

- Los Filos Mine produced 89,983 oz of gold during the six-months ended June 30, 2017, which includes 43,980 oz following Leagold's acquisition of the mine on April 7, 2017
- Leagold is optimizing the Los Filos operations with a focus on changes that result in significant and sustainable cost-savings. Two of the many initiatives underway include reinstalling the agglomeration drum to improve gold recovery rates and extending the overland conveyors to deliver crushed ore more efficiently for stacking onto Heap Leach Pad 2
- Bermejil underground expansion project is proceeding as planned with 10 drill rigs advancing the 56,000 metre infill and step-out drilling program (see July 13, 2017 news release) and the recent completion of a portal location and decline design trade-off study
- Los Filos is the first acquisition of our Latin American 'buy and build' strategy and is proving to be an excellent cornerstone asset

VANCOUVER, July 17, 2017 /CNW/ - [Leagold Mining Corp.](#) (TSX-V: LMC) ("Leagold" or the "Company") announces Q2 2017 gold production at the Los Filos Mine of 46,098 oz, which includes 43,980 oz from April 8, 2017 to June 30, 2017. AISC per ounce and additional operating details will be reported in the Q2 2017 financial results to be released in mid-August. Leagold ended Q2 2017 with a strong cash balance of \$65.4 million and operations being cash flow positive.

Table 1: Los Filos Gold Production and Sales to June 30, 2017 (ounces)

	Gold Production	Gold Sales
Q1 2017	43,885	42,471
April 1 &ndash; April 7, 2017	2,118	0
Leagold Ownership (April 8 to June 30, 2017)*	43,980	54,010
Q2 2017	46,098	54,010
Half-year total	89,983	96,481

\* Leagold acquired the Los Filos Mine on April 7, 2017

Neil Woodyer, CEO stated "When we acquired Los Filos three months ago, we anticipated that it would take us approximately six months - Q2 and Q3 &ndash; to transition the mine and to operate it in the way we believed it should be. We also expected, that during this transition phase, we would plan the development of the Bermejil Underground mine expansion project. We are now half-way through this period and we have made very good progress. Furthermore, we now expect significant production and cost improvements will be reflected in the results of Q4 and onwards.

Whilst both open pit and underground mining activities have shown significant improvements, gold production in Q2 was affected by mine planning and heap leach pad management issues. These issues will continue into Q3. Some duplication of administrative costs was also incurred during the transition period, but most administrative services that were previously carried out by Goldcorp's Mexico City office have now been transferred to the mine. We are focused on reducing costs, improving accountability, and generating cashflow and we are implementing several sustainable operational changes under a substantially new mine management team at site.

We have also started two capital investment projects &ndash; refurbishing and installing an agglomeration drum at an estimated cost of \$1.3 million and extending the conveyors to deliver crushed ore more efficiently to Pad 2 at an estimated cost of \$5 million. These capital projects are expected to improve production and cost performance starting in 2018.

We are also completing a comprehensive review of Los Filos' current operating plan and expect to be able to provide full guidance on H2 2017 production and costs in mid-August, when we report our Q2 financial results.

Also, as recently reported, the Bermejil Underground expansion project is progressing well with the positive results being received from the infill and step-out exploration drilling program and with engineering studies preparing for underground development."

Los Filos Operational Improvements Initiated by Leagold During Q2 2017:

**Open Pit Mining Fleet Utilization** - To further reduce the cost of the open pit operations, several activities were initiated to improve the utilization rate of the mining equipment. This included enhanced drill and blasting sequencing and improved haul truck and loading equipment maintenance to increase productivity levels. Average daily truck utilization rates have increased from approximately 55% to 80%, and further improvements are expected. The mining fleet maintenance contract has been renegotiated to be more effective and thus improving availabilities.

**Underground Mining Improvements** - Several improvements were initiated at both the North (Leagold operated) and South (contractor operated) Los Filos Underground mines to increase production and reduce costs. At the North mine, extensive operator, maintenance, supervisory and technical services training programs have now been implemented. Additional mining equipment has been purchased for improved ground support capability, mechanized loading of explosives and for mechanized placement of Cemented Rock Fill (CRF). New infrastructure has been completed to allow for mechanized preparation of CRF. CRF results in improved productivity and ground support and will enable implementation of underhand cut and fill mining methods. This was based on a successful underhand cut and fill trial program in late 2016 /early 2017 which demonstrated improved safety, less dilution and improved ore recoveries. Stope heights have also been increased to 4 metres from 3.5 metres, effectively reducing one access cut per stope block. Improvements to drill patterns as well as the explosives loading and blast sequencing have increased the advance per blast, as well as reduced dilution and overbreak. Shift times have been changed to improve productivity. Increased attention is being given to reducing dilution in the cut and fill mining operations by strictly controlling the mining drive widths. These initiatives have increased daily production since the start of 2017 by 25% to 1,100 tpd with further improvements expected during the remainder of the year.

**Heap Leaching** - To improve the gold recovery on the heap leach pad, several process improvements are being implemented including increased lift heights, better control of flow rates, optimization of cyanide concentration and pH levels. Additional initiatives that were identified for potential implementation are modification of the leaching cycle and reducing losses of carbon fines.

**Agglomeration Improvement** - 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 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. To date, a review of the mechanical and electrical condition of the agglomeration drum and equipment and an assessment of the ground condition for the building foundation at the proposed location have been completed. An engineering estimate for construction is being finalized. Installation of the agglomeration drum and ancillary structures is currently scheduled for completion by October 2017 with commissioning and start-up immediately following.

**Overland Conveyor Installation** - 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 fleet trucks and shovels/excavators that are currently hauling ore to the pad. Final engineering layouts of the overland conveyors have been completed, and the detailed design for fabrication has been initiated. In addition, the agglomeration drum installation has been incorporated into the design. The new overland conveyors are scheduled to be fully operational in Q1 2018.

## **Bermejal Underground Expansion Project**

The following activities to advance the Bermejal Underground Project have been initiated in Q2:

**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. Infill drilling throughout areas of previously identified mineralization and step-out drilling along the northern, eastern and western regions of the deposit will provide improved definition and additional resources. Progress to the end of Q2 has approximately 12,900 metres completed, with assays on-going. Currently, a total of eight diamond drill rigs and two reverse circulation drill rigs are operating. A subsequent metallurgical laboratory testing program is being planned based on gold grades and individual 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 (1,600 linear metres of development). The design provides access to the eastern flank to allow initial trial mining. Based on this study, an engineering design of the portal and decline was completed, and this design information was used for permitting and in the tender packages for the portal and decline construction bid process.

## **Processing Facility Trade-Off Study**

To evaluate the potential increase in gold recovery from the high-grade ore from the Bermejal Underground deposit plus ore

currently being mined from Los Filos Underground Mine, a processing facility trade-off study was initiated. Several processing alternatives, including tank leaching and carbon-in-leach, were identified for further evaluation to assess whether the capital investment in a new processing facility could be justified in order to obtain the higher gold recoveries with these processes. The results from this trade-off study will be used as the basis for the next phase of engineering design.

The preliminary Q2 2017 production and other financial information in this news release are approximate figures and may differ from the final results included in the Q2 2017 financial statements and MD&A.

#### Qualified Persons

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 news release on behalf of Leagold.

#### About Leagold Mining Corporation

Leagold is building a new mid-tier gold producer with a focus on opportunities in Latin America. Leagold is based in Vancouver, Canada and is listed on the TSX Venture Exchange under the trading symbol "LMC". The recent acquisition of the Los Filos Mine, a low-cost gold producer in Mexico, provides an excellent platform for growth.

On behalf of [Leagold Mining Corp.](#)

Neil Woodyer, Chief Executive Officer

This news release contains "forward-looking statements" and "forward looking information" (as defined under applicable securities laws), including but not limited to plans for future development of the Los Filos Mine. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "expects", "expected", "budgeted", "forecasts" and "anticipates". Forward-looking statements and information, while based on management's best estimates and assumptions, are subject to risks and uncertainties that may cause actual results to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the receipt of all necessary approvals for conversion of the Orion Subscription Receipts; risks related to the Los Filos Mine, risks related to the successful integration of the acquisition; risks related to international 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 ore 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 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 Leagold operates. Although Leagold has attempted to identify important factors that could cause actual results to differ materially from those contained in 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 statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. 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. Please refer to Leagold's most recent filings under its profile at [www.sedar.com](http://www.sedar.com) for further information respecting the risks affecting Leagold and its business.

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#### Contact

on Leagold please visit the Company website at [www.leagold.com](http://www.leagold.com) or contact: Doug Reddy, SVP Technical Services, +1-604-609-6114, [dreddy@leagold.com](mailto:dreddy@leagold.com)