Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018
(Unaudited)

Notice to Reader – From Aura Minerals

The unaudited condensed interim consolidated financial statements of Aura Minerals Inc. including the accompanying condensed interim consolidated statements of financial position as at March 31, 2019 and December 31, 2018, the condensed interim consolidated statements of income, comprehensive (loss) income and cash flows for the three months ended March 31, 2019 and 2018 and the condensed interim consolidated statements of changes in equity for the three months ended March 31, 2019 and 2018 are the responsibility of the Company's management. The unaudited condensed interim consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgements and estimates necessary to prepare the unaudited condensed interim financial statements in accordance with International Financial Reporting Standards for interim consolidated financial statements.

Aura Minerals Inc.

Consolidated Statements of Income (Loss)

For the three months ended March 31, 2019 and 2018

Expressed in thousands of United States dollars

(Unaudited)

For the three months ended March 31,	Note		2019		2018
Revenue	20	$	**36,256**	$	45,023
Cost of goods sold	21		**35,180**		37,211
Gross margin			**1,076**		7,812
General and administrative expenses	22		**2,638**		3,009
Care-and-maintenance expenses	23		**776**		1,000
Exploration expenses	24		**1,016**		1,002
Operating income (loss)			**(3,354)**		2,801
Gain on acquisition of Rio Novo Gold Inc.	7		**-**		21,898
Currency translation adjustment reversal related to Serrote	6		**-**		(15,827)
Gain on Sale of Mineracao Vale Verde Ltda (Serrote)	6		**-**		3,945
Finance costs	25		**(1,047)**		(985)
Other gains (losses)	26		**160**		479
Income (loss) before income taxes			**(4,241)**		12,311
Income tax expense	15		**(482)**		(1,031)
Income (loss) for the period		$	**(4,723)**	$	11,280
Income (loss) per share:					
Basic		$	**(1.09)**	$	3.06
Diluted		$	**(1.08)**	$	3.01
Weighted average number of common shares outstanding:					
Basic			**4,350,280**		3,683,889
Diluted			**4,368,574**		3,749,652

The accompanying notes form an integral part of these consolidated financial statements.

Expressed in thousands of United States dollars

For the three months ended March 31,		**2019**		**2018**
Income (loss) for the period	**$**	**(4,723)**	$	11,280
Other comprehensive loss				
Foreign currency translation realized in net income (Note 6)		**-**		15,827
Gain (loss) on foreign exchange translation of subsidiaries		**9**		110
Actuarial gain (Loss) on post-employment benefit, net of tax		**-**		55
Other comprehensive income (loss), net of tax		**9**		15,992
Total comprehensive income (loss)	**$**	**(4,714)**	$	27,272

The accompanying notes form an integral part of these consolidated financial statements.

Aura Minerals Inc.

Consolidated Statements of Cash Flows

For the three months ended March 31, 2019 and 2018

Expressed in thousands of United States dollars

(Unaudited)

For the three months ended March 31,	Note	2019	2018
Cash flows from operating activities			
Income (loss) for the period		$ (4,723)	$ 11,280
Items not affecting cash	27(a)	6,664	(5,719)
Changes in working capital	27(b)	4,998	1,559
Taxes paid		(46)	-
Other assets and liabilities		(1,111)	(1,381)
Net cash generated by operating activities		5,782	5,739
Cash flows from investing activities			
Purchase of property, plant and equipment (net)		(8,487)	(5,189)
Net proceeds from maturity of short term investments		5,564	-
Proceeds on sale of plant and equipment		240	744
Proceeds on the sale of Mineracao Vale Verde Ltda (Serrote)	6	-	30,000
Net cash generated (used) in investing activities		(2,683)	25,555
Cash flows from financing activities			
Proceeds received from debts	14	8,568	-
Proceeds and (payments) from exercise of stock options		(44)	15
Repayment of short term loans	14	(1,997)	(9,658)
Repayment of other liabilities	18(a)	(174)	(343)
Principal payments of lease liabilities	18(b)	(654)	-
Interest paid on debts	27(d)	(460)	(667)
Net cash generated (used) in financing activities		5,239	(10,653)
Increase in cash and cash equivalents		8,338	20,641
Cash and cash equivalents, beginning of the year		10,507	11,789
Cash and cash equivalents, end of the period		$ 18,845	$ 32,430

The accompanying notes form an integral part of these consolidated financial statements.

Aura Minerals Inc.

Consolidated Statements of Financial Position

As at March 31, 2019 and 2018

Expressed in thousands of United States dollars

(Unaudited)

	Note	March 31, 2019	December 31, 2018
ASSETS			
Current			
Cash and cash equivalents		**$ 18,845**	$ 10,507
Short term investments		**4,584**	10,148
Value added taxes and other receivables	8	**24,851**	24,375
Inventory	9	**34,508**	34,457
Other current assets	10	**4,507**	5,620
		87,295	85,107
Other long-term assets	11	**12,900**	10,990
Property, plant and equipment	12	**214,441**	205,197
		$ 314,636	$ 301,294
LIABILITIES			
Current			
Trade and other payables	13	**$ 56,687**	$ 50,408
Derivative Financial Instrument	28	**93**	906
Current portion of debts	14	**18,978**	12,004
Current income tax liabilities		**2,412**	2,069
Current portion of other liabilities		**2,946**	1,346
		81,116	66,733
Debts	14	**18,423**	18,597
Deferred income tax liabilities	15	**8,239**	8,539
Provision for mine closure and restoration	16	**25,911**	25,700
Other provisions	17	**6,319**	6,560
Other liabilities	18	**4,847**	744
		144,855	126,873
SHAREHOLDERS' EQUITY			
Share capital	19	**569,285**	569,052
Contributed surplus		**55,094**	55,253
Accumulated other comprehensive loss		**6,436**	6,427
Deficit		**(461,034)**	(456,311)
		169,781	174,421
		$ 314,636	$ 301,294

Approved on behalf of the Board of Directors:

"Stephen Keith"	*"Rodrigo Barbosa"*
Stephen Keith, Director	**Rodrigo Barbosa, President, CEO**

The accompanying notes form an integral part of these consolidated financial statements.

Aura Minerals Inc.

Consolidated Statements of Changes in Equity

As at March 31, 2019 and 2018

Expressed in thousands of United States dollars

(Unaudited)

	Note	Number of common shares		Share capital		Contributed surplus		Accumulated other comprehensive loss		Deficit		Total equity
At December 31, 2018		**4,337,733**	**$**	**569,052**	**$**	**55,253**	**$**	**6,427**	**$**	**(456,311)**	**$**	**174,421**
Exercise of options		**16,132**		**233**		**(277)**		**-**		**-**		**(44)**
Stock Options issued		**-**		**-**		**118**		**-**		**-**		**118**
Loss for the period		**-**		**-**		**-**		**-**		**(4,723)**		**(4,723)**
Income on translation of subsidiaries		**-**		**-**		**-**		**9**		**-**		**9**
At March 31, 2019		**4,353,865**	**$**	**569,285**	**$**	**55,094**	**$**	**6,436**	**$**	**(461,034)**	**$**	**169,781**

	Note	Number of common shares		Share capital		Contributed surplus		Accumulated other comprehensive loss		Deficit		Total equity
At December 31, 2017		**3,356,519**	**$**	**548,217**	**$**	**54,681**	**$**	**(10,039)**	**$**	**(508,277)**	**$**	**84,582**
Exercise of options		1,900		22		(7)		-		-		15
Shares and Options issued on merger with Rio Novo	**7**	978,814		20,805		113		-		-		20,918
Income for the period		-		-		-		-		11,280		11,280
Loss on translation of subsidiaries		-		-		-		15,937		-		15,937
Actuarial gain on severance liability, net of tax		-		-		-		55		-		55
At March 31, 2018		**4,337,233**	**$**	**569,044**	**$**	**54,787**	**$**	**5,953**	**$**	**(496,997)**	**$**	**132,787**

The accompanying notes form an integral part of these consolidated financial statements.

1 NATURE OF OPERATIONS

Aura Minerals Inc. ("Aura Minerals" or the "Company") is a mining company focused on the operation and development of mining properties in the Americas.

Aura Minerals is a public company listed on the Toronto Stock Exchange. The Company is continued under the *BVI Business Companies Act* (British Virgin Islands). The Company's registered office is located at Craigmuir Chambers, PO Box 71, Road Town, Tortola VG1110, British Virgin Islands. The Company maintains a head office at 78 SW 7th street, 7115, Miami Florida 33130, United States of America.

The Company's majority shareholder is Northwestern Enterprises Ltd, a company beneficially owned by the Chairman of the Board of Directors of the Company.

2 BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These interim financial statements should be read in conjunction with the Company's most recently issued Annual Report which includes information necessary or useful to understanding the Company's business and financial statement presentation.

In particular, the Company's significant accounting policies were presented in Note 3 of the Annual Consolidated Financial Statements for the year ended December 31, 2018 ("2018 Annual Financial Statements"), and have been consistently applied in the preparation of these interim financial statements, except as otherwise noted in Note 5.

These financial statements were approved for issue by the Board of Directors effective May 14, 2019.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those disclosed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2018 except for those noted below.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. For these leases, the Company recognizes the lease payments as an expense in net earnings on a straight-line basis over the term of the lease.

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date. The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, each operation's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by:
- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the following:
- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for property, plant and equipment, from the commencement date to the earlier of the end of its useful life or the end of the lease term.

Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

On the balance sheet, the right-of-use assets are presented in 'Property, plant and equipment' and the lease liabilities are presented in 'Other liabilities'.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the condensed interim consolidated financial statements requires management to make estimates and judgements and to form assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities. Management's estimates and judgements are continually evaluated and are based on historical experience and other factors that management believes to be reasonable under the circumstances. Actual results may differ from these estimates.

Please refer to Note 4 of the 2018 Annual Financial Statements for the critical accounting policies under which significant judgements, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the Company's consolidated statements of financial position reported in future periods.

5 CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following new and revised standards, effective January 1, 2019. These changes were made in accordance with the applicable transitional provisions.

IFRS 16 Leases - The standard on leases was issued in January 2016 and is effective for annual reporting periods beginning on or after January 1, 2019 for public entities with early adoption permitted, provided IFRS 15 has been applied or is applied at the same date as IFRS 16. The Company adopted IFRS 16 effective January 1, 2019, using the modified retrospective approach. The comparatives for the 2018 reporting period have not been restated and are accounted for under IAS 17, Leases, and IFRIC 4, Determining Whether an Arrangement Contains a Lease, as permitted under the specific transitional provisions in the standard. The transitional adjustments arising from the adoption are recognized in the opening balance sheet on January 1, 2019. The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognized on the balance sheet as at December 31, 2018.

6 DIVESTITURE – MINERACAO VALE VERDE LTDA (MVV-SERROTE)

On December 1, 2017, the Company announced that it had entered into a purchase and sale agreement to sell MVV which owns the Serrote Project for an aggregate consideration of $40 million. As a result, as of December 31, 2017, the Company considered Serrote as an asset held for sale and recorded a reversal of the impairment charge previously made to Serrote in 2015. This resulted in an increase of the property value by $9.6 million (mineral property $4.1 million and land and building $5.5 million). Following the impairment reversal, the book value of the Serrote Project was $24.5 million and was reflected as an asset held for sale in the balance sheet as of December 31, 2017. The transaction closed on March 22, 2018. As result, a net gain of $3,945 was recognized on the income statement for the year ended in December 31, 2018.

The aggregate consideration of $40 million is made up of a cash payment of $30 million (paid), as well the delivery by the purchasers of a subordinated unsecured note in the principal amount of $10 million, payable from 75% of excess cash from the project after the project has repaid project financing and operating cash requirements (contingent consideration). Since the project is in an early stage of development, management has assessed the fair value of the contingent consideration at initial recognition and at December 31, 2018 as $nil and will reassess the fair value at each reporting date. Any adjustments will be recognized through the Company's results from operations.

On completion of the transaction, the Company transferred the accumulated foreign currency adjustments related to Serrotte to the income statement for the year ended in December 31, 2018 ($15,915).

7 ACQUISITION OF RIO NOVO GOLD INC.

On December 18, 2017 the Company and Rio Novo Gold Inc. ("Rio Novo") entered into an agreement to combine and create a portfolio of mining properties with a long-term production life ("The Merger").

On February 22, 2018 the Company and Rio Novo announced, in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), that the combination of the Company and Rio Novo was approved by their respective shareholders at Special Meetings of the respective shareholders. On March 2, 2018, the Company and Rio Novo announced the completion of the combination under section 170 of the BVI Business Companies Act, 2004 under which the Company combined with Rio Novo and the separate corporate existence of Rio Novo ceased.

Upon consummation of the agreement, all of the shares in Rio Novo were automatically converted into the relevant number of shares of the Company where holders of Rio Novo Shares received 0.0053 of the Company's common share for every Rio Novo Share held (being 947,396 shares of the company). As part of the agreement, the Company issued (i)

Expressed in thousands of United States dollars, except where otherwise noted.

31,418 common shares to holders of Rio Novo deferred share units outstanding as of December 18, 2017 and (ii) options to acquire 10,070 company common shares to holders of Rio Novo options (which were cancelled).

The common shares issued under the agreement in exchange for Rio Novo Shares represent approximately 22.0% of the post transaction issued and outstanding common shares of the Company.

The companies were under common control and as such the transaction is outside the scope of IFRS 3 - *Business combination*, however management has concluded that the activities of Rio Novo constitute a business. Consequently, management has elected to apply IFRS 3 by analogy to account for the combination of business under common control whereby the company was the acquiror.

The approval of the transaction was conducted in accordance with MI 61-101 because of Northwestern's shareholdings in each of the Company and Rio Novo.

The consideration paid by the Company has been allocated on a preliminary basis to assets acquired and liabilities assumed, as follows:

Value of 978,814 common shares issued as consideration	$ 20,805
Value of 10,070 Stock Options issued as consideration	113
Total purchase consideration	**20,918**
Other assets	53
Property, plant and equipment	50,478
Accounts payable and accrued liabilities	(2,201)
Future income tax liabilities	(1,978)
Debts	(3,576)
Total net assets acquired	**42,776**
Gain on acquisition, net of tax	**$ 21,858**

The identified assets and liabilities, which included other assets, property, plant and equipment, accrued payables and debt were recorded at their estimated fair values, which exceeded the fair value of the purchase price of the business. Accordingly, the acquisition has been accounted for as a bargain purchase, and as a result, the Company recognized a gain associated with the acquisition. The gain on acquisition is included in the consolidated statements of income (loss).

8 VALUE ADDED TAXES AND OTHER RECEIVABLES

		March 31, 2019		December 31, 2018
Value added taxes receivable	**$**	**33,566**	$	30,488
Other receivables		**3,322**		4,010
Total trade and other receivables		**36,888**		34,498
Less: non-current portion of receivables		**(12,037)**		(10,123)
Trade and other receivables recorded as current assets	**$**	**24,851**	$	24,375

Due to their short-term maturities, the fair value of trade and other receivables approximate their carrying value. As of March 31, 2019 and 2018, there is no allowance for doubtful accounts.

Expressed in thousands of United States dollars, except where otherwise noted.

9 INVENTORY

		March 31, 2019		December 31, 2018
Finished product	**$**	**8,707**	$	10,358
Work-in-process		**6,435**		5,747
Parts and supplies		**19,366**		18,352
Total inventory	**$**	**34,508**	$	34,457

During the period ended March 31, 2019 the cost of inventories recognized as an expense (note 21) was $34,854 (2018: $37,211).

10 OTHER CURRENT ASSETS

		March 31, 2019		December 31, 2018
Prepaids expenses	**$**	**3,793**	$	4,934
Deposits		**714**		686
	$	**4,507**	$	5,620

11 OTHER LONG TERM ASSETS

		March 31, 2019		December 31, 2018
Non-current portion of value added taxes receivables	**$**	**12,037**	$	10,123
Other long-term receivables and deposits		**863**		867
	$	**12,900**	$	10,990

12 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment movements for the three months ended March 31, 2019 and for the year ended December 31, 2018 are as follows:

		Mineral properties		Land and buildings		Furniture, fixtures and equipment		Plant and machinery		Assets under construction		Total
Net book value at December 31, 2018	$	124,397	$	36,390	$	6,742	$	26,494	$	11,174	$	205,197
IFRS 16 transition		-		464		-		5,929		-		6,393
Net book value at January 1, 2019		124,397		36,854		6,742		32,423		11,174		211,590
Additions		310		3,461		300		485		3,931		8,487
Disposals		-		-		-		-		(241)		(241)
Depletion and amortization		(1,090)		(2,062)		(63)		(2,180)		-		(5,395)
Net book value at March 31, 2019	$	123,617	$	38,253	$	6,979	$	30,728	$	14,864	$	214,441
Consisting of:												
Cost	$	259,522	$	83,840	$	18,732	$	123,704	$	14,864	$	500,662
Accumulated depletion and amortization		(135,905)		(45,587)		(11,753)		(92,976)		-		(286,221)
	$	123,617	$	38,253	$	6,979	$	30,728	$	14,864	$	214,441

Expressed in thousands of United States dollars, except where otherwise noted.

	Mineral properties	Land and buildings	Furniture, fixtures and equipment	Plant and machinery	Assets under construction	Total
Net book value at January 1, 2018	$ 41,244	$ 25,456	$ 955	$ 9,004	$ 4,042	$ 80,700
Additions	12,566	7,279	335	8,170	8,882	37,233
Disposals	-	-	-	-	(1,579)	(1,579)
Impairment Reversal Aranzazu	32,535	8,443	-	12,723	-	53,701
Acquisition of Rio Novo Gold Inc	44,798	-	5,680	-	-	50,478
Reclassifications and adjustments	-	171	-	-	(171)	-
Depletion and amortization	(6,746)	(4,959)	(227)	(3,403)	-	(15,335)
Net book value at December 31, 2018	$ 124,397	$ 36,390	$ 6,742	$ 26,494	$ 11,174	$ 205,197
Consisting of:						
Cost	$ 259,213	$ 79,915	$ 18,432	$ 117,290	$ 11,174	$ 486,023
Accumulated depletion and amortization	(134,815)	(43,525)	(11,690)	(90,796)	-	(280,826)
	$ 124,397	$ 36,390	$ 6,742	$ 26,494	$ 11,174	$ 205,197

For the three months ended March 31, 2019 and 2018, depletion and amortization expenses of $4,924 and $4,062 respectively, have been charged to cost of goods sold, and $25 and $6 respectively, have been charged to general and administrative expenses.

On December 31, 2018, the Company conducted an impairment reversal analysis whereby the carrying values of the property, plant and equipment, including mineral properties, of the Aranzazu Mine were compared to the mine's fair value less cost to dispose using the value-in-use methodology, which was determined to be higher than the carrying values. The estimated future cash flows utilized in the value-in-use cash flow models incorporated the Company's best estimates of future metals production based on new mine plans developed, consensus metal pricing, estimates of operating costs, capital expenditures and residual values and fluctuations in the exchange rates between the United States dollar and the Mexican peso. The Company utilized a mill recovery for copper of 88%, consensus copper prices ranging from $2.95 per pound in 2019 to $3.10 for the ramaining five (5) years, and gold prices of $1,300 per ounce over the remaining six (6) economic years of the Aranzazu life-of-mine and discounted these cash flows using a 15% discount rate, which was based on the Company's tax effected weighted average cost of capital, in order to obtain the estimated fair value of the Aranzazu Mine. The Company's estimate of future cash flows is subject to risks and uncertainties and therefore could change in the future if the underlying assumptions change. Such changes could be material.

The Company's analysis concluded that certain assets of the Aranzazu Mine were no longer impaired as at December 31, 2018 and, as a result, the Company recorded an impairment reversal of $53,701 on the property, plant and equipment of Aranzazu. This impairment reversal resulted in an increase in the value of mineral properties of $32,536, land and buildings of $8,443, and plant and machinery of $12,722.

Effective December 10, 2018, the Company commenced commercial production at its Aranzazu Mine. As a result, both revenue and operating costs for Aranzazu are recognized in the consolidated statements of income and comprehensive income. In addition, the mine development cost related to Aranzazu was reclassified to property, plant and equipment and depletion commences. As part of the commercial production ramp-up, the Company capitalized interest of $nil for 2019 (2018: $860) to mineral property.

On March 22, 2018, the Company closed the sale of MVV which owns the Serrote Project. The impact on the property, plant, and equipment are summarized in Note 6.

On March 2, 2018, the Company and Rio Novo announced the completion of the the Merger. The impact on the property, plant, and equipment are summarized in Note 7.

Expressed in thousands of United States dollars, except where otherwise noted.

13 TRADE AND OTHER PAYABLES

		March 31, 2019		December 31, 2018
Trade accounts payable	**$**	**40,673**	$	31,495
Other payables		**4,867**		5,415
Accrued liabilities		**7,908**		9,845
Deferred revenue		**3,239**		3,653
Accounts Payable	**$**	**56,687**	$	50,408

14 DEBTS

		March 31, 2019		December 31, 2018
Term loans (note 14 (a))	**$**	**35,940**	$	29,167
Working capital facility payable to Yamana (note 14 (b))		**1,461**		1,434
Total long term debt		**37,401**		30,601
Less: current portion		**(18,978)**		(12,004)
Non-current portion	**$**	**18,423**	$	18,597

a) Term loans

i) Banco de Occidente, S.A. ("Banco Occidente")

On December 4, 2014, the Company, through Minosa received approval for a $4,300 short-term promissory note (the "First Promissory Note") from Banco Occidente to finance the development of a power line project. The power line project was fully completed in 2016. The First Promissory Note bears an annual interest rate of 7.5% with a maturity date of December 4, 2016. During the year ended December 31, 2015, Banco Occidente approved a twelve-month grace period on principal payments from November 2015 to April 2016, and extended the maturity date of the First Promissory Note to October 2, 2018. As at March 31, 2019, the outstanding balance on the First Promissory Note was $nil- (December 31, 2018: $nil). For the year ended For the three months ended March 31, 2019 the company incurred $nil of interest expense (2018: $18) which was recorded as a finance cost.

On November 18, 2016, the Company, through Minosa received another approval for a $1,800 short-term promissory note (the "Second Promissory Note") from Banco Occidente for working capital requirements. The Second Promissory Note bears an annual interest rate of 7.0% with a grace period of one year and a maturity date on November 17, 2019. As at March 31, 2019, the outstanding balance on the Second Promissory Note was $855 (December 31, 2018: $929). For the three months ended March 31, 2019, the Company incurred $16 of interest expense (2018: $29) which was recorded as a finance cost.

ii) Banco ABC Brasil S.A. ("ABC Bank")

During the first quarter of 2017, the Company through its wholly-owned Brazilian subsidiary, Mineracao Apoena, S.A., entered into a $3,162 loan agreement with ABC Bank for working capital requirements. The loan bears an annual interest rate of 5.38% with a grace period of one year and a maturity date on July 15, 2019. As at March 31, 2019, the outstanding balance of the loan from ABC Bank was $nil (December 31, 2018: $1,165). For the three months ended March 31, 2019, the Company inccurred $12 of interest expense (2018: $42) which was recorded as a finance cost.

During the first quarter of 2019, the Company through its wholly-owned Brazilian subsidiary, Mineracao Apoena, S.A., entered into a $4,068 loan agreement with ABC Bank for working capital requirements. The loan bears an annual interest rate of 6,60% with a grace period of six months and a maturity date on February, 2021. As at March 31, 2019, the outstanding balance of the loan from ABC Bank was $4,091 (December 31, 2018: $nil). For the three months ended March 31, 2019, the Company inccurred $23 of interest expense (2018: $nil) which was recorded as a finance cost.

iii) Banco Atlántida

During the second quarter of 2017, the Company Minosa entered into a $7,000 loan agreement with Banco Atlántida for investment capital for the development of the phase 6 heap leach project and drew down $4,000 on the loan agreement. In May 2017, the Company drew down a balance of $4,000 and later on in October 2017, drew down the remaining balance of $3,000. The loan bears an annual interest rate of 7.3% with a grace period of one year and a maturity date on July 15, 2023. As at March 31, 2019, the outstanding balance of the loan from Banco Atlántida was $6,314 (December 31, 2018: $6,314). For the three months ended March 31, 2019, the Company inccurred $115 of interest expense (2018: $128) which was recorded as a finance cost.

iv) Santander Brazil

During the first quarter of 2019, the Company through its wholly-owned Brazilian subsidiary, Mineracao Apoena, S.A., entered into a $4,500 loan agreement with Banco Santander Brasil for working capital requirements. The loan bears an annual interest rate of 7,70% with a maturity date on January, 2020. As at March 31, 2019, the outstanding balance of the loan from ABC Bank was $4,500 (December 31, 2018: $nil). For the three months ended March 31, 2019, the Company inccurred $57 of interest expense (2018: $nil) which was recorded as a finance cost.

v) IXM S.A. (formerly Louis Dreyfus) ("IXM")

On March 8, 2018 the Company entered into a US$20,000 loan facility (the "Facility") and an off-take agreement (the "Off- Take Agreement") with IXM for the re-start of operations and copper concentrates to be produced from its wholly-owned Aranzazu mine (the "Project") located within the Municipality of Concepción del Oro in the north eastern region of the State of Zacatecas, Mexico.

The Facility includes a 12-month grace period and is subject to customary conditions, including but not limited to, the repayment of the Company's outstanding loan with Auramet International LLC which was repaid in full in March 2018. The Facility is guaranteed by the Company and its interests in the Project and the San Andres mine. The Off-Take Agreement covers 100% of the copper concentrates to be produced from the Project.

As at March 31, 2019, the outstanding balance of the loan from IXM S.A. was $20,122 (December 31, 2018: $20,000). For the three months ended March 31, 2019, the Company incurred $439 of interest (2018: $nil).

vi) Promissory Notes of Rio Novo

On completion of the Merger with Rio Novo, the Company assumed the obligations of the demand promissory notes issued by Rio Novo in favor of Northwestern which, as at March 31, 2019, totaled $nil (December 31, 2018: $758). On April 16, 2018, the Company entered a payment schedule with Northwestern pursuant to which the Company agreed to repay the notes with quarterly repayment terms as follows: (i) $1,430 on April 16, 2018 (paid); (ii) $729 on July 13, 2018 (paid); (iii) $743 on October 13, 2018 (paid); and (iv) $758 on January 13, 2019 (paid). The quarterly repayment terms are inclusive of 8% interest.

b) Working Capital Facility - EPP

On March 28, 2018, Apoena and the Company entered into an agreement with Yamana Gold Inc. ("Yamana") and Serra da Borda Mineracao e Metalurgia S.A., a company affiliated with Yamana, with respect to the repayment of the working capital facility provided to Apoena in connection with the acquisition of the EPP project. Pursuant to the agreement, Apoena and the Company acknowledged debt of $9,638 with repayment terms as follows: (i) $5,000 on March 28, 2018 (paid); (ii) $1,000 on each of June 30, 2018 (paid); and September 30, 2018 (paid); (iii) $1,400 on December 31, 2018 (paid); and (iv) $1,461 on April 1st, 2019 (paid).

Expressed in thousands of United States dollars, except where otherwise noted.

As at March 31, 2019, the outstanding balance of the working capital facility was $1,461 (December 31, 2018: $1,434). For the three months ended March 31, 2019, the company incurred interest expense of $27 (2018: $nil), which was recorded as a finance cost.

15 INCOME TAXES

a) Income tax expenses

Income tax expense included in the consolidated statements of income for the three months ended March 31, 2019 and 2018 are as follows:

		2019		2018
Current income tax expense in respect of the current year	$	1,043	$	1,157
Adjustment to current income tax expense in respect of prior periods				
Current income tax expense		1,043		1,157
Deferred income tax (recovery)/expense		(561)		(126)
Income tax expense	$	482	$	1,031

b) Deferred income tax assets and liabilities

Deferred tax liabilities on the consolidated statements of financial position consist of:

Net deferred income tax assets (liabilities) are classified as follows:		**March 31, 2019**		December 31, 2018
Deferred income tax liabilities	$	(8,239)	$	(8,539)
	$	(8,239)	$	(8,539)

The movement in the net deferred income tax liability account was as follows:

		2019		2018
Balance, January 1	$	(8,539)	$	(1,810)
Recovered from (charged to) the statement of income		561		(4,479)
Recorded on purchase of business				(1,978)
Recorded through other comprehensive income		-		(155)
Exchange differences		(261)		(117)
Balance, March 31, 2019	$	(8,239)	$	(8,539)

16 PROVISION FOR MINE CLOSURE AND RESTORATION

		March 31, 2019		December 31, 2018
Balance, beginning of year	$	25,700	$	21,309
Accretion expense		211		674
Change in estimate		-		3,717
Impact of currency translation		-		-
Balance, end of year		25,911		25,700
Less: current portion		-		-
	$	25,911	$	25,700

Expressed in thousands of United States dollars, except where otherwise noted.

17 OTHER PROVISIONS

	Long-term employee benefits	Provision for judicial contingencies	Total
At December 31, 2017	**$ 6,010**	**$ 1,457**	**$ 7,467**
Periodic service and finance cost	1,120	-	1,120
Change in provision for the year	-	(946)	(946)
Actuarial changes	(711)	-	(711)
Settlement during the year	(296)	-	(296)
Impact of currency translation	(74)	-	(74)
At December 31, 2018	**$ 6,049**	**$ 511**	**$ 6,560**
Periodic service and finance cost	76	-	76
Change in provision for the year	-	(3)	(3)
Actuarial changes	-	-	-
Settlement during the year	(314)	-	(314)
Impact of currency translation	-	-	-
At March 31, 2019	**$ 5,811**	**$ 508**	**$ 6,319**

Long term employee benefits liability exists as a result of a legal requirement in Honduras that the Company is obligated to pay a severance payment based on the years of service provided by an employee without regard to the cause of the termination.

18 OTHER LIABILITIES

	March 31, 2019	December 31, 2018
NSR royalty (note 18 (a))	**$ 1,934**	$ 2,090
Lease payment obligation (note 18 (b))	**5,859**	-
Total other liabilities	**7,793**	2,090
Less: non-current portion of other liabilities	**(2,946)**	(1,346)
	$ 4,847	$ 744

a) NSR Royalty

	March 31, 2019	December 31, 2018
Balance, beginning of year	**$ 2,090**	$ 3,338
Accretion expense	**12**	71
Royalty payments	**(174)**	(1,350)
Change in estimate	**6**	31
Balance, end of period	**1,934**	2,090
Less: current portion	**(954)**	(1,346)
	$ 980	$ 744

In 2011, the Company completed a restructuring of its contractual obligations, which resulted in the settlement of the deferred purchase consideration and the granting of a NSR Royalty equal to 1.5% on the net sales from the San Andres Mine, the Sao Francisco Mine, and the Company's former Sao Vincente Mine, commencing on March 1, 2013 and up to a cumulative royalty amount of $16,000. The liability has been recorded at its net present value using a discount rate of 5% (2017: 5%). The liability is re-measured at each reporting date, with the accretion expense and change in estimate being recorded within finance costs and other gains, respectively. The total undiscounted amount of the estimated obligation at March 31, 2019 is approximately $1,973 and is expected to be incurred through 2019 (2018: $2,145).

Expressed in thousands of United States dollars, except where otherwise noted.

Subsequent to March 31, 2019, the Company made a royalty payment of $101.

b) Lease Payment Obligation

	March 31, 2019	December 31, 2018
IFRS 16 transition	**$ 6,393**	$ -
Balance, beginning of year	**6,393**	-
Addition to lease obligation	**-**	-
Accretion expense	**120**	-
Lease payments	**(654)**	-
Change in estimate	**-**	-
Balance, end of period	**5,859**	-
Less: current portion	**(1,992)**	-
	$ 3,867	$ -

Lease liabilities relate to leases on buildings, and plant and machinery which have remaining lease terms of one to five years and discount interest rate of 8% over the terms of the leases.

The schedule of undiscounted lease payment obligations is as follows:

Less than one year	2,611
One to five years	4,526
Total undiscounted lease liabilities as at March 31, 2019	**7,137**
Discounted lease liabilities as at March 31, 2019	5,859
Less: current portion	(1,992)
Long-term portion	**3,867**

19 SHARE CAPITAL

a) Authorized – Unlimited number of common shares

b) Share consolidation

On December 31, 2018, the Company completed the consolidation of the issued and outstanding common shares of the Company on the basis of one (1) post-consolidation share for each ten (10) pre-consolidation shares. The total outstanding common shares after the share consolidation was 4,337,733.

All information in these consolidated financial statements is presented on a post-Share Consolidation basis. As a result of the Share Consolidation, the number, exchange basis or exercise price of all stock options and warrants have been adjusted, to reflect the ten-for-one Share Consolidation.

Expressed in thousands of United States dollars, except where otherwise noted.

c) Stock options

A continuity of the Company's stock options issued and outstanding are as follows:

	Number of options	Weighted average price C$
Balance, December 31st, 2017	**71,390**	**17.12**
Granted	177,981	22.78
Exercised	(2,400)	9.05
Forfeited	(28,180)	29.41
Balance, December 31st, 2018	**218,791**	**20.23**
Granted	-	-
Exercised	(16,132)	10.57
Forfeited	(30,075)	11.91
Balance, March 31st, 2019	**172,584**	**$22.817**

As at March 31, 2019, the company had 172,584 options issued and outstanding as follows:

Exercise price C$	Options outstanding	Options Exercisable	Remaining contractual life (years)	Expiry dates
19.81	1,325	1,325	1.98	March 21, 2021
14.15	5,565	5,565	1.98	March 21, 2021
24.53	2,120	2,120	1.98	March 21, 2021
23.50	130,118	-	7.21	June 12, 2026
23.50	7,200	-	7.52	October 5, 2026
23.50	6,506	-	9.21	June 13, 2028
20.30	19,750	19,750	2.41	August 26, 2021
	172,584	28,760		

d) Share-based payment expense

Share-based payment expense is measured at fair value and recognized over the vesting period from the date of grant. For the three months ended March 31, 2019, share-based payment expense recognized in general and administrative expense was $118 (2018: $31).

There were no stock options granted during the three months ended March 31, 2019 (2018: the Company granted 154,230 options at an exercice price of C$1.71 (see note 7) in relation to the Rio Novo agreement).

20 REVENUE

For the three months ended March 31,		**2019**		2018
Gold Revenue	**$**	**25,591**	$	45,023
Copper Revenue (Aranzazu)		**10,665**		-
	$	**36,256**	$	45,023

Expressed in thousands of United States dollars, except where otherwise noted.

21 COST OF GOODS SOLD BY NATURE

For the three months ended March 31,		2019		2018
Direct mine and mill costs	**$**	**29,488**	$	33,149
Depletion and amortization		**5,692**		4,062
	$	**35,180**	$	37,211

The direct mine and mill costs include employee benefits for three months ended March 31, 2019, and 2018.

22 GENERAL AND ADMINISTRATIVE EXPENSES

For the three months ended March 31,		2019		2018
Salaries, wages and benefits	**$**	**1,138**	$	681
Professional and consulting fees		**637**		1,262
Legal, Filing, listing and transfer agent fees		**42**		112
Insurance		**180**		170
Directors' fees		**39**		43
Occupancy cost		**47**		67
Merger and acquisition		**-**		300
Travel expenses		**186**		85
Share-based payment expense		**118**		-
Depreciation and amortization		**32**		5
Other		**219**		284
	$	**2,638**	$	3,009

In 2018, general and administration expenses included, among other merger items and acquisition fees connected with the transaction with Rio Novo Gold (see also note 7) and the sale of Serrote (see also note 6).

23 CARE AND MAINTENANCE EXPENSES

For the three months ended March 31,		2019		2018
Aranzazu mine	**$**	**-**	$	459
Serrote project		**-**		421
Rio Novo projects		**291**		-
Brazilian projects		**485**		120
	$	**776**	$	1,000

24 EXPLORATION EXPENSES

For the three months ended March 31,		2019		2018
San Andres mine	**$**	**58**	$	156
Brazilian projects		**915**		846
Aranzazu mine		**43**		-
	$	**1,016**	$	1,002

Expressed in thousands of United States dollars, except where otherwise noted.

25 FINANCE COSTS

For the three months ended March 31,		2019		2018
Accretion expense	$	343	$	189
Interest expense on debts (note 14)		689		669
Finance cost on post-employment benefit		-		116
Other interest and finance costs		15		11
	$	1,047	$	985

26 OTHER GAINS (LOSSES)

For the three months ended March 31,		2019		2018
Net loss on call options and fixed price contracts	$	518	$	(985)
Changes in fair value of gold loans		-		-
Change in estimate of provision for mine closure and restoration		-		-
VAT and other taxes recoveries		-		-
Gain on disposal of assets		(1)		744
Foreign exchange (loss) gain		(413)		1,369
Other items		56		(649)
	$	160	$	479

27 CASH FLOW INFORMATION

a) Items not affecting cash

For the three months ended March 31,		2019		2018
Deferred and current income tax expense	$	89	$	1,031
Depletion and amortization		5,724		4,068
Accretion expense		343		189
Currency translation adjustment reversal related to Serrote		-		15,827
Gain on acquisition of Rio Novo Gold Inc.		-		(21,898)
Gain on sale of Serrotte		-		(3,945)
Periodic service, past service and finance costs on post-employment benefit		76		258
Share-based payment expense (note 19(d))		118		-
Foreign exchange loss (gain)		434		(206)
(Gain) on disposal of assets		1		(744)
Unrealized (gain) loss on call option and fixed price contracts		(813)		(548)
Other non-cash items		692		249
	$	6,664	$	(5,719)

Expressed in thousands of United States dollars, except where otherwise noted.

b) Changes in working capital

For the three months ended March 31,		**2019**		2018
(Increase) in trade and other receivables	**$**	**(476)**	$	(1,393)
(Increase) decrease in inventory		**(380)**		1,351
Increase (decrease) in trade and other payables		**5,854**		1,601
	$	**4,998**	$	1,559

c) Supplementary cash flow information

For the three months ended March 31,		**2019**		2018
Changes in other assets and liabilities consists of:				
Decrease (Increase) in long term asset	**$**	**(1,910)**	$	298
Decrease (Increase) in prepaid expenses		**1,113**		(1,725)
Other items		**(314)**		46
	$	**(1,111)**	$	(1,381)

d) Debt reconciliation

		Terms Loans		**Working Capital Facility Payable**		**Total**
Balance as at January 1, 2018	**$**	**16,637**	**$**	**9,379**	**$**	**26,016**
Changes from Financing cash flows:						
Repayment of short terms loans		(11,077)		(7,945)		(19,022)
IXM S.A. (formerly Louis Dreyfus) Loan		20,000		-		20,000
Interest paid on debts		(1,976)		(455)		(2,431)
		23,584		**979**		**24,563**
Other Changes:						
Interest Expenses on Debts		2,007		455		2,462
Promissory Note of Rio Novo		3,576		-		3,576
Balance as at December 31, 2018		**29,167**		**1,434**		**30,601**
Changes from Financing cash flows:						
Repayment of short terms loans		(1,997)		-		(1,997)
Proceeds received from debt		8,568		-		8,568
Interest paid on debts		(460)		-		(460)
		35,278		**1,434**		**36,712**
Other Changes:						
Interest Expenses on Debts		662		27		689
Balance as at March 31, 2019	**$**	**35,940**	**$**	**1,461**	**$**	**37,401**

28 FINANCIAL INSTRUMENTS

a) Fixed price contracts

During the three months ended March 31, 2019, the Company entered into fixed price contracts to hedge 6,000 ounces of gold expiring between January 31, 2019 and December 31, 2019 at an average price of $1,302 per ounce of gold. For three months ended March 31, 2019, the Company has recorded a realized gain of $930.

Expressed in thousands of United States dollars, except where otherwise noted.

At March 31, 2019, the Company had 5,184 ounces of outstanding fixed price contracts at an average price of $1,293 per ounce of gold. For the three months ended March 31, 2019, the Company recorded a derivative liability on these outstanding fixed price contracts of $13.

During the three months ended March 31, 2018, the Company entered into fixed price contracts to hedge 30,800 ounces of gold expiring between April 30, 2018 and July 31, 2018 at an average price of $1,332 per ounce of gold. For the three months ended March 31, 2018, the Company has recorded a realized losses of $1,499.

At March 31, 2018, the Company had 26,485 ounces of outstanding fixed price contracts at an average price of $1,316 per ounce of gold. As at March 31, 2018, the Company recorded a derivative liability on these outstanding fixed price contracts of $346.

b) Put/Call option contracts

During the quarter ended March 31, 2019, the Company has entered zero cost put/call collars intermediated by Goldman Sachs, Morgan Stanley and Auramet, in a total of 34,500 ounces with floor prices between $1,260 and $1,290 and ceiling prices between $1,338 and $1,420 per ounce of gold expiring between March 29, 2019 and September 30, 2019. As at March 31, 2019, there were 30,000 ounces with floor prices between $1,260 and $1,290 and ceiling prices between $1,338 and $1,420 per ounce of gold expiring between April 25, 2019 and September 30, 2019.

During the first quarter of 2018, the Company had not entered zero cost put/call collars. As at March 2018, there was no derivative liability related to outstanding call options.

c) Credit risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial contract. The Company's credit risk is limited to trade receivables, derivative contracts, and the short-term investments in bonds in the ordinary course of business. As at March 31, 2019, the Company considers the credit risk with these financial contracts to be low.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk through a rigorous planning and budgeting process, which is reviewed and updated on a regular basis, to help determine the funding requirements to support the Company's current operations and expansion and development plans and by managing its capital structure as described in note 29.

The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for a minimum of twelve months. In the normal course of business, the Company enters into contracts that give rise to commitments for future payments as disclosed in the following table:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	56,687	-	-	-	**56,687**
Short-term loans and gold loan repayment	18,978	15,958	2,465	-	**37,401**
Provision for mine closure and restoration	-	-	-	25,911	**25,911**
Other liabilities and Leases	2,946	4,847	-	-	**7,793**
	$ 78,611	**$ 20,805**	**$ 2,465**	**$ 25,911**	**$ 127,792**

e) Currency

The Company's operations are in Honduras, Brazil, and Mexico; therefore, foreign exchange risk exposures arise from transactions denominated in foreign currencies. Although the Company's sales are denominated in United States dollars, certain of the Company's operating expenses are denominated in foreign currencies, primarily the Honduran lempira, Brazilian real, Mexican peso and Canadian dollar.

Financial instruments that impact the Company's net losses or other comprehensive losses due to currency fluctuations include cash and cash equivalents, accounts receivable, other long-term assets, accounts payable and accrued liabilities, short term loans and other provisions denominated in foreign currencies.

As at March 31, 2019, the Company had cash and cash equivalents of $18,845, of which, $7,336 in United States dollars, $9,391 in Brazilian reais, $209 in Honduran lempiras, and $1,909 in Mexican pesos. An increase or decrease of 10% in the United States dollar exchange rate to the currencies listed above would have increased or decreased the Company's income for the year by $1,151, respectively.

f) Interest rate risk

The Company is exposed to interest rate risk on its cash, cash equivalents and short-term investments. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk. For three months ended March 31, 2019, an increase or decrease in interest rates of 100 basis points (1 percent) would have increased consolidated income and comprehensive income for the year by $220 and a decrease in interest rates of 100 basis points (1 percent) would have decreased the income and comprehensive income for the year by $145.

g) Commodity price risk

The Company is subject to price risk from fluctuations in market prices of gold, copper and other metals. Gold, copper and other metal prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control.

The profitability of the Company's operations is highly correlated to the market prices of these metals, as is the ability of the Company to develop its other properties.

A 10% change in the average commodity price for gold and copper for the year, with all other variables held constant, would result in an impact on the Company's March 31, 2019 consolidated income and comprehensive income of $2,183 and $1,066 respectively.

h) Fair value of financial instruments

The fair value of the Company's financial assets and liabilities measured at fair value on a recurring basis at March 31, 2019 and December 31, 2018 are summarized in the following table:

Expressed in thousands of United States dollars, except where otherwise noted.

	Level	Financial instrument Classification	March 31, 2019		December 31, 2018	
			Carrying value	**Fair value**	Carrying value	Fair value
Assets						
Cash and cash equivalents	N/A	Amortized Cost	**$ 18,845**	**$ 18,845**	$ 10,507	$ 10,507
Value added taxes	N/A	Amortized Cost	**33,566**	**33,566**	2,482	2,482
Short term investments	1	Fair Value	**4,584**	**4,584**	-	-
Other receivable	N/A	Amortized Cost	**3,322**	**3,322**	27,846	27,846
Derivative assets	2	Fair Value	**-**	**-**	-	-
Other assets	N/A	Amortized Cost	**863**	**863**	895	895
			61,180	**61,180**	41,730	41,730
Financial Liabilities						
At fair value through profit and loss						
Derivative liabilities	2	Fair Value	**93**	**93**	895	895
Other financial liabilities						
Accounts payable and accrued liabilities	N/A	Amortized Cost	**56,687**	**56,687**	35,811	35,811
Short-term loans	N/A	Amortized Cost	**35,940**	**35,940**	16,637	16,637
Working capital facility payable to Yamana	N/A	Amortized Cost	**1,461**	**1,461**	9,379	9,379
Other provisions	3	Fair Value	**5,811**	**5,811**	6,010	6,010
Other liability	3	Fair Value	**1,934**	**1,934**	3,338	3,338
			$ 101,926	**$ 101,926**	$ 72,070	$ 72,070

The Company measures certain of its financial assets and liabilities at fair value on a recurring basis and these are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The three levels of the fair value hierarchy are: Level 1, which are inputs that are unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, which are inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly or indirectly; and Level 3, which are inputs for the asset or liability that are not based on observable market data.

The Company classifies derivative assets and liabilities in Level 2 of the fair value hierarchy as they are valued using pricing models which require a variety of inputs such as expected gold price. The Company classified its other provision and other liability in Level 3 as there is no observable market data for the fair value inputs. The Company uses a discounted cash flow model to determine the fair value. The key inputs for level 3 are the expected gold price, expected production and discount rate.

29 CAPITAL MANAGEMENT

The Company's objectives in managing capital are to ensure sufficient liquidity is maintained in order to properly develop and operate its current projects and to pursue strategic growth initiatives, to ensure that externally imposed capital requirements related to any debt obligations are complied with, and to provide returns for shareholders and benefits to other stakeholders. In assessing the capital structure of the Company, management includes in its assessment the components of shareholders' equity and long-term debt. The Company manages its capital structure considering changes in economic conditions, the risk characteristics of the underlying assets, and the Company's liquidity requirements. To maintain or adjust the capital structure, the Company may be required to issue common shares or debt, re-pay existing debt, acquire or dispose of assets, or adjust amounts of certain investments.

Expressed in thousands of United States dollars, except where otherwise noted.

In order to facilitate management of capital, the Company prepares annual budgets which are updated periodically if changes in the Company's business are considered to be significant. The Company's board of directors reviews and approves all operating and capital budgets as well as the entering into of any material debt obligations, and any material transactions out of the ordinary course of business, including dispositions, acquisitions and other investments or divestitures. In order to maximize ongoing development efforts, the Company does not pay out dividends.

30 RELATED PARTY TRANSACTIONS

On January 1, 2015, the Company entered into a consulting agreement for the provision of management services to the Company, including those of the President and Chief Executive Officer, with Acumen Capital, LLC ("Acumen"), a US based company which is controlled by Jim Bannantine, the Company's former President and Chief Executive Officer. The consulting agreement was terminated on January 15, 2017. For three months ended March 31, 2019, the Company paid consulting fees and termination benefits to Acumen of $41 (2018: $124). As at March 31, 2019, the Company owed $nil (December 31, 2018: $62) to Acumen, mainly related to termination benefits.

Total compensation paid to key management personnel, remuneration of directors and other members of key executive management personnel for three months ended March 31, 2019 and 2018 are as follows:

For the three months ended March 31,		**2019**	2018
Salaries and short-term employee benefits	**$**	**440**	$425
Termination benefits		**246**	-
	$	**686**	$425

In connection with Company's due diligence conducted on the EPP Project and subsequent acquisition of the project, the Company investigated an area known as Rio Alegre, which was not originally included in the EPP Project that was acquired from Yamana. It was the Company's intention to acquire the licenses of Rio Alegre due to the close proximity to the EPP's processing plant, subject to positive due diligence. The exploration licenses for Rio Alegre are held in the name of Mineração Tarauacá Indústria e Comércio S.A. ("Tarauacá"), a company controlled by Paulo Brito, the Company's non-executive Chairman and largest shareholder through his control and direction of Northwestern Enterprises Ltd. Following initial discussions with Tarauacá, and additional due diligence on Rio Alegre, the Company and Tarauacá entered into an agreement for the Company to acquire Rio Alegre at no cost to the Company. Tarauacá has applied to the National Department of Mineral Production for the assignment of the exploration license and the formal assignment is expected shortly. For three months ended March 31, 2019, the Company spent $140 (2018: $279) maintaining the property which was primarily related to security.

As part consideration for the acquisition of the EPP Project, the Company granted to SBMM (Yamana's wholly-controlled subsidiary) a net smelter return royalty (the "EPP NSR Royalty") as to 2% on the first 1,000,000 gold ounces produced from the EPP Project, and thereafter, a 1% NSR Royalty on gold ounces produced from the EPP Project. The Company has been provided notice that pursuant to the royalty agreement, a company beneficially owned or controlled by Paulo de Brito has acquired the EPP NSR Royalty from SBMM. The Company was not a party to the negotiations between the entities and the transaction was not a related party.

On completion of the merger with Rio Novo, the Company assumed the obligations of the demand promissory notes issued by Rio Novo in favor of Northwestern Enterprises Ltd (Note 14).

31 SEGMENTED INFORMATION

The reportable operating segments have been identified as the San Andres Mine, the Brazilian Mines, the Aranzazu Mine, the Serrote Project, Corporate and Rio Novo Projects. The Company manages its business, including the allocation of resources and assessment of performance, on a project by project basis, except where the Company's projects are substantially connected and share resources and administrative functions. The segments presented reflect the way in which the Company's management reviews its business performance. Operating segments are reported in a manner consistent with the internal reporting provided to executive management who act as the chief operating decision-maker. Executive management is responsible for allocating resources and assessing performance of the operating segments.

Expressed in thousands of United States dollars, except where otherwise noted.

For the three months ended March 31, 2019 and 2018, segmented information is as follows:

For the three months ended March 31, 2019	**San Andres Mine**	**Brazilian Mines**	**Aranzazu Mine**	**Serrote Project**	**Corporate**	**Rio Novo Projects**	**Total**
Sales to external customers	**$ 7,841**	**$ 17,750**	**$ 10,665**	**$ -**	**$ -**	**$ -**	**$ 36,256**
Cost of production	**7,077**	**10,995**	**11,416**	**-**	**-**	**-**	**29,488**
Depletion and amortization	**1,361**	**2,804**	**1,527**	**-**	**-**	**-**	**5,692**
Gross margin	**(597)**	**3,951**	**(2,278)**	**-**	**-**	**-**	**1,076**
Care-and-maintenance expenses	**-**	**(485)**	**-**	**-**	**-**	**(291)**	**(776)**
Realized loss on fixed price contracts	**(267)**	**(663)**	**-**	**-**	**-**	**-**	**(930)**
Other expenses	**(627)**	**(1,807)**	**(1,147)**	**-**	**14**	**(44)**	**(3,611)**
Income (Loss) before income taxes	**$ (1,491)**	**$ 996**	**$ (3,425)**	**$ -**	**$ 14**	**$ (335)**	**$ (4,241)**
Property, plant and equipment	**$ 42,298**	**$ 34,616**	**$ 84,944**	**$ -**	**$ 142**	**$ 52,441**	**$ 214,441**
Total assets	**$ 66,352**	**$ 78,824**	**$ 99,629**	**$ -**	**$ 17,286**	**$ 52,545**	**$ 314,636**
Capital expenditures	**$ 330**	**$ 2,165**	**$ 5,715**	**$ -**	**$ -**	**$ 277**	**$ 8,487**

For the three months ended March 31, 2018	San Andres Mine	Brazilian Mines	Aranzazu Mine	Serrote Project	Corporate	Rio Novo Projects	Total
Sales to external customers	$ 25,122	$ 19,901	$ -	$ -	$ -	$ -	$ 45,023
Cost of production	18,608	14,541	-	-	-	-	33,149
Depletion and amortization	2,130	1,932	-	-	-	-	4,062
Gross margin	4,384	3,428	-	-	-	-	7,812
Care-and-maintenance expenses	-	(120)	(459)	(421)	-	-	(1,000)
Realized loss on fixed price contracts	(961)	(538)	-	-	-	-	(1,499)
Other expenses	(1,116)	(1,612)	579	-	9,150	(3)	6,998
Income (Loss) before income taxes	$ 2,307	$ 1,158	$ 120	$ (421)	$ 9,150	$ (3)	$ 12,311
Property, plant and equipment	$ 46,544	$ 30,708	$ 4,396	$ -	-$ 372	$ 51,035	$ 132,311
Total assets	$ 75,935	$ 68,988	$ 6,885	$ -	$ 32,694	$ 51,083	$ 235,585
Capital expenditures	$ 3,129	$ 1,912	$ 148	$ -	$ -	$ -	$ 5,189

Revenues for the San Andres Mine and the Brazilian mines relate to the sale of refined gold. Revenue for the Aranzazu mine relate to the sale of copper concentrate.

32 COMMITMENTS AND CONTINGENCIES

a) Operating commitments

The Company has the following commitments for future minimum payments under operating leases:

	March 31, 2019	December 31, 2018
Within one year	**$ 82**	$ 204
Two to Four Years	**42**	47
	$ 124	$ 251

b) Contingencies

Certain conditions may exist as of the date of these financial statements which may result in a loss to the Company in the future when certain events occur or fail to occur. The Company assesses at each reporting date its loss contingencies related to ongoing legal proceedings by evaluating the likelihood of such proceedings, as well as the amounts claimed or expected to be claimed.

Included in other provisions as of March 31, 2019 is a provision of $508 (2018: $511) for loss contingencies related to ongoing legal claims.