	$ 60,602	$ 127,801
Less: Cash costs of ounces sold[2]	(47,059)	(40,416)	(87,475)
Subtotal	20,140	20,186	40,326
Less: Land payments	(3,393)	(3,552)	(6,945)
Less: Royalties	(307)	(364)	(671)
Less: Sustaining capital[2]	(2,680)	(2,621)	(5,301)
All-in sustaining cost margin	**$ 13,760**	**$ 13,649**	**$ 27,409**

	Acquisition date to June 30, 2017	**Three months ended September 30, 2017**	**Acquisition date to September 30, 2017**
Earnings/(loss) before tax[1]	$ (12,450)	$ 1,898	$ (10,552)
Add back: Share-based payments[1]	9,392	485	9,877
Add back: Transaction costs[1]	4,544	124	4,668
Add back: Non-recurring costs[2]	4,122	1,562	5,684
Add back: Depreciation and depletion[1]	3,321	5,848	9,169
Add back: Foreign exchange loss[1]	1,605	319	1,924
Add back: Finance and accretion costs[1]	3,686	4,820	8,506
Adjusted EBITDA	**$ 14,220**	**$ 15,056**	**$ 29,276**

[1] As presented on the consolidated statement of comprehensive earnings/(loss) for the three months ended September 30, 2017.

[2] Q3 2017 cash costs and all-in sustaining costs excludes the impact of $1.6 million in non-recurring transition costs and includes the impact of a $0.5 million reclassification of Q2 2017 operating costs to non-sustaining capital related to the Bermejal Underground expansion project. In addition, sustaining capital includes the impact of a $0.3 million reclassification of Q2 2017 sustaining capital to non-sustaining capital related to the Bermejal Underground expansion project (Q2 2017 cash costs has been adjusted for non-recurring and other adjustments is comprised of $2.1 million in non-recurring transition costs and $2 million in certain inventory adjustments through PPA valuation relating to the Acquisition. Other adjustments primarily relate to $4 million in land payments).

Total Cash Costs

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

(US dollars in thousands except ounces amount)		Acquisition date to June 30, 2017	Three months ended September 30, 2017	Acquisition date to September 30, 2017
Total ounces of gold sold	Oz	54,010	47,263	101,273
Production costs from mine operations[1]	$	55,395	45,876	101,271
Less: Non-recurring and other adjustments[2]	$	(8,336)	(5,460)	(13,796)
Total cash costs[3]	$	**47,059**	**40,416**	**87,475**
Total cash costs per ounce of gold sold[1]	$/oz	**871**	**855**	**864**

[1] As presented on the consolidated statement of comprehensive earnings/(loss) for the three months ended September 30, 2017.

[2] For the three months ended September 30, 2017, non-recurring and other adjustments is comprised of $1.6 million in non-recurring transition costs and $3.6 million in land payments. Acquisition date to June 30, 2017, includes non-recurring and other adjustments is comprised of $2.1 million in non-recurring transition costs and $2 million in certain inventory adjustments through PPA valuation relating to the acquisition of Los Filos in Q2 2017. Other adjustments primarily relate to $4 million in land payments.

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

All-In Sustaining Costs

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

(US dollars in thousands except ounces amount)		Acquisition date to June 30, 2017	Three months ended September 30, 2017	Acquisition date to September 30, 2017
Total ounces of gold sold	**Oz**	54,010	47,263	101,273
Total cash costs[1]	**$**	47,059	40,416	87,475
Land payments	**$**	3,393	3,552	6,945
Royalties	**$**	307	364	671
Sustaining capital expenditures[1]	**$**	2,680	2,621	5,301
Total AISC[1]	**$**	**53,439**	**46,953**	**100,392**
Total AISC per ounce sold[1]	**$/oz**	**989**	**993**	**991**

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

Adjusted Net Earnings and Adjusted Net Earnings Per Share

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

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

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

(US dollars in thousands except shares amount)		Acquisition date to Jun 30, 2017	Three months ended Sept 30, 2017	Acquisition date to Sept 30, 2017
Basic weighted average shares outstanding	Shares	**128,687,650**	**149,471,734**	**143,591,244**
Diluted weighted average shares outstanding	Shares	**129,367,650**	**150,217,863**	**144,126,193**
Net earning/(loss)[1]	$	**(7,623)**	**317**	**(7,306)**
Adjustments:				
Transaction costs[1]	$	4,544	124	4,668
Non-recurring costs[2]	$	4,122	1,562	5,684
Share based payments[1]	$	9,392	485	9,877
Foreign exchange loss[1]	$	1,605	319	1,924
Change in fair value of warrants derivative	$	(795)	872	77
Current income tax expense[1]	$	-	285	285
Deferred income tax (recovery)/expense[1]	$	(4,828)	1,231	(3,597)
Adjusted net earnings	**$**	**6,417**	**5,195**	**11,612**
Per share – Basic	**$/share**	**0.06**	**0.03**	**0.08**
Per share – Diluted	**$/share**	**0.06**	**0.03**	**0.08**

[1] As presented on the consolidated statement of comprehensive earnings/(loss) for the three months ended September 30, 2017.

[2] Includes $1.6 million in non-recurring transition costs for the three months ended September 30, 2017 (Acquisition date to June 30, 2017, includes $2 million in non-recurring transition costs and $2 million in certain inventory adjustments through PPA valuation relating to the Acquisition).

OFF-BALANCE SHEET ARRANGEMENTS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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, that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

Determination of economic viability

Management has determined that exploratory drilling, evaluation, development, and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits, and life of mine plans.

Functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency of each entity is the US dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Business Combinations

Determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgements, taking into account all facts and circumstances. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, the liabilities, including contingent consideration, incurred and payable by the Company to former owners of the acquiree and the equity interests issued by the Company at acquisition date.

RECENT ACCOUNTING STANDARDS ISSUED BUT 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.

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 and 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. The Company does not expect IFRS 9 to have a material impact on the consolidated financial statements but will finalize the assessment for the year ended December 31, 2017.

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. The Company is currently assessing the impact IFRS 16 will have on the consolidated financial statements.

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 recognized 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 does not expect IFRS 15 to have a material impact on the consolidated financial statements but will finalize the assessment for the year ended December 31, 2017.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

Impairment of Mining Interests

The Company considers both external and internal sources of information in assessing whether there are any indications that mining interests are impaired. External sources of information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mining interests. Internal sources of information the Company considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

In determining the recoverable amounts of the Company's mining interests, the Company's management makes estimates of the discounted future cash flows expected to be derived from the Company's mining properties, costs to sell the mining properties and the appropriate discount rate. The projected cash flows are significantly affected by changes in assumptions about gold's selling price, future capital expenditures, changes in the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates. Reductions in gold price forecasts, increases in estimated future costs of production, increases in estimated future non-expansion capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mining interests.

Estimated Recoverable Ounces

The carrying amounts of the Company's mining interests are depleted based on recoverable ounces. Changes to estimates of recoverable ounces and depletable costs including changes from revisions to the Company's mine plans and changes in gold price forecasts can results in a change to future depletion rates.

Mineral Reserves

Mineral reserves and mineral resources are determined in accordance with Canadian Securities Administrator's National Instrument 43-101 Standards of Disclosure for Mineral Projects. Mineral reserve and resource estimates include numerous estimates. Such estimation is a subjective process, and the accuracy of any mineral reserve or resource estimate is dependent on the quantity and quality of available data and on the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as gold prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

Environmental Rehabilitation

The provisions for rehabilitation are based on the expected costs of environmental rehabilitation and inputs used to determine the present value of such provisions and the related accretion expense using the information available at the reporting date. To the extent the actual costs differ from these estimates, adjustments will be recorded and the profit or loss and future cash flows may be impacted.

Deferred Income Taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed and reviewed by management. Weight is attached to tax planning opportunities that are within the Company's control, and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized and recognized income tax assets.

Share-based Payments

Numerous assumptions are made when accounting for share-based payments. Changes to these assumptions may alter the resulting accounting and ultimately the amount charged to profit or loss.

Contingencies

Due to the nature and complexity of the Company's operations, various legal and tax matters are ongoing at any given time and require estimation of amount and probability of outcome. In the event that the circumstances surrounding these matters change or the Company's outlook for the outcomes of these matters changes, the effects will be recognized in the consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, promissory note, other long-term liabilities and the Facility.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – inputs that are not based on observable market data.

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

Other long-term liabilities, which consist of the warrant derivative and DSUs, are measured at their fair value at the end of each reporting period. The Facility is measured at amortized cost.

RISK FACTORS

Readers of this Management's Discussion and Analysis should give careful consideration to the information included or incorporated by reference in this document and the Company's condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2017 and September 30, 2016. For further details of risk factors, please refer to the Prospectus filed on SEDAR at www.sedar.com, the audited financial statements for the 15-month period ended December 31, 2016, and the below discussions.

Financial Risk

The Company is exposed to varying degrees of a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

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

The Company closely monitors its financial assets and does not have any significant concentration of credit risk other than VAT receivable balances owed from the Mexican government. Subsequent to September 30, 2017, $5,747 of VAT refunds have been received relating to the Company's accumulated VAT receivable balance. There is no indication that the Company will not receive its VAT receivables from the Mexican government. The Company sells its gold to large international organizations with strong credit ratings but the historical level of customer defaults is minimal and, as a result, the credit risk associated with gold trade receivables at September 30, 2017 is negligible.

In determining the recoverability of a receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

Excess cash deposits are restricted to guaranteed investment certificates of major banks or instruments of equivalent or better quality. No investments in asset-backed commercial paper is permitted.

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

The Company's maximum exposure to credit risk is as follows:

		September 30, 2017		December 31, 2016
Cash and cash equivalents	$	52,857	$	24,650
Trade and other receivables		31,292		47
	$	**84,149**	**$**	**24,697**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Refer to the Contractual Obligations and Commitments section for details on the Company's significant undiscounted commitments at September 30, 2017. The Company believes it has sufficient cash resources to pay its obligations associated with its financial liabilities as at September 30, 2017.

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 September 30, 2017.

The Company's reporting currency is the US dollar and major purchases are transacted in US dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the US dollar. A portion of the Company's exploration, development and operating costs and administrative costs are incurred mainly in Mexican pesos and Canadian dollars. The fluctuation of the Mexican peso and Canadian dollar in relation to the US dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholder's equity.

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

		September 30, 2017		December 31, 2016
Canadian dollars	**$**	**163**	$	(210)
Mexican pesos		**892**		-
	$	**1,055**	$	(210)

The effect on earnings and other comprehensive earnings before tax as at September 30, 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 $96 (December 31, 2016 - $21), assuming that all other variables remained constant.

Commodity Price risk

Gold prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the political and economic conditions of major gold producing countries. The profitability of the Company is directly related to the market price of gold. A decline in the market prices for this precious metal could negatively impact the Company's future operations. The Company has not hedged any of its gold or silver sales.

Interest rate risk

The Company is exposed to interest rate risk on its cash and cash equivalents and the Facility. At September 30, 2017, the Company has determined the interest rate risk to be low and that a 10% increase or decrease in market interest rates would result in a nominal increase or decrease to the Company's earnings.

Capital Risk Management

The Company's objectives when managing capital are to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties, support any expansionary plants, maintain sufficient capital for potential investment opportunities and to pursue generative acquisition opportunities. Leagold intends to finance potential acquisitions with a prudent combination of equity, debt and other forms of finance.

In the management of capital, the Company includes the components of equity, short-term borrowings and long-term debt, net of cash and cash equivalents.

The Company manages its capital structure and makes adjustments to it in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

Operational Risks

Acquisition of the Los Filos mine

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

Funding

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

Competition and Agreements with Other Parties

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

Price Volatility of Public Stock

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

Economic Conditions

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

Dependence on Management

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

Mineral Reserves and Resources

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

Outside Contractors risk

Certain aspects of mining operations such as drilling and blasting to be conducted by an outside contractor. The operations at the south underground of Los Filos are performed by a contractor, and as a result, the Company is subject to a number of risks, including reduced control over the aspects of the operations that are the responsibility of the contractor, failure of a contractor to perform under its agreements with the companies, inability to replace the contractor if either party terminates the contract, interruption of operations in the event the contractor ceases operations due to insolvency or other events, failure of the contractor to comply with applicable legal and regulatory requirements and failure of the contractor to properly manage its workforce resulting in labor conflict or other employment issues.

Conflicts of Interest

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

For further information on Risk Factors, refer to those set forth in the Prospectus filed on SEDAR at www.sedar.com.

Disclosure controls and procedures and internal controls over financial reporting

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate and recorded, processed, summarized and reported to allow timely decisions with respect to required disclosure, including in its annual filings, interim filings or other reports filed or submitted by it under securities legislation. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the Company's disclosure controls and procedures, that as of September 30, 2017, the Company's disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the Company is made known to them by others within the Company.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, are responsible for establishing adequate internal control over financial reporting. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation, that the internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. During the three and nine months ended September 30, 2017, there have been no changes in the Company's internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

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

Additionally, Leagold Mining acquired the Los Filos mine on April 7, 2017. Therefore, the Company was unable to assess the Los Filos mine's disclosure controls and procedures and internal control over financial reporting in the period between the acquisition date and the date of management's internal control assessment, due to the timing of the acquisition. Accordingly, in accordance with National Instrument 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings*, because the Los Filos mine was acquired not more than 365 days before the end of September 30, 2017, the Company has limited the scope of the Company's design of disclosure controls and procedures and internal controls over financial reporting to exclude the controls, policies and procedures of the Los Filos mine.

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

QUALIFIED PERSONS

Gilles Arseneau, Ph.D., P. Geo., Associate Consultant with SRK, is an independent Qualified Person as defined by NI 43-101, is responsible for the updated Bermejal Underground mineral resource estimate as reported in this document.

Doug Reddy, P.Geo, Leagold's Senior Vice President – Technical Services, is a Qualified Person under NI 43-101, and has reviewed and approved the technical contents of this document on behalf of Leagold.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this MD&A and certain information incorporated herein by reference constitute "forward looking information" or "forward looking statements" within the meaning of applicable securities legislation. Forward-looking information and forward looking statements include, but are not limited to, statements with respect to the Company's plans or future financial or operating performance, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters. Generally, these forward looking information and forward looking statements can be identified by the use of forward looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "will continue" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Statements concerning mineral resource estimates may also be deemed to constitute forward looking information to the extent that they involve estimates of the mineralization that will be encountered. The material factors or assumptions used to develop forward looking information or statements are disclosed throughout this document.

Forward looking information and forward looking statements, while based on management's best estimates and assumptions, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Leagold to be materially different from those expressed or implied by such forward-looking information or forward looking statements, including but not limited to: risks related to the successful integration of acquisitions; risks related to international operations; risks related to joint venture 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 mineral reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates, actual resolutions of legal and tax matters, as well as those factors discussed in the section entitled "Description of the Business – Risk Factors" in Leagold's most recent AIF available on SEDAR at www.sedar.com. Although Leagold has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information and forward looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information or statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information or statements. The Company has and continues to disclose in its Management's Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking information and forward looking statements and to the validity of the information, in the period the changes occur. The forward looking statements and forward looking information are made as of the date hereof and Leagold disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward looking statements or forward looking information contained herein to reflect future results. Accordingly, readers should not place undue reliance on forward-looking statements and information.

CAUTIONARY NOTE REGARDING RESERVES AND RESOURCES

Readers should refer to the AIF filed by Leagold available at www.sedar.com, for further information on mineral reserves and resources, which is subject to the qualifications and notes set forth therein.