

## **Brio Gold Agrees to Increased Offer from Leagold**

**TORONTO, ONTARIO (Marketwired - February 16, 2018)** – Brio Gold Inc. (“Brio Gold”) (TSX: BRIO) is pleased to announce that it has entered into a definitive agreement (the “Arrangement Agreement”) pursuant to which Leagold Mining Corporation (“Leagold”) will acquire all of the issued and outstanding shares of Brio Gold (the “Transaction”), based on an increased value for Brio Gold shareholders. The combined company will be a high-growth, intermediate gold producer, having four operating mines and an advanced-stage development project, which are located in Mexico and Brazil, two attractive mining jurisdictions in the Americas. The combined company is expected to produce approximately 447,500<sup>1</sup> ounces of gold in 2018 on a pro forma basis and will have the potential to achieve annual production of over 700,000 ounces by 2020 at all-in sustaining costs<sup>2</sup> (“AISC”) in the mid-\$800s.

Under the terms of the Arrangement Agreement, shareholders of Brio Gold will receive 0.922 of a Leagold common share and 0.4 of a Leagold share purchase warrant (each whole share purchase warrant, a “Warrant”), for each common share of Brio Gold held (the “Consideration”). Each full Warrant will be exercisable to acquire one common share of Leagold at a price of C\$3.70 for a period of two years from closing of the Transaction.

The Consideration implies total value of approximately C\$2.67 per Brio Gold common share, consisting of C\$2.57 in Leagold share consideration based on the 20-day volume weighted average trading price of Leagold shares on the Toronto Stock Exchange (the “TSX”) as of February 15, 2018, and approximately C\$0.10 in additional warrant consideration. The Consideration represents a premium of 51% to the closing share price of Brio Gold on the TSX on January 22, 2018, prior to Leagold’s announcement of its intention to commence a take-over bid for Brio Gold. The implied equity value for Brio Gold based on the Consideration is C\$314 million.

Upon completion of the Transaction, and assuming Goldcorp Inc. does not exercise its anti-dilution rights with respect to Leagold shares in connection with the Transaction, existing Brio Gold and Leagold shareholders are expected to own approximately 42% and 58%, respectively, of the combined company. Gil Clausen, President and CEO of Brio Gold, will be appointed to the Board of Directors of Leagold upon completion of the Transaction.

Yamana Gold Inc., which holds approximately 53.6% of the outstanding Brio Gold shares, has entered into a support agreement with Leagold, and has agreed to vote its Brio Gold shares in favour of the Transaction. Yamana may terminate the support agreement in order to accept a superior offer, subject to a right to match in favour of Leagold.

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<sup>1</sup> Source: Leagold news release dated January 19, 2018 with 2018 guidance of 215,000 to 240,000 ounces and Brio Gold news release dated January 16, 2018 with 2018 guidance of 205,000 to 235,000 ounces. Pro forma production based on midpoint of guidance for each of Leagold and Brio Gold.

<sup>2</sup> All-in sustaining cost (AISC) and AISC margin are non-IFRS financial performance measures with no standard meaning under IFRS.

*"We are pleased to have reached an agreement with Leagold to combine both companies to create a large mid-tier gold producer with peer-leading growth." commented Gil Clausen, Brio Gold's President and CEO. "This transaction brings many near-term and long-term benefits to our shareholders. In addition to the immediate and significant premium, the combined company will have a solid production platform, strong cash position and additional cash flow to fund growth. Further, the combined company will have a broadened shareholder base, a larger public float and enhanced trading liquidity. We are confident that this combination, led by Leagold's experienced management team, will create additional value for our shareholders going forward."*

### **Transaction Highlights for Brio Shareholders**

- **Attractive upfront premium:** The Consideration represents a 51% premium to Brio Gold's share price prior to the announcement of Leagold's intention to make an offer to acquire all of the outstanding shares of Brio Gold.
- **Ongoing ownership in a new leading intermediate precious metals producer:** Brio Gold shareholders will have a 42% interest in the combined entity, which is expected to produce approximately 447,500 ounces in 2018, with potential for growth to over 700,000 ounces by 2020.
- **Strengthened growth profile:** The combined company will have a peer-leading production growth profile, with potential to increase production to over 700,000 ounces per year at an AISC of approximately US\$850/oz in 2020 through the restart of Brio Gold's fully-constructed Santa Luz mine and the addition of Leagold's Bermejil Underground project.
- **Diversified asset portfolio:** Production from four operating mines in Brazil and Mexico, each with significant organic growth opportunities, and near-term expansion to five producing assets through the restart of Brio's Santa Luz mine in Brazil.
- **Enhanced capital markets profile and liquidity:** The combined company will have a broadened shareholder base, an increased public float and benefit from increased trading liquidity and institutional investor interest.
- **Significant re-rating potential:** With a diversified portfolio of producing assets in the Americas and near-term growth opportunities backed by a strong balance sheet and a proven management team, the combined company is well positioned for a re-rating, to the benefit Brio Gold shareholders.

### **Board of Directors' Recommendations**

The Board of Directors of Brio Gold formed a Special Committee of independent directors in connection with the proposed Transaction. Based on the recommendation of the Special Committee, the fairness opinion of National Bank Financial Inc. and other factors considered relevant, the Board of Directors of Brio Gold has determined that the Transaction is in the

best interests of Brio Gold. The Board of Directors has unanimously approved the Transaction and will recommend that Brio Gold shareholders vote in favour of the Transaction in the management information circular to be mailed to shareholders in connection with the Transaction. Each of the directors and certain of the senior officers of Brio Gold have entered into agreements to vote their shares in favour of the Transaction at the special meeting of Brio Gold shareholders. National Bank Financial Inc. provided an opinion to the Special Committee and the Board of Directors of Brio Gold to the effect that, as of the date of such opinion and based upon and subject to the assumptions, limitations and qualifications set forth therein, the Leagold securities to be received by the Brio Gold shareholders under the Transaction is fair, from a financial point of view, to the Brio Gold shareholders (other than Yamana Gold Inc.).

### ***Transaction Conditions and Timing***

The Transaction will be carried out by way of court-approved plan of arrangement and will require approval by at least 66 2/3% of the votes cast at a special meeting of Brio Gold shareholders to consider the Transaction. The completion of the Transaction is also subject to approval by the majority of votes cast at a special meeting of Leagold shareholders. Leagold has entered into voting agreements in support of the transaction with certain of its shareholders who in aggregate hold approximately 57% of Leagold's outstanding shares. Subject to approval of the TSX, Leagold will seek shareholder approval by way of obtaining a consent resolution from Leagold shareholders holding at least simple majority of issued and outstanding Leagold shares.

Completion of the Transaction is also subject to customary closing conditions, including receipt of regulatory approvals. The Arrangement Agreement includes customary deal-protection provisions, including non-solicitation of alternative transactions, a right to match superior proposals, and a reciprocal US\$3.0 million expense reimbursement fee (representing 1.2% of the total equity value of the Transaction) to be paid under certain circumstances.

Full details regarding the Transaction will be included in the management information circular to be mailed to Brio Gold shareholders in March 2018. It is anticipated that the special shareholder meeting of Brio Gold to consider the Transaction will be held in April 2018. Once mailed, copies of the management information circular will be made available on SEDAR ([www.sedar.com](http://www.sedar.com)) and on Brio Gold's website ([www.briogoldinc.com](http://www.briogoldinc.com)). Shareholders are encouraged to read the information circular once it is available.

### ***Advisors and Counsel***

CIBC World Markets Inc. and National Bank Financial Inc. are acting as co-financial advisors to Brio Gold with respect to the Transaction. Davies Ward Phillips & Vineberg LLP is acting as legal counsel to Brio Gold.

***About Brio Gold Inc.***

Brio Gold is an established Canadian mining company with significant gold producing, development and exploration stage properties in Brazil. Brio Gold's portfolio includes three operating gold mines and a fully-permitted, fully-constructed mine that was on care and maintenance and currently is in development to be re-started at the end of 2018. Brio Gold is expected to produce 205,000 to 235,000 ounces of gold in 2018 and at full run-rate is expected to produce approximately 400,000 ounces of gold annually in 2019.

***Cautionary Note Regarding Forward-Looking Statements***

This news release contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of Canadian securities laws (together, "forward-looking statements"). Such forward-looking statements include but are not limited to statements regarding the completion and expected benefits of the proposed Transaction; and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements expressed or implied by such forward-looking statements to be materially different. Assumptions upon which forward looking statements relating to the Transaction have been made include that Leagold and Brio will be able to satisfy the conditions in the Arrangement Agreement, that the required approvals will be obtained from the shareholders of each of Leagold and Brio, that all required regulatory and government approvals will be obtained and that each of Leagold and Brio will be able to achieve their currently announced guidance targets. Brio cautions that forward-looking information involves known and unknown risks, uncertainties and other factors that may cause Leagold's and Brio's actual results, performance or achievements to be materially different from those expressed or implied by such information, including, but not limited to: gold and silver price volatility; fluctuations in foreign exchange rates and interest rates; the impact of any hedging activities; discrepancies between actual and estimated production, between actual and estimated reserves and resources or between actual and estimated metallurgical recoveries; costs of production; capital expenditure requirements; the costs and timing of construction and development of new deposits and expansion of existing operations; the success of exploration and permitting activities; parts, equipment, labour or power shortages or other increases in costs; mining accidents, labour disputes or other adverse events; and changes in applicable laws or regulations, and other risks and uncertainties, including those described in Brio's Annual Information Form for the year ended December 31, 2016 and Material Change Reports filed with the Canadian Securities Administrators available at [www.sedar.com](http://www.sedar.com). There is no assurance that such forward looking statements will prove accurate and results may vary materially from such forward-looking statements. Readers are cautioned not to place undue reliance on forward looking statements. Brio has no intention to update forward looking statements except as required by law.

***For Further Information Please Contact:***

Letitia Wong  
Vice President Corporate Development  
Tel: 1 416 860 6310  
[info@briogoldinc.com](mailto:info@briogoldinc.com)