LEAGOLD MINING

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and March 31, 2018

(expressed in thousands of United States dollars)

Leagold Mining Corporation

Condensed Interim Consolidated Statements of Financial Position
(expressed in thousands of United States dollars) – Unaudited

		As at March 31, 2019		As at December 31, 2018
Assets				
Cash	**$**	**65,248**	$	53,021
Trade and other receivables (Note 5)		**31,132**		33,770
Inventories (Note 6)		**113,104**		111,794
Prepaid expenses and other		**11,306**		16,125
		220,790		214,710
Mining interests (Note 7)		**792,651**		772,759
Long-term inventories (Note 6)		**1,261**		1,506
Deferred income tax assets		**78,989**		86,681
Other long-term receivables (Note 5)		**11,932**		7,229
Total assets	**$**	**1,105,623**	$	1,082,885
Liabilities				
Trade and other payables (Note 8)	**$**	**117,771**	$	101,121
Deferred revenue (Note 9)		**11,691**		23,382
Reclamation and closure costs (Note 10)		**3,351**		2,873
Other current financial liabilities (Note 11)		**8,183**		10,702
Current portion of debt (Note 12)		**145,074**		144,642
Lease liabilities (Note 13)		**7,236**		-
		293,306		282,720
Reclamation and closure costs (Note 10)		**83,927**		83,633
Other long-term financial liabilities (Note 11)		**6,086**		5,502
Long term debt (Note 12)		**88,876**		99,821
Deferred income tax liabilities		**14,159**		13,619
Long-term lease liabilities (Note 13)		**11,551**		-
Other long-term liabilities (Note 14)		**14,294**		13,551
Total liabilities	**$**	**512,199**	$	498,846
Equity				
Share capital (Note 15)	**$**	**578,731**	$	578,351
Reserves		**14,570**		11,530
Hedging reserves (Note 11)		**(3,388)**		(6,176)
Share purchase reserve (Note 15)		**(3,221)**		(3,221)
Retained earnings		**6,732**		3,555
Total equity		**593,424**		584,039
Total liabilities and equity	**$**	**1,105,623**	$	1,082,885

Nature and continuance of operations (Note 1)
Commitments and contingencies (Note 25)

Approved by the Board of Directors and authorized for issue on May 7, 2019:

"Neil Woodyer" Director

"Miguel Rodriguez" Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Leagold Mining Corporation

Condensed Interim Consolidated Statements of Net Income/(Loss) and Comprehensive Income/(Loss)
(expressed in thousands of United States dollars, except per share and share information) – Unaudited

	Three months ended March 31, 2019	2018
Revenues (Note 16)	**$ 138,115**	$ 68,073
Cost of sales		
Operating expenses (Note 17)	**93,319**	49,199
Depreciation and depletion (Note 7)	**17,679**	7,836
Royalties	**1,546**	545
Earnings from mine operations	**25,571**	10,493
Share-based payments (Note 15(b))	**3,738**	59
Acquisition and restructuring costs	**-**	1,792
General and administration costs	**2,278**	1,674
Other income	**(538)**	(660)
Earnings from operations	**20,093**	7,628
Foreign exchange gain	**(595)**	(824)
Interest expense on loan facilities (Note 12)	**5,687**	3,261
Finance and accretion expense (Note 18)	**3,202**	327
Earnings before taxes	**11,799**	4,864
Current income and other tax expense	**580**	5,112
Deferred income tax expense	**8,042**	10,506
Net income/(loss)	**3,177**	(10,754)
Change in fair value of hedging instruments (Note 19)	**2,788**	-
Net comprehensive income/(loss)	**$ 5,965**	$ (10,754)
Basic and diluted earnings/(loss) per share (Note 15(d))	**0.01**	(0.07)
Basic and diluted earnings before taxes per share (Note 15(d))	**0.04**	0.03
Weighted average common shares outstanding		
Basic (Note 15(d))	**284,834,940**	151,524,292
Diluted (Note 15(d))	**284,980,079**	151,995,781

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Leagold Mining Corporation

Condensed Interim Consolidated Statements of Cash Flows
(expressed in thousands of United States dollars) – Unaudited

	Three months ended March 31, 2019	2018
Net income/(loss) for the year	**$ 3,177**	$ (10,754)
Adjust for:		
Depreciation and depletion (Note 7)	**17,679**	7,836
Share-based payments (Note 15(b))	**3,738**	59
Interest expense on loan facilities (Note 12)	**5,687**	3,261
Finance and accretion expense (Note 18)	**3,202**	327
Current income and other tax expense	**580**	5,112
Deferred income tax expense	**8,042**	10,506
Unrealized foreign exchange gain	**(904)**	(39)
Inventory adjustments (Note 6)	**1,712**	-
Other non-cash expenses	**(1,894)**	-
Cash spent on reclamation (Note 21(b))	**(249)**	(440)
Income taxes paid	**(444)**	(379)
Operating cash flows before working capital	**$ 40,326**	$ 15,489
Changes in working capital items:		
Trade and other receivables	**3,217**	(5,238)
Deferred revenue (Note 9)	**(11,691)**	-
Inventories	**(2,751)**	2,339
Prepaid expenses and other	**2,882**	(5,291)
Trade and other payables	**5,096**	8,623
Cash provided by operating activities	**$ 37,079**	$ 15,922
Expenditures on mining interests (Note 21(a))	**(17,399)**	(14,049)
Interest received	**25**	104
Cash used in investing activities	**$ (17,374)**	$ (13,945)
Interest paid on loan facilities (Note 12)	**(5,676)**	(3,261)
Payment of lease liabilities (Note 13)	**(2,087)**	-
Proceeds from the exercise of share options (Note 15(b)(i))	**220**	228
Cash used in financing activities	**$ (7,543)**	$ (3,033)
Foreign exchange gain/(loss) on cash	**65**	(3)
Increase/(decrease) in cash	**$ 12,227**	$ (1,059)
Cash, beginning of period	**53,021**	54,039
Increase/(decrease) in cash	**12,227**	(1,059)
Cash, end of period	**$ 65,248**	$ 52,980

Supplemental cash flow information (Note 21)

The accompanying notes are an integral part of these condensed interim consolidated financial statements

(expressed in thousands of United States dollars, except share information) – Unaudited

	Share Capital						
	Common Shares						
	Number	Amount	Reserve	Hedging Reserves	Share Purchase Reserve	Deficit	Total
Balance at December 31, 2017	151,316,959	$ 268,777	$ 11,312	$ -	$ -	$ (11,730)	$ 268,359
Share-based compensation	-	-	91	-	-	-	91
Shares issued on exercise of share options	460,000	410	(182)	-	-	-	228
Net loss and comprehensive loss	-	-	-	-	-	(10,754)	(10,754)
Balance at March 31, 2018	**151,776,959**	**$ 269,187**	**$ 11,221**	**$ -**	**$ -**	**$ (22,484)**	**$ 257,924**
Balance at December 31, 2018	284,743,147	$ 578,351	$ 11,530	$ (6,176)	$ (3,221)	$ 3,555	$ 584,039
Share-based compensation	-	-	3,200	-	-	-	3,200
Shares issued on exercise of share options (Note 15(b)(i))	142,437	380	(160)	-	-	-	220
Change in fair value of hedging instruments (Note 19)	-	-	-	2,788	-	-	2,788
Net income and comprehensive income	-	-	-	-	-	3,177	3,177
Balance at March 31, 2019	**284,885,584**	**$ 578,731**	**$ 14,570**	**$ (3,388)**	**$ (3,221)**	**$ 6,732**	**$ 593,424**

The accompanying notes are an integral part of these condensed interim consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Leagold Mining Corporation (Leagold or the Company) is a Canadian-based corporation and its common shares are listed on the Toronto Stock Exchange (symbol: LMC) and quoted in the United States on the OTCQX International (symbol: LMCNF). 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 3043 - 595 Burrard Street, Vancouver, British Columbia, V7X 1J1.

Leagold is a Canadian based gold producer with four operating mines: the Los Filos mine complex in Mexico, which was acquired from Goldcorp Inc. (Goldcorp) on April 7, 2017, and the RDM, Fazenda, and Pilar mines in Brazil, which were acquired from Brio Gold Inc. (Brio) on May 24, 2018. Leagold also has two near-term growth projects: the expansion of the Los Filos mine complex and the restart of the Santa Luz mine, which was also acquired on May 24, 2018. Leagold's long-term growth strategy includes acquiring operating gold mines and projects nearing construction where the acquired assets complement its existing operations and provide further operational diversification.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (IFRS). Certain disclosures required by IFRS have been condensed or omitted in the following note disclosures as they are disclosed or have been disclosed on an annual basis only. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the years ended December 31, 2018 and 2017 (annual financial statements), which have been prepared in accordance with IFRS.

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the annual financial statements, except as detailed in Note 2(d) below.

b) Basis of consolidation

The accounts of the subsidiaries controlled by the Company are included in the condensed interim consolidated financial statements from the date that control commenced until the date that control ceases. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The principal subsidiaries of the Company and their geographic locations at March 31, 2019 are as follows:

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

Entity	Location	Ownership
Leagold (BC) Holding Corp.	Canada	100%
Brio (Barbados) Holdings Ltd.	Barbados	100%
MXN Silver Corp.	Barbados	100%
Leagold Luxembourg S.à.r.l.	Luxembourg	100%
Brazil Holdings BV	Netherlands	100%
Riacho Dos Machados Holdings BV	Netherlands	100%
Fazenda Holdings BV	Netherlands	100%
C1 Holdings BV	Netherlands	100%
Pilar Holdings BV	Netherlands	100%
Brio Finance II BV	Netherlands	100%
Leagold Mexico S.A.P.I. de C.V.	Mexico	100%
Mina Leagold Los Filos, S.A.P.I. de C.V.	Mexico	100%
Administración Los Filos, S.A.P.I. de C.V.	Mexico	100%
Desarrollos Mineros San Luis S.A. de C.V.	Mexico	100%
Exploradora de Yacimientos Los Filos S.A. de C.V.	Mexico	100%
Minera Thesalia, S.A. de C.V.	Mexico	100%
Mineracao Riacho Dos Machados Ltda	Brazil	100%
Fazenda Brasileiro Desenvolvimento Mineral Ltda	Brazil	100%
Santa Luz Desenvolvimento Mineral Ltda	Brazil	100%
Pilar de Goias Desenvolvimento Mineral S/A	Brazil	100%

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

c) Foreign currency translation

The presentation and functional currency of the Company is the US dollar. 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 condensed interim consolidated statements of net income/(loss) and comprehensive income/(loss).

d) Leases

The Company recognizes a right-of-use asset and lease liability at the lease commencement date. At this date, the right-of-use asset is measured at cost. Cost includes the initial amount of the lease liability, adjusted for lease payments made before this date as well as any initial direct costs incurred. Cost also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset and restoring the site on which it is located, less any lease incentives received.

The right-of-use asset is depreciated using the straight-line method from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the right-of-use asset. The estimated useful lives of right-of-use assets are determined in the same manner as those of mineral interests and property plant and equipment. Right-of-use assets are adjusted for impairments and/or re-measurements of the lease liability.

At the lease commencement date, the lease liability is measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate, which is the rate the Company would pay for similar assets at similar locations over a similar term.

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

The lease liability is re-measured when there is a change in future lease payments due to a change in an index or rate, a change in the Company's estimate of an amount payable under residual value guarantee, or if there is a change in the assessment of whether the Company will exercise a purchase, termination or extension option. When the lease liability is re-measured, a corresponding adjustment is made to the right-of-use asset, or recognized in net income/(loss) if the carrying amount of the right-of-use asset has been reduced to zero.

3. CHANGE IN ACCOUNTING POLICIES AND STANDARDS

IFRS 16 – Leases

The Company has adopted IFRS 16, Leases (IFRS 16), with a date of initial application of January 1, 2019. As a result, the Company has changed its accounting policy for lease contracts, as detailed in Note 2. The Company adopted IFRS 16 using a modified retrospective approach, whereby the cumulative effect of initially applying the standard was recognized as a $20,309 increase to right-of-use assets, of which $494 relates to corporate office leases and $19,815 relates to the rental of trucks and drilling equipment, a $313 increase to sublease receivables, and a corresponding $20,622 increase to lease liabilities. A reconciliation of the lease liabilities recognized as at January 1, 2019 is presented below:

		January 1, 2019
Undiscounted minimum operating lease payments at December 31, 2018	**$**	**23,056**
Effect of discounting at the incremental borrowing rate		**(2,434)**
Lease liabilities arising from the initial application of IFRS 16	**$**	**20,622**

As part of the initial adoption plan, the Company has elected to use the two exemptions permitted by IFRS 16 on the following contracts:

- Lease contracts with a duration of less than 12 months (short-term leases);
- Lease contracts for which the underlying asset has a low value (low-value leases).

4. CRITICAL JUDGEMENTS, ESTIMATES AND ASSUMPTIONS IN APPLYING ACCOUNTING POLICIES

Judgements, estimates and assumptions are continually 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 judgments, estimates and assumptions made by management in applying the Company's accounting policies are consistent with those that applied to the annual financial statements.

5. TRADE AND OTHER RECEIVABLES

		March 31, 2019		December 31, 2018
Trade receivables	**$**	**4,998**	$	5,322
Mexican VAT receivable		**11,394**		14,038
Brazilian input tax credits receivable (a)		**16,557**		14,463
Income taxes receivable		**7,662**		5,470
Other receivables		**2,453**		1,706
Total trade and other receivables	**$**	**43,064**	$	40,999
Current portion		**31,132**		33,770
Non-current portion		**11,932**		7,229
Total trade and other receivables	**$**	**43,064**	$	40,999

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

a) As at March 31, 2019, $8,506 of the Brazilian input tax credits receivable are included in other long-term receivables on the condensed interim consolidated statement of financial position (December 31, 2018 - $4,386) as they are expected to be recovered over a period which exceeds the next twelve months.

6. INVENTORIES

		March 31, 2019		December 31, 2018
Supplies	**$**	**26,086**	$	26,385
Finished goods		**5,409**		6,109
Work in progress		**5,911**		6,287
Heap leach ore		**72,704**		70,217
Stockpiled ore		**4,255**		4,302
Total inventories	**$**	**114,365**	$	113,300
Current portion		**113,104**		111,794
Non-current heap leach ore		**1,261**		1,506
Total inventories	**$**	**114,365**	$	113,300

a) The costs of inventories recognized as expense for the three months ended March 31, 2019 was $110,998 (March 31, 2018 - $57,035) and is included in cost of sales.

b) During the three months ended March 31, 2019, inventory balances included a reversal of an NRV adjustment of $191 at Fazenda mine, a $884 charge at RDM mine, a $1,041 charge at Pilar mine, and a reversal of an NRV adjustment at the Los Filos mine complex of $22 (December 31, 2018 - NRV adjustments of $219 at Fazenda mine, $1,131 at RDM mine, $645 at Pilar mine, offset by a reversal of NRV at the Los Filos mine complex of $1,465).

7. MINING INTERESTS

	Mining Properties							
		Depletable		Non-depletable		Plant and equipment		Total
Cost								
Balance at December 31, 2018	$	226,952	$	115,595	$	507,610	$	850,157
Additions/expenditures (Note 21(a))		10,034		3,277		4,146		17,457
Right-of-use assets recognized (Note 13(a))		-		-		20,309		20,309
Other non-cash adjustments		69		(41)		(97)		(69)
Balance as at March 31, 2019	**$**	**237,055**	**$**	**118,831**	**$**	**531,968**	**$**	**887,854**
Accumulated depreciation								
Balance at December 31, 2018	$	27,983	$	-	$	49,415	$	77,398
Depreciation/depletion		5,521		-		12,158		17,679
Change in depreciation included in inventory		116		-		10		126
Balance as at March 31, 2019	**$**	**33,620**	**$**	**-**	**$**	**61,583**	**$**	**95,203**
Net book value as at March 31, 2019	**$**	**203,435**	**$**	**118,831**	**$**	**470,385**	**$**	**792,651**

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

	Mining Properties			
	Depletable	**Non-depletable**	**Plant and equipment**	**Total**
Cost				
At December 31, 2017	$ 66,435	$ 89,253	$ 157,618	$ 313,306
Assets acquired on acquisition of Brio	120,227	13,818	321,842	455,887
Additions/expenditures (Note 21(a))	39,473	11,275	28,150	78,898
Change in reclamation liability (Note 10)	817	1,249	-	2,066
Balance as at December 31, 2018	**$ 226,952**	**$ 115,595**	**$ 507,610**	**$ 850,157**
Accumulated depreciation				
At December 31, 2017	$ 9,124	$ -	$ 15,325	$ 24,449
Depreciation/depletion	17,167	-	29,695	46,862
Change in depreciation included in inventory	1,651	-	3,145	4,796
Transfers and other non-cash movements	41	-	1,250	1,291
Balance as at December 31, 2018	**$ 27,983**	**$ -**	**$ 49,415**	**$ 77,398**
Net book value as at December 31, 2018	**$ 198,969**	**$ 115,595**	**$ 458,195**	**$ 772,759**

8. TRADE AND OTHER PAYABLES

	March 31, 2019	December 31, 2018
Trade and other payables	**$ 80,865**	$ 59,369
Accrued liabilities	**36,906**	41,752
Total trade and other payables	**$ 117,771**	$ 101,121

9. DEFERRED REVENUE

	March 31, 2019	December 31, 2018
Deferred revenue	**$ 11,691**	$ 23,382

In December 2018, the Company sold 20,000 gold ounces to Orion with 10,000 gold ounces to be delivered by March 31, 2019 and 10,000 gold ounces to be delivered by May 31, 2019. The Company received a payment of $23,382 for these gold sales, with the corresponding revenue recognized in the condensed interim consolidated statements of net income/(loss) and comprehensive income/(loss) in the respective period. As at March 31, 2019, 10,000 gold ounces have been delivered to Orion.

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

10. Reclamation and Closure Costs

		March 31, 2019		December 31, 2018
Beginning balance	**$**	**86,506**	$	52,593
Assumed on acquisition of Brio		**-**		30,246
Revision of estimate		**-**		3,438
Foreign exchange impact		**(239)**		(1,372)
Accretion expense (Note 18)		**1,312**		3,180
Expenditures (Note 21(b))		**(301)**		(1,579)
Total reclamation and closure costs	**$**	**87,278**	$	86,506
Current portion		**3,351**		2,873
Non-current portion		**83,927**		83,633
Total reclamation and closure costs	**$**	**87,278**	$	86,506

11. Other Financial Liabilities

		March 31, 2019		December 31, 2018
DSU liability (Note 15(b)(ii))	**$**	**1,068**	$	863
PSU liability (Note 15(b)(iii))		**332**		-
Warrant derivative (Note 15(c))		**3,018**		2,702
Hedging instruments (a)		**7,914**		10,702
Other financial liabilities		**1,937**		1,937
Total other financial liabilities	**$**	**14,269**	$	16,204
Current portion		**8,183**		10,702
Non-current portion		**6,086**		5,502
Total other financial liabilities	**$**	**14,269**	$	16,204

(a) Hedging instruments

i. Currency hedge

As part of the acquisition of Brio, the Company assumed hedging instruments with a fair value of $4,525 relating to currency forward contracts of $5,760 per month from January 2019 through December 2019, totaling $69,114, at a fixed exchange rate of US$1 = R$3.4725 (Currency Hedge). The fair value of the Currency Hedge is $6,163 as at March 31, 2019 and is included in other current financial liabilities on the condensed interim consolidated statement of financial position.

ii. Gold price hedge

On December 14, 2018, the Company entered into a zero-cost collar contract, where gold puts will be purchased, and gold calls will be sold with average put and call strike prices of $1,200 and $1,275 per ounce, respectively (Gold Collar Hedge). These purchases and sales will be made for 7,500 ounces per month from January 2019 to September 2019 for a total of 67,500 ounces. The fair value of the Gold Collar Hedge is $1,751 as at March 31, 2019 and is included in other current financial liabilities on the condensed interim consolidated statement of financial position.

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

12. LOAN FACILITIES

	March 31, 2019	December 31, 2018
Loan facilities	$ 238,462	$ 250,000
Unamortized deferred financing costs	(4,512)	(5,537)
Total loan facilities	$ 233,950	$ 244,463
Current portion	145,074	144,642
Non-current portion	88,876	99,821
Total loan facilities	$ 233,950	$ 244,463

As part of the financing plan to complete the acquisition of the Los Filos mine complex, the Company closed a financing with a fund managed by Orion consisting of a $150,000 senior secured 5-year loan facility which matures on April 6, 2022. Principal repayments commence with the first repayment of $11,538 paid on April 1, 2019 and with equal quarterly installments thereafter, until fully repaid.

As part of the financing plan to complete the acquisition of Brio, the Company's existing $150,000 senior secured five-year loan facility was amended to provide an additional $100,000 tranche of funding which will mature November 24, 2019.

The interest expense incurred on the loan facilities for the three months ended March 31, 2019 was $5,687 (March 31, 2018 - $3,261). The amortization of deferred financing costs for the three months ended March 31, 2019 was $1,025 (March 31, 2018 - $535) (Note 18).

The loan facilities have certain covenants which the Company is in compliance with as at March 31, 2019.

13. LEASES

(a) Right-of-use assets

	March 31, 2019	December 31, 2018
Right-of-use assets recognized (Note 7)	$ 20,309	$ -
Depreciation/depletion	(1,963)	-
Foreign exchange impact	(95)	-
Total right-of-use assets	$ 18,251	$ -

The right-of-use assets recognized by the Company are comprised of $494 related to corporate office leases and $19,815 related to the rental of trucks and drilling equipment. As at March 31, 2019, $18,251 of right-of-use assets have been included within property, plant, and equipment.

(b) Lease liabilities

	March 31, 2019	December 31, 2018
Lease liabilities recognized	$ 20,622	$ -
Interest expense on lease liabilities (Note 18)	379	-
Foreign exchange impact	(127)	-
Lease payments made	(2,087)	-
Total lease liabilities	$ 18,787	$ -
Current portion	7,236	-
Non-current portion	11,551	-
Total lease liabilities	$ 18,787	$ -

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

The undiscounted values of the lease liabilities as at March 31, 2019 was $20,741.

14. OTHER LONG-TERM LIABILITIES

	March 31, 2019	December 31, 2018
Other long-term tax payable	**$ 3,347**	$ 3,263
Legal provisions (a)	**9,513**	8,781
Tax provisions	**1,434**	1,507
Total other long-term liabilities	**$ 14,294**	$ 13,551

(a) Legal provisions

Legal provisions primarily relate to labour-related claims in Brazil acquired as part of the acquisition of Brio which have arisen in the ordinary course of business.

15. SHARE CAPITAL

(a) Authorized capital

Unlimited common shares without par value
Unlimited preferred shares without par value
Unlimited series 1 convertible preferred shares with special rights and restrictions attached

(b) Share-based payments

The following table summarizes the share-based payments:

	Three months ended March 31,	
	2019	2018
Share-based payment expense	**$ 3,200**	$ 91
DSU expense, net of change in fair value during the period	**206**	(32)
PSU expense, net of change in fair value during the period	**332**	-
Total share-based payments	**$ 3,738**	$ 59

i. Share options

In 2016, the Company adopted a rolling share option plan (the Plan) whereby the option to acquire up to 10% of the issued share capital may be granted to eligible optionees from time to time. As at March 31, 2019, the 17,845,817 granted share options represented 6% of the issued share capital of the Company. The Plan permits options granted to have a maximum term of ten years, a vesting period determined by the directors, and the exercise price may not be less than the market price, as prescribed by regulatory requirements. A summary of the changes in the share options is presented below:

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

	Options outstanding	Weighted average exercise price (C$)
At December 31, 2017	11,680,000	$ 2.73
Granted	100,000	2.92
Granted pursuant to the acquisition of Brio	1,026,267	2.02
Exercised	(1,232,152)	1.48
Expired	(164,305)	2.40
At December 31, 2018	11,409,810	$ 2.80
Granted	6,578,444	2.11
Exercised	(142,437)	2.07
At March 31, 2019	**17,845,817**	**$ 2.55**

The following table summarizes information about the share options outstanding and exercisable as March 31, 2019:

Exercise prices (C$)	Number of share options outstanding	Number of share options exercisable	Weighted average exercise price (C$)	Weighted average remaining contractual life
$ 0.63	210,000	210,000	$ 0.63	7.3 years
$ 2.85	10,725,000	10,725,000	$ 2.85	3.0 years
$ 3.15	200,000	200,000	$ 3.15	3.5 years
$ 2.92	100,000	100,000	$ 2.92	3.8 years
$ 2.11	6,578,444	6,578,444	$ 2.11	2.9 years
$ 2.01	32,373	32,373	$ 2.01	3.3 years
	17,845,817	**17,845,817**	**$ 2.55**	**3.0 years**

The following weighted average assumptions were used for Black-Scholes valuation of the share options granted during the three months ended March 31, 2019 and March 31, 2018:

	2019	2018
Risk-free interest rate	1.80%	1.97%
Expected life	3.0 years	4.1 years
Annualized volatility	48.26%	41.89%
Dividend rate	0.00%	0.00%

During the three months ended March 31, 2019, 142,437 share options with an exercise price of C$2.07 were exercised for proceeds of $220, and 6,578,442 share options with an exercise price of C$2.11 and a Black Scholes valuation of $3,200 were granted by the Company and vested immediately.

ii. Deferred share units

In 2016, the Company established a DSU plan for the purposes of strengthening the alignment of interests between non-executive directors of the Company and shareholders by linking a portion of the annual director compensation to the future value of the Company’s common shares. Upon establishing the DSU plan for non-executive directors, the Company adopted a policy to no longer grant share options to non-executive directors. The DSU plan allows each non-executive director to receive, in the form of DSUs, 50% 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 of Directors. Each DSU fully vests upon award but is distributed only when the director has ceased to be a member of the Board of Directors. Vested units are settled in cash based on the common share price at the date of settlement. A summary of the changes in the DSUs is presented below:

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

	DSUs outstanding	Weighted average grant price (C$)
At December 31, 2017	481,650	$ 2.63
Granted	285,403	2.06
Exercised	(86,334)	2.90
At December 31, 2018	680,719	$ 2.39
Granted	78,732	1.91
At March 31, 2019	**759,451**	**$ 2.34**

During the three months ended March 31, 2019, the Company granted 78,732 DSUs with a resulting fair value of $113 which was recognized as share-based payments expense during the period. The total fair value of all outstanding DSUs at March 31, 2019 was $1,068 (December 31, 2018 - $863) which was recorded as other long-term liabilities (Note 11).

iii. Performance share units

In 2019, the Company established a PSU plan as part of its compensation program for certain employees of the Company. The PSUs vest in three tranches based on when certain gold production targets are achieved. All unvested PSUs expire on December 31st of the third year following the calendar year in which the PSUs were granted and are payable in cash. The fair value of the PSUs is based on the current share price and reflects management's best estimates of the probability that gold production targets will be achieved. A summary of the changes in the PSUs is presented below:

	PSUs outstanding	Fair value of PSU liability
At December 31, 2018	-	$ -
Granted	2,081,767	332
At March 31, 2019	**2,081,767**	**$ 332**

(c) Warrant derivative

In relation to the financing to complete the acquisition of the Los Filos mine complex in April 2017, the Company has granted Orion 2,000,000 share purchase warrants that are exercisable in whole or in part for a term of five years at an exercise price of C$3.575 per share.

In relation to the acquisition of Brio, the Company has granted Brio shareholders 46,716,645 share purchase warrants that are exercisable in whole or in part until May 24, 2020 at an exercise price of C$3.70 per share. The Company has also granted an additional 2,000,000 share purchase warrants to Orion that are exercisable in whole or in part until May 24, 2021 at an exercise price of C$3.529 per share.

The exercise price of these warrants is denominated in Canadian dollars to be consistent with the Company's shares being listed on the TSX; however, the functional currency of the Company is the US dollar. As a result of this difference in currencies, the proceeds that will be received by the Company are not fixed and will vary based on foreign exchange rates resulting in the warrants being classified as derivatives and therefore, they are required to be recognized and measured at fair value at each reporting period. Any changes in fair value from period to period are recorded as a non-cash finance costs in the consolidated statements of net income/(loss) and comprehensive income/(loss). Upon exercise, the holder will pay the Company the respective exercise price for each warrant exercised in exchange for one common share of the Company. The fair value at the date of exercise and the associated non-cash liability will be reclassified to share capital. The non-cash liability associated with any warrants that expire unexercised will be recorded as a gain in consolidated statements of net income/(loss) and comprehensive income/(loss). There are no circumstances in which the Company would be required to pay any cash upon exercise or expiry of the warrants.

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

A reconciliation of the change in the fair values of the warrant derivative, included on the consolidated statements of financial position as another long-term liability, is presented below:

	Warrants outstanding	Fair value of warrant derivative
At December 31, 2017	2,000,000	$ 1,458
Warrants issued	48,716,645	20,903
Warrants exercised	(772)	-
Change in fair value of warrant derivative	-	(19,659)
At December 31, 2018	50,715,873	$ 2,702
Change in fair value of warrant derivative (Note 18)	-	316
At March 31, 2019	**50,715,873**	**$ 3,018**

The following weighted average assumptions were used for Black-Scholes valuation of the warrants outstanding during the three months ended March 31, 2019 and March 31, 2018:

	2019	2018
Risk-free interest rate	1.56%	2.04%
Expected life	1.3 years	4.0 years
Annualized volatility	48.65%	42.66%
Dividend rate	0.00%	0.00%

(d) Basic and diluted earnings per share

	Three months ended March 31, 2019				
	Weighted average shares outstanding	Net income	Earnings per share	Earnings before taxes	Earnings before taxes per share(1)
Basic EPS	284,834,940	$3,177	$0.01	$11,799	$0.04
Effect of dilutive share options	145,139	-	-	-	-
Diluted EPS	284,980,079	$3,177	$0.01	$11,799	$0.04

	Three months ended March 31, 2018				
	Weighted average shares outstanding	Net loss	Net loss per share	Loss before taxes	Loss before taxes per share(1)
Basic EPS	151,524,292	$(10,754)	$(0.07)	$4,864	$0.03
Effect of dilutive share options	471,579	-	-	-	-
Diluted EPS	151,995,871	$(10,754)	$(0.07)	$4,864	$0.03

(1) The Company is presenting net earnings before taxes per share as the Company believes this is a relevant metric that reflects the Company's results from continuing operations prior to the effect of the deferred tax recognized.

At March 31, 2019, 50,715,873 share purchase warrants and 17,603,444 share options were outstanding, which for the three months ended March 31, 2019 were anti-dilutive. This is due to the underlying exercise prices exceeding the daily weighted average market values of the common shares for the three months ended March 31, 2019 of C$2.02.

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

16. REVENUE

	Three months ended March 31,	
	2019	2018
Gold (a)	**$ 137,695**	$ 67,829
Silver (b)	**420**	244
	$ 138,115	$ 68,073

a) Gold offtake arrangement

As part of the financing to complete the acquisition of the Los Filos mine complex, the Company entered into an offtake agreement with Orion (the Los Filos Gold Offtake Agreement) which provides for a gold offtake of 50% of the gold production from the Los Filos mine complex at market prices, until a cumulative delivery of 1.1 million ounces to Orion. As part of the acquisition of Brio financing, the Company amended and restated the Los Filos Gold Offtake Agreement and entered into another offtake agreement with Orion (the Brazilian Gold Offtake Agreement). The Brazilian Gold Offtake Agreement provides for a gold offtake of 35% of the gold production from the Brazilian mines at market prices, until a cumulative delivery of 0.7 million ounces to Orion. As of March 31, 2019, 132,545 payable gold ounces had been sold to Orion under the terms of the offtake agreements.

b) Silver streaming arrangement

The Company's silver production from the Los Filos mine complex is subject to the terms of an agreement (the Silver Purchase Agreement) with Wheaton Precious Metals Corp. (WPM) under which the Company must sell a minimum of 5 million payable silver ounces produced by the Los Filos mine complex 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 or the prevailing market price, subject to an inflationary adjustment. The contract price is revised each year on the anniversary date of the contract, which was $4.34 per ounce until October 14, 2018. From October 15, 2018, the contract price has been revised to $4.39 per ounce. As of March 31, 2019, 1.7 million payable silver ounces had been sold to WPM under the terms of the agreement.

c) Royalties

The Company is subject to a royalty arrangement of 0.5% and 1.5% of gross income on gold and silver revenues in Mexico and Brazil respectively. In addition, at the Los Filos mine complex, the concession named Xochipala is subject to a royalty arrangement of 3.0% of gross income on gold and silver revenues. At Pilar mine, there are multiple royalties between 0.75% and 1.0% of gross income on gold and silver revenues on certain concessions. At RDM mine, there is a royalty of 1.0% of gross income on gold and silver revenues. At Fazenda mine, there is a royalty of 0.75% of gross revenue royalty on certain concessions.

17. OPERATING EXPENSES

	Three months ended March 31,	
	2019	2018
Raw materials and consumables	**$ 46,975**	$ 25,002
Contractors	**18,653**	6,061
Salaries and employee benefits	**19,724**	10,027
Other	**7,967**	8,109
Total operating expenses	**$ 93,319**	$ 49,199

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

18. FINANCE AND ACCRETION EXPENSE

	Three months ended March 31, 2019	2018
Accretion expense (Note 10)	**$ 1,312**	$ 316
Amortization of deferred financing costs (Note 12)	**1,025**	535
Interest expense/(income)	**170**	(103)
Change in the fair value of warrant derivative (Note 15(b)(iii))	**316**	(421)
Interest expense on lease liabilities (Note 13(b))	**379**	-
Total finance and accretion expense	**$ 3,202**	$ 327

19. OTHER COMPREHENSIVE INCOME

	Three months ended March 31, 2019	2018
Change in the value of hedges	**$ 4,809**	$ -
Realized losses from Currency Hedge capitalized to mining interests	**(229)**	-
Realized losses from Currency Hedge recorded in operating expenses	**(1,134)**	
Realized losses from Gold Collar recorded in revenue	**(658)**	-
Total other comprehensive income	**$ 2,788**	$ -

20. SEGMENT REPORTING

The Company operates in two principal geographic locations: Mexico (Los Filos) and Brazil (the RDM, Fazenda, Pilar and Santa Luz mines), with a corporate office in Canada. The following tables provides the Company's results and financial positions by reportable segment.

As at March 31, 2019	Los Filos	RDM	Pilar	Fazenda	Santa Luz	Corporate & Others	Total
Mining interests	$ 297,172	$ 133,474	$ 55,100	$ 148,084	$ 157,711	$ 1,110	**$ 792,651**
Total assets	$ 515,826	$ 157,793	$ 71,713	$ 165,702	$ 159,820	$ 34,769	**$1,105,623**
Total liabilities	$ 94,044	$ 47,423	$ 28,042	$ 55,147	$ 8,917	$ 278,626	**$ 512,199**

As at December 31, 2018	Los Filos	RDM	Pilar	Fazenda	Santa Luz	Corporate & Others	Total
Mining interests	$ 296,726	$ 114,579	$ 57,089	$ 149,423	$ 154,491	$ 451	**$ 772,759**
Total assets	$ 518,248	$ 134,281	$ 74,475	$ 164,953	$ 158,895	$ 32,033	**$1,082,885**
Total liabilities	$ 91,384	$ 22,059	$ 27,507	$ 53,999	$ 9,469	$ 294,428	**$ 498,846**

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

Three months ended March 31, 2019							
	Los Filos	RDM	Pilar	Fazenda	Santa Luz	Corporate & Others	Total
Revenues	$ 84,394	$ 17,360	$ 12,016	$ 24,345	$ -	$ -	**$ 138,115**
Cost of sales							
Operating expenses	47,962	18,650	13,252	13,455	-	-	**93,319**
Depreciation and depletion	6,443	4,235	2,107	4,832	-	62	**17,679**
Royalties	564	425	194	363	-	-	**1,546**
Earnings/(loss) from mine operations	**$ 29,425**	**$ (5,950)**	**$ (3,537)**	**$ 5,695**	**$ -**	**$ (62)**	**$ 25,571**

Segment reporting as at and for the three months ended March 31, 2019 are not comparable to the three months ended March 31, 2018 given the Company had only one operating segment in the prior period, the Los Filos mine complex.

21. SUPPLEMENTAL CASH FLOW INFORMATION

The Company did not have any cash equivalents as at March 31, 2019 and December 31, 2018.

a) Expenditures on mining interests per the condensed interim consolidated statements of cash flows include:

	Three months ended March 31, 2019	2018
Capitalized expenditures on mining interests (Note 7)	**$ 17,457**	$ 12,284
Change in prepaid expenses and other	**(1,934)**	-
Change in trade and other payables	**1,876**	1,765
Total expenditures on mining interests	**$ 17,399**	$ 14,049

b) Expenditures on reclamation and closure obligations per the condensed interim consolidated statements of cash flows include:

	Three months ended March 31, 2019	2018
Expenditures on reclamation and closure obligations (Note 10)	**$ 301**	$ 606
Change in trade and other payables	**(52)**	(166)
Total expenditures on reclamation and closure obligations	**$ 249**	$ 440

22. RELATED PARTY TRANSACTIONS

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

	Three months ended March 31, 2019	2018
Short-term benefits	**$ 769**	$ 468
DSUs granted	**113**	113
PSUs granted	**236**	-
Share options granted	**2,182**	-
Total related party remuneration	**$ 3,300**	$ 581

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

23. CAPITAL 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. The Company 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, and loan facilities, net of cash.

Capital, as defined above, is summarized in the following table:

	March 31, 2019	December 31, 2018
Equity	**$ 593,424**	$ 584,039
Loan facilities (Note 12)	**233,950**	244,463
	827,374	828,502
Less: Cash	**(65,248)**	(53,021)
	$ 762,126	$ 775,481

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.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, trade and other receivables, trade and other payables, other long-term financial liabilities and the loan facilities.

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, trade and other receivables, and trade and other payables approximate their carrying values due to their short-term nature.

Other financial liabilities include the warrant derivative, the DSU payable, PSU payable and hedging instruments which are measured at their fair value at the end of each reporting period. The loan facilities are measured at amortized cost and the carrying value approximates the fair value as the contractual interest rates are comparable to current market interest rates.

At each of March 31, 2019 and December 31, 2018, the levels in the fair value hierarchy into which the Company's financial assets and liabilities measured and recognized in the condensed interim consolidated statements of financial position at fair value are categorized are as follows:

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

	March 31, 2019		December 31, 2018	
	Level 1	**Level 2**	Level 1	Level 2
Cash	**$ 65,248**	**$ -**	$ 53,021	$ -
Other financial liabilities	**-**	**(12,332)**	-	(14,267)
	$ 65,248	**$ (12,332)**	$ 53,021	$ (14,267)

Financial Risk

The Company is exposed to varying degrees of a variety of financial instrument related risks. The Board of Directors 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 trade and other receivables.

The Company closely monitors its financial assets and does not have any significant concentration of credit risk other than receivable balances owed from the Mexican government. Subsequent to March 31, 2019, $2,305 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 any VAT receivables from the Mexican government.

The Company has $16,557 of current and long-term input tax credits receivable from the Brazilian Government. The Company actively monitors the Brazilian tax legislation changes and believes that the balance is recoverable, either in the form of a refund from the respective jurisdictions in which the Company operates, or through offsetting against other taxes payable and VAT.

The Company sells its doré to large international organizations with strong credit ratings, the historical level of customer defaults is minimal and, as a result, the credit risk associated with doré trade receivables at March 31, 2019 is considered to be 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.

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

	March 31, 2019	December 31, 2018
Cash	**$ 65,248**	$ 53,021
Trade and other receivables (Note 5)	**31,132**	33,770
	$ 96,380	$ 86,791

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 table below for details on the Company's significant undiscounted commitments at March 31, 2019. The Company believes that the New Loan Facilities (Note 26) will provide sufficient cash resources to pay its obligations associated with its financial liabilities as at March 31, 2019 as they become due.

(expressed in thousands of United States dollars, except as otherwise stated) – Unaudited

The Company's significant undiscounted commitments at March 31, 2019 are as follows:

	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	$ 117,771	$ -	$ -	$ -	**$ 117,771**
Other long-term liabilities	-	-	-	14,294	**14,294**
Other financial liabilities	8,183	2,649	432	3,005	**14,269**
Lease liabilities	8,476	12,202	63	-	**20,741**
Reclamation and closure costs	3,971	22,975	16,065	98,467	**141,478**
Loan facilities – principal	146,154	92,308	-	-	**238,462**
Loan facilities – interest	17,407	10,336	-	-	**27,743**
	$ 301,962	**$ 140,470**	**$ 16,560**	**$ 115,766**	**$ 574,758**

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 three months ended March 31, 2019.

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, Brazilian reals and Canadian dollars. The fluctuation of the Mexican peso, Brazilian real 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 current net assets held in Canadian dollars, Brazilian reals and Mexican pesos (in US dollar equivalents):

	March 31, 2019	December 31, 2018
Canadian dollars	**$ 61**	$ (1,378)
Brazilian reals	**(23,697)**	(19,595)
Mexican pesos	**(36,554)**	(11,270)
	$ (60,190)	$ (32,243)

The effect on earnings and other comprehensive earnings before tax as at March 31, 2019, 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 $5,472 (December 31, 2018 - $2,931), 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 hedged a portion of its gold production through the Gold Collar Hedge (Note 11(a)(ii)).

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and the loan facility. At March 31, 2019, 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 $175 (December 31, 2018 - $490) increase or decrease to the Company's income.

25. COMMITMENTS AND CONTINGENCIES

Due to the size, complexity and nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company cannot reasonably predict the likelihood or outcome of these actions and accrues for such items when a liability is both probable and the amount can be reasonably estimated (Note 14). Management does not believe that adverse decisions in any pending legal matters will have a material effect on the financial condition or future results of operations.

26. SUBSEQUENT EVENTS

On May 1, 2019, the Company announced binding underwritten commitments from Société Générale, Investec Bank plc, and ING Capital LLC for a senior secured term loan of $200,000 (Term Loan) and a $200,000 revolving credit facility (RCF, and collectively with the Term Loan, the New Loan Facilities). The New Loan Facilities will be used to repay the existing loan facilities of $238,462 (Note 12), provide additional funding and cash management flexibility, and finance the Company's growth through the phased expansion of the Los Filos mine complex and the construction of the Santa Luz mine. The Term Loan and $150,000 of the RCF will be available on closing of the transaction and the remaining $50,000 of the RCF will be available for the construction of the Santa Luz mine. The New Loan Facilities are subject only to completion of definitive loan documentation, registration of material security interests, and other customary closing conditions, with completion in May 2019 and not later than June 30, 2019.