aura

360° MINING

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 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 September 30, 2019 and December 31, 2018, the condensed interim consolidated statements of income and comprehensive (loss) income for the three and nine months ended September 30, 2019 and 2018 and the condensed interim consolidated statements of cash flows and changes in equity for the nine months ended September 30, 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 consolidated financial statements in accordance with International Financial Reporting Standards for interim consolidated financial statements.

Aura Minerals Inc.

Condensed Consolidated Statements of Income (Loss)

For the three and nine months ended September 30, 2019 and 2018

Expressed in thousands of United States dollars

(Unaudited)

	Note	**For the three months ended September 30, 2019**	For the three months ended September 30, 2018	**For the nine months ended September 30, 2019**	For the nine months ended September 30, 2018
Revenue	20	**$ 69,919**	$ 33,176	**$ 156,549**	$ 123,537
Cost of goods sold	21	**51,422**	31,495	**132,165**	106,638
Gross margin		**18,497**	1,681	**24,384**	16,899
General and administrative expenses	22	**2,695**	3,155	**8,910**	9,562
Care-and-maintenance expenses	23	**439**	1,562	**1,904**	3,452
Exploration expenses	24	**852**	1,190	**2,960**	3,455
Operating income (loss)		**14,511**	(4,226)	**10,610**	430
Gain on acquisition of Rio Novo Gold Inc.	7	**-**	-	**-**	21,858
Currency translation adjustment reversal related to Serrote	6	**-**	(219)	**-**	(16,046)
Gain on Sale of Mineracao Vale Verde Ltda (Serrote)	6	**-**	219	**-**	4,164
Finance costs	25	**(1,608)**	(1,358)	**(3,863)**	(3,066)
Other gains (losses)	26	**(4,692)**	3,679	**(6,893)**	1,563
Income (loss) before income taxes		**8,211**	(1,905)	**(146)**	8,903
Income tax (expense) recovery	15	**(4,412)**	2,742	**(4,692)**	(2,116)
Income (loss) for the period		**$ 3,799**	$ 837	**$ (4,838)**	$ 6,787
Income (loss) per share:					
Basic		**$ 0.87**	**$ 0.25**	**$ (1.11)**	$ 1.84
Diluted		**$ 0.87**	$ 0.25	**$ (1.11)**	$ 1.81
Weighted average number of common shares outstanding:					
Basic		4,353,865	3,342,019	**4,352,683**	3,683,889
Diluted		**4,370,834**	3,342,019	**4,369,652**	3,749,652

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

Aura Minerals Inc.

Condensed Consolidated Statements of Comprehensive Income (Loss)

For the three and nine months ended September 30, 2019 and 2018

Expressed in thousands of United States dollars

(Unaudited)

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Income (loss) for the period	**$ 3,799**	$ 837	**$ (4,838)**	$ 6,787
Other comprehensive loss				
Foreign currency translation realized in net income (Note 6)	**-**	219	**-**	16,046
Gain (loss) on foreign exchange translation of subsidiaries	**73**	(325)	**20**	(173)
Actuarial gain (Loss) on post-employment benefit, net of tax	**24**	(311)	**49**	(256)
Other comprehensive income (loss), net of tax	**97**	(417)	**69**	15,617
Total comprehensive income (loss)	**$ 3,896**	$ 420	**$ (4,769)**	$ 22,404

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

Expressed in thousands of United States dollars

For the nine months ended September 30,	Note		2019		2018
Cash flows from operating activities					
Income (loss) for the period		$	**(4,838)**	$	6,787
Items not affecting cash	27(a)		**27,717**		2,834
Changes in working capital	27(b)		**(3,571)**		(978)
Taxes paid			**(1,430)**		-
Foreign exchange gain (loss)			**(661)**		-
Other assets and liabilities			**(72)**		(58)
Net cash generated by operating activities			**17,145**		8,585
Cash flows from investing activities					
Purchase of property, plant and equipment			**(19,521)**		(23,044)
Net proceeds from maturity of short term investments			**10,148**		-
Proceeds on sale of plant and equipment			**246**		1,019
Proceeds on the sale of Mineracao Vale Verde Ltda (Serrote)	6		**-**		30,000
Net cash generated (used) in investing activities			**(9,127)**		7,975
Cash flows from financing activities					
Proceeds received from debts	27(c)		**16,847**		20,000
Proceeds and (payments) from exercise of stock options			**(45)**		15
Repayment of short term loans	27(c)		**(7,604)**		(15,987)
Repayment of other liabilities	18(a)		**(518)**		(1,109)
Principal payments of lease liabilities	18(b)		**(1,771)**		-
Interest paid on debts	27(c)		**(1,726)**		(1,536)
Net cash generated in financing activities			**5,183**		1,383
Increase in cash and cash equivalents			**13,201**		17,943
Cash and cash equivalents, beginning of the year			**10,507**		11,789
Cash and cash equivalents, end of the period		**$**	**23,708**	$	29,732

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

Aura Minerals Inc.

Condensed Consolidated Statements of Financial Position

As at September 30, 2019 and December 31, 2018

Expressed in thousands of United States dollars

(Unaudited)

	Note		September 30, 2019		December 31, 2018
ASSETS					
Current					
Cash and cash equivalents		**$**	**23,708**	$	10,507
Short term investments			**-**		10,148
Value added taxes and other receivables	8		**32,915**		24,375
Inventory	9		**32,372**		34,457
Other current assets	10		**5,318**		5,620
			94,313		85,107
Other long-term assets	11		**10,916**		10,990
Property, plant and equipment	12		**214,361**		205,197
		$	**319,590**	$	301,294
LIABILITIES					
Current					
Trade and other payables	13	**$**	**55,001**	$	50,408
Derivative Financial Instrument	28		**1,675**		906
Current portion of debts	14		**19,932**		12,004
Current income tax liabilities			**4,592**		2,069
Current portion of other liabilities			**3,585**		1,346
			84,785		66,733
Debts	14		**20,340**		18,597
Deferred income tax liabilities	15		**8,801**		8,539
Provision for mine closure and restoration	16		**26,348**		25,700
Other provisions	17		**6,595**		6,560
Other liabilities	18		**2,802**		744
			149,671		126,873
SHAREHOLDERS' EQUITY					
Share capital			**569,285**		569,052
Contributed surplus			**55,287**		55,253
Accumulated other comprehensive loss			**6,496**		6,427
Deficit			**(461,149)**		(456,311)
			169,919		174,421
		$	**319,590**	$	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 interim financial statements.

Aura Minerals Inc.

Condensed Consolidated Statements of Changes in Equity

For the nine months ended September 30, 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)**	**$**	**174,421**
Exercise of options	**19**	**16,132**		**233**		**(278)**		**-**		**-**		**(45)**
Stock Options issued	**19**	**-**		**-**		**312**		**-**		**-**		**312**
Loss for the period		**-**		**-**		**-**		**-**		**(4,838)**		**(4,838)**
Income on translation of subsidiaries		**-**		**-**		**-**		**20**		**-**		**20**
Actuarial gain on severance liability, net of tax		**-**		**-**		**-**		**49**		**-**		**49**
At September 30, 2019		**4,353,865**	**$**	**569,285**	**$**	**55,287**	**$**	**6,496**	**$**	**(461,149)**	**$**	**169,919**

	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)**	**$**	**84,582**
Exercise of options		1,900		22		(7)		-		-		15
Shares and Options issued on merger with Rio Novo	**7**	978,814		20,805		113		-		-		20,918
Stock Options issued		-		-		152		-		-		152
Income for the period		-		-		-		-		6,787		6,787
Loss on translation of subsidiaries		-		-		-		15,873		-		15,873
Actuarial gain on severance liability, net of tax		-		-		-		(256)		-		(256)
At September 30, 2018		**4,337,233**	**$**	**569,044**	**$**	**54,939**	**$**	**5,578**	**$**	**(501,490)**	**$**	**128,071**

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

1 DESCRIPTION OF BUSINESS AND 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 (Symbol: ORA). 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 ("Northwestern"), a company beneficially owned by the Chairman of the Board of Directors of the Company.

These financial statements were approved for issue by the Board of Directors effective November 12, 2019.

2 BASIS OF PREPARATION AND PRESENTATION

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"). Accordingly, certain disclosures included in the Company's annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the Company's last annual consolidated financial statements for the year ended December 31, 2018, ("2018 Annual Financial Statements") 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 2018 Annual Financial Statements.

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those disclosed in *Note 3* of 2018 Annual Financial Statements, with the exception of the application of certain new and amended IFRS pronouncements issued by the IASB, which were effective from January 1, 2019. Of those new and amended IFRS pronouncements that had a significant impact on the Company's condensed interim consolidated financial statements are described in *Note 4* below.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the accounting policies adopted in the 2018 Annual Financial Statements, except for the effects of applying IFRS 16.

Leases

Further described in *Note 4*, the Company has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

<u>The Company as a lessee</u>

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. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a 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 to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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.

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 CHANGES IN ACCOUNTING POLICIES

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

IFRS 16 'Leases'

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). 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 of December 31, 2018.

5 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.

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 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).

During the second quarter of 2019, it was disclosed in the Brazilian media several news about potential developments of the project, including the acquisition of equipment, advances in the negotiations between the MVV-Serrote and potential lenders to the project finance and the hiring of direct and indirect employees for the Serrote project. Advances in the project increases the probability that the Company will collect cash $ 10 million in the future from the unsecured note. The Company will continue following the advances on the project in order to reassess the fair value of the such note at each reporting date.

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) 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 to assets acquired and liabilities assumed, as follows:

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

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

		September 30, 2019		December 31, 2018
Value added taxes receivable	**$**	**35,704**	$	30,488
Trade receivables		**6,793**		3,413
Other receivables		**477**		597
Total trade and other receivables		**42,974**		34,498
Less: non-current portion of receivables		**(10,059)**		(10,123)
Trade and other receivables recorded as current assets	**$**	**32,915**	$	24,375

Due to their short-term maturities, the fair value of trade and other receivables approximate their carrying value. As of September 30, 2019 and December 31 2018, there is no allowance for doubtful accounts.

During the third quarter, the company recovered $ 1,992 in cash paid by the tax authorities.

9 INVENTORY

		September 30, 2019		December 31, 2018
Finished product	**$**	**4,779**	$	10,358
Work-in-process		**8,980**		5,747
Parts and supplies		**18,613**		18,352
Total inventory	**$**	**32,372**	$	34,457

During the three and nine months ended September 30, 2019 the cost of inventories recognized as an expense (*Note 21*) was $51,422 and $132,165 (2018: $31,495 and $106,638).

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

10 OTHER CURRENT ASSETS

	September 30, 2019	December 31, 2018
Prepaids expenses	$ 4,507	$ 4,934
Deposits	811	686
	$ 5,318	$ 5,620

11 OTHER LONG-TERM ASSETS

	September 30, 2019	December 31, 2018
Non-current portion of value added taxes receivables	$ 10,059	$ 10,123
Other long-term receivables and deposits	857	867
	$ 10,916	$ 10,990

12 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment movements for the nine months ended September 30, 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	-	577	-	5,929	-	6,506
Net book value at January 1, 2019	124,397	36,967	6,742	32,423	11,174	211,703
Additions	2,814	12,790	268	2,079	1,570	19,521
Disposals	-	-	-	(112)	(241)	(353)
Depletion and amortization	(6,917)	(3,942)	(182)	(5,469)	-	(16,510)
Net book value at September 30, 2019	$ 121,298	$ 44,811	$ 6,828	$ 28,921	$ 12,503	$ 214,361
Consisting of:						
Cost	$ 263,030	$ 92,278	$ 18,700	$ 125,186	$ 12,503	$ 511,697
Accumulated depletion and amortization	(141,732)	(47,467)	(11,872)	(96,265)	-	(297,336)
	$ 121,298	$ 44,811	$ 6,828	$ 28,921	$ 12,503	$ 214,361

	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 and nine months ended September 30, 2019, depletion and amortization expenses of $5,529 and $15,947 (2018: $3,828 and $11,954) respectively, have been charged to cost of goods sold, and $30 and $95 (2018: $6 and $24) 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 remaining 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.

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

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* above.

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

13 TRADE AND OTHER PAYABLES

	September 30, 2019	December 31, 2018
Trade accounts payable	**$ 38,700**	$ 31,495
Other payables	**5,302**	5,415
Accrued liabilities	**10,996**	9,845
Deferred revenue	**3**	3,653
Accounts Payable	**$ 55,001**	$ 50,408

14 DEBTS

	September 30, 2019	December 31, 2018
Term loans (note 14 (a))	**$ 40,272**	$ 29,167
Working capital facility payable to Yamana (note 14 (b))	**-**	1,434
Total long term debt	**40,272**	30,601
Less: current portion	**(19,932)**	(12,004)
Non-current portion	**$ 20,340**	$ 18,597

a) Term loans

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

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 September 30 2019, the outstanding balance on the Second Promissory Note was $385 (December 31, 2018: $929). For the three and nine months ended September 30, 2019, the Company incurred interest expense of $9 and $38 (2018: $23 and $77) which was recorded as a finance cost.

On April 01, 2019, the Company, through Minosa received another approval for a $2,000 short-term promissory note (the "Third Promissory Note") from Banco Occidente for working capital requirements. The Third Promissory Note bears an annual interest rate of 7.5% with a grace period of six months and a maturity date on October 2, 2020. As at September 30 2019, the outstanding balance on the Third Promissory Note was $2,012 (December 31, 2018: $nil). For the three and nine months ended September 30, 2019, the Company incurred interest expense of $8 and $45 (2018: $nil and $nil) which was recorded as a finance cost.

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

During the first quarter of 2017, the Company Mineracao Apoena, S.A., entered into a $3,162 loan agreement with ABC Bank for working capital requirements ("ABC 1st Loan"). 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 September 30, 2019, the outstanding balance of the loan from ABC Bank was $nil (December 31, 2018: $1,165). For the three and nine months ended September 30, 2019, the Company incurred interest expense of $nil and $12 (2018: $13 and $106) which was recorded as a finance cost.

During the first quarter of 2019, the Company Mineracao Apoena, S.A., entered into a $4,068 loan agreement with ABC Bank for working capital requirements("ABC 2nd Loan"). 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 September 30, 2019, the outstanding balance of the loan from ABC Bank was $4,103 (December 31, 2018: $nil). For the three and nine months ended September 30, 2019, the Company incurred interest expense of $72 and $162 (2018: $nil and $nil) which was recorded as a finance cost.

During the second quarter of 2019, the Mineracao Apoena, S.A., entered into a $2,677 loan agreement with ABC Bank for working capital requirements("ABC 3rd Loan"). The loan bears an annual interest rate of 6,26% with a grace period of eleven months and a maturity date on July, 2021. As at September 30, 2019, the outstanding balance of the loan from ABC Bank was $2,708 (December 31, 2018: $nil). For the three and nine months ended September 30, 2019, the Company incurred interest expense of $31 and $31 (2018: $nil and $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 September 30, 2019, the outstanding balance of the loan from Banco Atlántida was $5,947 (December 31, 2018: $6,314). For the three and nine months ended September 30, 2019, the Company incurred interest expense of $98 and $330 (2018: $128 and $383) which was recorded as a finance cost.

iv) Santander Brazil

During the first quarter of 2019, the Company 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 September 30, 2019, the outstanding balance of the loan from ABC Bank was $4,725 (December 31, 2018: $nil). For the three and nine months ended September 30, 2019, the Company inccurred interest expense of $81 and $225 (2018: $nil and $nil) which was recorded as a finance cost.

v) Banco Votorantim

During the first quarter of 2019, the Mineracao Apoena, S.A., entered into a $3,602 loan agreement with Banco Votorantim for working capital requirements. The loan bears an annual interest rate of 6,50% with a grace period of one year and a a maturity date on September, 2022. As at September 30, 2019, the outstanding balance of the loan from ABC Bank was $3,602 (December 31, 2018: $nil). For the three and nine months ended September 30, 2019, the Company inccurred interest expense of $nil and $nil (2018: $nil and $nil) which was recorded as a finance cost.

vi) 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 September 30, 2019, the outstanding balance of the loan from IXM S.A. was $16,790 (December 31, 2018: $20,000). For the three and nine months ended September 30, 2019, the Company inccurred interest expense of $393 and $1,283 (2018: $273 and $420) which was recorded as a finance cost.

vii) 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 September 30, 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 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).

As at September 30, 2019, the outstanding balance of the working capital facility was $Nil (December 31, 2018: $1,434). For the three and nine months ended September 30, 2019, the company incurred interest expense of $nil and 28 (2018: $74 and $399) which was recorded as a finance cost.

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

15 INCOME TAXES

a) Income tax expenses

Income tax expense included in the consolidated statements of income for the nine months ended September 30, 2019 and 2018 are as follows:

		2019		2018
Current income tax expense in respect of the current year	$	4,753	$	884
Current income tax expense		4,753		884
Deferred income tax (recovery)/expense		(61)		1,232
Income tax expense	$	4,692	$	2,116

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:		**September 30, 2019**		December 31, 2018
Deferred income tax liabilities	$	(8,801)	$	(8,539)
	$	(8,801)	$	(8,539)

The movement in the net deferred income tax liability account for the nine months ended September 30, 2019 and 2018 are as follows:

		2019		2018
Balance, January 1	$	(8,539)	$	(1,810)
Recovered from (charged to) the statement of income		61		(4,479)
Recorded on purchase of business		-		(1,978)
Recorded through other comprehensive income		-		(155)
Exchange differences		(323)		(117)
Balance, September 30, 2019	$	(8,801)	$	(8,539)

16 PROVISION FOR MINE CLOSURE AND RESTORATION

		September 30, 2019		December 31, 2018
Balance, beginning of year	$	25,700	$	21,309
Accretion expense		648		674
Change in estimate		-		3,717
Balance, end of year		26,348		25,700
Less: current portion		-		-
	$	26,348	$	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	404	-	404
Change in provision for the year	424	(160)	264
Actuarial changes	(49)	-	(49)
Settlement during the year	(448)	-	(448)
Impact of currency translation	(126)	(10)	(136)
At September 30, 2019	**$ 6,254**	**$ 341**	**$ 6,595**

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

	September 30, 2019	December 31, 2018
NSR royalty (note 18 (a))	**$ 1,615**	$ 2,090
Lease payment obligation (note 18 (b))	**4,772**	-
Total other liabilities	**6,387**	2,090
Less: current portion of other liabilities	**(3,585)**	(1,346)
	$ 2,802	$ 744

a) NSR Royalty

	September 30, 2019	December 31, 2018
Balance, beginning of year	**$ 2,090**	$ 3,338
Accretion expense	**66**	71
Royalty payments	**(518)**	(1,350)
Change in estimate	**(23)**	31
Balance, end of period	**1,615**	2,090
Less: current portion	**(1,505)**	(1,346)
	$ 110	$ 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% (2018: 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 September 30, 2019 is approximately $1,630 and is expected to be incurred through 2019 and 2020 (2018: $2,145).

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

Subsequent to September 30, 2019, the Company made a royalty payment of $410.

b) Lease Payment Obligation

	September 30, 2019	December 31, 2018
IFRS 16 transition	$ 6,506	$ -
Balance, beginning of year	6,506	-
Accretion expense	37	-
Lease payments	(1,771)	-
Balance, end of period	4,772	-
Less: current portion	(2,080)	-
	$ 2,692	$ -

Lease liabilities relate to leases on buildings, and plant and machinery which have remaining lease terms of one to five years.

The schedule of undiscounted lease payment obligations is as follows:

Less than one year	2,531
One to five years	3,953
Total undiscounted lease liabilities as at March 31, 2019	**6,484**
Discounted lease liabilities as at March 31, 2019	4,772
Less: current portion	(2,080)
Long-term portion	**2,692**

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.

c) Stock options

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

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

	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	5,000	23.50
Exercised	(16,132)	10.57
Forfeited	(38,381)	11.91
Balance, September 30th, 2019	**169,278**	**$22.62**

As at September 30, 2019, the company had 169,278 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	10,400	-	7.52	October 5, 2026
20.30	19,750	19,750	2.41	August 26, 2026
	169,278	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 and nine months ended September 30, 2019, share-based payment expense recognized in general and administrative expense was $84 and $312 (2018: $114 and $152).

For the three and nine months ended September 30, 2019, the company has granted 0 and 5,000 (2018: 0 and 151,031).

20 REVENUE

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	**For the nine months ended September 30, 2019**	For the nine months ended September 30, 2018
Gold Revenue	**$ 49,980**	$ 33,176	**$ 109,117**	$ 123,537
Copper & Gold Concentrate Revenue	**19,939**	-	**47,432**	-
	$ 69,919	$ 33,176	**$ 156,549**	$ 123,537

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

21 COST OF GOODS SOLD BY NATURE

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	**For the nine months ended September 30, 2019**	For the nine months ended September 30, 2018
Direct mine and mill costs	**$ 45,893**	$ 27,667	**$ 116,218**	$ 94,684
Depletion and amortization	**5,529**	3,828	**15,947**	11,954
	$ 51,422	$ 31,495	**$ 132,165**	$ 106,638

The direct mine and mill costs include employee benefits for three and nine months ended September 30, 2019, and 2018.

22 GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	**For the nine months ended September 30, 2019**	For the nine months ended September 30, 2018
Salaries, wages and benefits	**$ 1,293**	$ 1,241	**$ 4,151**	$ 3,496
Professional and consulting fees	**579**	487	**2,146**	2,925
Legal, Filing, listing and transfer agent fees	**74**	280	**283**	398
Insurance	**175**	198	**608**	590
Directors' fees	**36**	44	**113**	134
Occupancy cost	**33**	104	**132**	235
Merger and acquisition	**-**	334	**-**	646
Travel expenses	**105**	139	**437**	298
Share-based payment expense	**84**	114	**312**	152
Depreciation and amortization	**30**	6	**95**	24
Other	**286**	208	**633**	664
	$ 2,695	$ 3,155	**$ 8,910**	$ 9,562

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

23 CARE AND MAINTENANCE EXPENSES

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	**For the nine months ended September 30, 2019**	For the nine months ended September 30, 2018
Aranzazu mine	**$ -**	$ -	**$ -**	$ 721
Serrote project	**-**	-	**-**	421
Rio Novo projects	**239**	136	**861**	294
Brazilian projects	**200**	1,426	**1,043**	2,016
	$ 439	$ 1,562	**$ 1,904**	$ 3,452

24 EXPLORATION EXPENSES

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	**For the nine months ended September 30, 2019**	For the nine months ended September 30, 2018
San Andres mine	**$ 65**	$ 235	**$ 174**	$ 625
Brazilian projects	**764**	922	**2,548**	2,797
Aranzazu mine	**23**	33	**238**	33
	$ 852	$ 1,190	**$ 2,960**	$ 3,455

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

25 FINANCE COSTS

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Accretion expense	$ 240	$ 189	$ 717	$ 576
Interest expense on debts (note 14)	692	582	2,154	1,714
Finance cost on post-employment benefit	116	280	404	396
Other interest and finance costs	560	307	588	380
	$ 1,608	$ 1,358	$ 3,863	$ 3,066

26 OTHER GAINS (LOSSES)

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Net loss on call options and fixed price contracts	$ (3,728)	$ 2,110	$ (5,133)	$ 1,687
Gain on disposal of assets	(3)	277	(107)	1,019
Foreign exchange (loss) gain	(1,572)	1,258	(2,722)	(156)
Other items	611	34	1,069	(987)
	$ (4,692)	$ 3,679	$ (6,893)	$ 1,563

27 CASH FLOW INFORMATION

a) Items not affecting cash

For the nine months ended September 30,	2019	2018
Deferred and current income tax expense	$ 4,215	$ 2,116
Depletion and amortization	16,042	11,978
Accretion expense	751	576
Currency translation adjustment reversal related to Serrote	-	16,046
Gain on acquisition of Rio Novo Gold Inc.	-	(21,858)
Gain on sale of Serrotte	-	(4,164)
Periodic service, past service and finance costs on post-employment benefit	828	818
Share-based payment expense (note 19(d))	312	152
Foreign exchange loss (gain)	2,722	131
(Gain) on disposal of assets	107	(1,019)
Unrealized (gain) loss on call option and fixed price contracts	769	(1,745)
Interest expense on debt	2,154	-
Other non-cash items	(183)	(197)
	$ 27,717	$ 2,834

b) Changes in working capital

For the nine months ended September 30,	2019	2018
(Increase) in trade and other receivables	$ (8,540)	$ (8,374)
(Increase) decrease in inventory	2,553	3,297
Increase (decrease) in trade and other payables	2,416	4,099
	$ (3,571)	$ (978)

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

c) 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	**Note 14**	(6,142)	(1,462)	(7,604)
Proceeds received from debt	**Note 14**	16,847	-	16,847
Interest paid on debts		(1,726)	-	(1,726)
		38,146	**(28)**	**38,118**
Other Changes:				
Interest Expenses on Debts		2,126	28	2,154
Balance as at September 30, 2019		**$ 40,272**	**$ -**	**$ 40,272**

28 FINANCIAL INSTRUMENTS

a) Fixed price contracts

At September 30, 2019, the Company had 775 ounces of outstanding fixed price contracts at an average price of $1,494 per ounce of gold. As at September 30, 2019, the Company recorded a derivative liability on these outstanding fixed price contracts of $(7).

During the nine months ended September 30, 2019, the Company entered into fixed price contracts to hedge 18,500 ounces of gold expiring between January 31, 2019 and Novemeber 31, 2019 at an average price of $1,330 per ounce of gold. For three and nine months ended September 30, 2019, the Company has recorded a realized loss of $950 and $1,891 respectively.

At September 30, 2018, the Company had 11,950 ounces of outstanding fixed price contracts at an average price of $1,204 per ounce of gold. As at September 30, 2018, the Company recorded a derivative asset on these outstanding fixed price contracts of $850.

During the nine months ended September 30, 2018, the Company entered into fixed price contracts to hedge 68,000 ounces of gold expiring between January 31, 2018 and November 30, 2018 at an average price of $1,294 per ounce of gold. For the three and nine months ended September 30, 2018, the Company has recorded a realized loss (gain) of ($823) and $828.

b) Put/Call option contracts

As of September 30, 2019, there were 30,000 ounces with floor prices between $1,270 and $1,480 and ceiling prices between $1,320 and $1,700 per ounce of gold expiring between October 31, 2019, and April 30, 2020. As of September 30, 2019, the Company recorded a derivative liability on these outstanding options of $1,114.

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

During the nine months ended September 30, 2019, the Company has entered zero cost put/call collars, in a total of 71,500 ounces with floor prices between $1,260 and $1,490 and ceiling prices between $1,310 and $1,700 per ounce of gold expiring between March 29, 2019 and April 30, 2020.

As of September 30, 2018, there were 6,000 ounces of outstanding zero cost put/call collars.

During the nine months ended September 30, 2018, the Company has entered zero cost put/call collars, in a total of 26,000 ounces with floor prices between $1,230 and $1,320 and ceiling prices between $1,309 and $1,480 per ounce of gold expiring between July 31, 2018 and October 31, 2018.

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 of September 30, 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* below.

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	55,001	-	-	-	**55,001**
Short-term loans and gold loan repayment	19,932	19,110	1,230	-	**40,272**
Provision for mine closure and restoration	-	-	-	26,348	**26,348**
Other liabilities and Leases	3,585	2,802	-	-	**6,387**
	$ 78,518	**$ 21,912**	**$ 1,230**	**$ 26,348**	**$ 128,008**

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 September 30, 2019, the Company had cash and cash equivalents of $23,708 of which, $7,588 in United States dollars, $14,114 in Brazilian reais, $2,006 in Honduran lempiras, and $35 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 $1,615, 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 the nine months ended September 30, 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 $222 and a decrease in interest rates of 100 basis points (1 percent) would have decreased the income and comprehensive income for the year by $222.

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 September 30, 2019 consolidated income and comprehensive income of $10,911 and $4,743 respectively.

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

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 September 30, 2019 and December 31, 2018 are summarized in the following table:

	Level	Financial instrument Classification	**September 30, 2019**		December 31, 2018	
			Carrying value	**Fair value**	Carrying value	Fair value
Assets						
Cash and cash equivalents	N/A	Amortized Cost	**$ 23,708**	**$ 23,708**	$ 10,507	$ 10,507
Value added taxes	N/A	Amortized Cost	**35,704**	**35,704**	30,488	30,488
Short term investments	1	Fair Value	**-**	**-**	10,148	10,148
Other receivable	N/A	Amortized Cost	**477**	**477**	4,010	4,010
Derivative assets	2	Fair Value	**-**	**-**	-	-
Other assets	N/A	Amortized Cost	**857**	**857**	867	867
			60,746	**60,746**	56,020	56,020
Financial Liabilities						
At fair value through profit and loss						
Derivative liabilities	2	Fair Value	**1,675**	**1,675**	906	906
Other financial liabilities						
Accounts payable and accrued liabilities	N/A	Amortized Cost	**55,001**	**55,001**	50,408	50,408
Short-term loans	N/A	Amortized Cost	**19,932**	**19,932**	29,167	29,167
Working capital facility payable to Yamana	N/A	Amortized Cost	**-**	**-**	1,434	1,434
Other provisions	3	Fair Value	**6,254**	**6,254**	6,560	6,560
Other liability	3	Fair Value	**1,615**	**1,615**	2,090	2,090
			$ 84,477	**$ 84,477**	$ 90,565	$ 90,565

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 has not paid 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 and nine months ended September 30, 2019, the Company paid consulting fees and termination benefits to Acumen of $nil and $41 (2018: $124 and 227). As at September 30, 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 the three and nine months ended September 30, 2019 and 2018 are as follows:

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	**For the nine months ended September 30, 2019**	For the nine months ended September 30, 2018
Salaries and short-term employee benefits	**$ 391**	$ 509	**$ 1,804**	$2,033
Termination benefits	**51**	-	**348**	-
	$ 442	$ 509	**$ 2,152**	$2,033

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, in 2016, 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 and nine months ended September 30, 2019, the Company spent $98 and $431 (2018: $116 and $586) 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 (see *Note 14* above).

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

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.

For the three and nine months ended September 30, 2019 and 2018, segmented information is as follows:

For the three months ended September 30, 2019	**San Andres Mine**	**Brazilian Mines**	**Aranzazu Mine**	**Serrote Project**	**Corporate**	**Rio Novo Projects**	**Total**
Sales to external customers	$ 28,365	$ 21,615	$ 19,939	$ -	$ -	$ -	$ 69,919
Cost of production	16,495	15,268	14,130	-	-	-	45,893
Depletion and amortization	1,945	1,755	1,829	-	-	-	5,529
Gross margin	9,925	4,592	3,980	-	-	-	18,497
Care-and-maintenance expenses	-	(200)	-	-	-	(239)	(439)
Realized loss on fixed price contracts	(918)	(32)	-	-	(2,233)	-	(3,183)
Other expenses	(564)	(3,419)	(716)	-	(2,065)	100	(6,664)
Income (Loss) before income taxes	$ 8,443	$ 941	$ 3,264	$ -	$ (4,298)	$ (139)	$ 8,211
Property, plant and equipment	$ 39,944	$ 31,786	$ 89,504	$ -	$ 146	$ 52,981	$ 214,361
Total assets	$ 69,089	$ 78,828	$ 107,740	$ -	$ 10,776	$ 53,157	$ 319,590
Capital expenditures	$ 547	$ 579	$ 3,740	$ -	$ -	$ 231	$ 5,097

For the three months ended September 30, 2018	San Andres Mine	Brazilian Mines	Aranzazu Mine	Serrote Project	Corporate	Rio Novo Projects	Total
Sales to external customers	$ 16,396	$ 16,780	$ -	$ -	$ -	$ -	$ 33,176
Cost of production	15,789	11,878	-	-	-	-	27,667
Depletion and amortization	1,938	1,890	-	-	-	-	3,828
Gross margin	(1,331)	3,012	-	-	-	-	1,681
Care-and-maintenance expenses	-	(1,426)	-	-	-	(136)	(1,562)
Realized loss on fixed price contracts	378	445	-	-	1,776	-	2,599
Other expenses	(1,267)	954	(1,529)	-	(2,633)	(148)	(4,623)
Income (Loss) before income taxes	$ (2,220)	$ 2,985	$ (1,529)	$ -	$ (857)	$ (284)	$ (1,905)
Property, plant and equipment	$ 46,170	$ 30,728	$ 6,406	$ -	$ 908	$ 50,556	$ 134,768
Total assets	$ 79,288	$ 64,979	$ 21,910	$ -	$ 25,861	$ 50,603	$ 242,641
Capital expenditures	$ 3,232	$ 530	$ 2,012	$ -	$ -	$ 82	$ 5,856

For the nine months ended September 30, 2019	**San Andres Mine**	**Brazilian Mines**	**Aranzazu Mine**	**Serrote Project**	**Corporate**	**Rio Novo Projects**	**Total**
Sales to external customers	$ 52,511	$ 56,606	$ 47,432	$ -	$ -	$ -	$ 156,549
Cost of production	38,016	39,741	38,461	-	-	-	116,218
Depletion and amortization	5,027	5,946	4,974	-	-	-	15,947
Gross margin	9,468	10,919	3,997	-	-	-	24,384
Care-and-maintenance expenses	-	(1,043)	-	-	-	(861)	(1,904)
Realized loss on fixed price contracts	(1,167)	(724)	-	-	(2,571)	-	(4,462)
Other expenses	(2,039)	(7,122)	(3,735)	-	(5,322)	54	(18,164)
Income (Loss) before income taxes	$ 6,262	$ 2,030	$ 262	$ -	$ (7,893)	$ (807)	$ (146)
Property, plant and equipment	$ 39,944	$ 31,786	$ 89,504	$ -	$ 146	$ 52,981	$ 214,361
Total assets	$ 69,089	$ 78,828	$ 107,740	$ -	$ 10,776	$ 53,157	$ 319,590
Capital expenditures	$ 1,418	$ 3,487	$ 13,854	$ -	$ -	$ 762	$ 19,521

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

For the nine months ended September 30, 2018	San Andres Mine	Brazilian Mines	Aranzazu Mine	Serrote Project	Corporate	Rio Novo Projects	Total
Sales to external customers	$ 68,096	$ 55,441	$ -	$ -	$ -	$ -	$ 123,537
Cost of production	54,427	40,257	-	-	-	-	94,684
Depletion and amortization	6,285	5,669	-	-	-	-	11,954
Gross margin	7,384	9,515	-	-	-	-	16,899
Care-and-maintenance expenses	-	(2,016)	(721)	(421)	-	(294)	(3,452)
Realized loss on fixed price contracts	(784)	(44)	-	-	1,776	-	948
Other expenses	(3,123)	(5,713)	(1,231)	-	4,613	(38)	(5,492)
Income (Loss) before income taxes	$ 3,477	$ 1,742	$ (1,952)	$ (421)	$ 6,389	$ (332)	$ 8,903
Property, plant and equipment	$ 46,170	$ 30,728	$ 6,406	$ -	$ 908	$ 50,556	$ 134,768
Total assets	$ 79,288	$ 64,979	$ 21,910	$ -	$ 25,861	$ 50,603	$ 242,641
Capital expenditures	$ 6,361	$ 3,132	$ 2,160	$ -	$ -	$ 82	$ 11,735

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 and gold concentrate.

32 COMMITMENTS AND CONTINGENCIES

a) Operating commitments

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

	September 30, 2019	December 31, 2018
Within one year	**$ 142**	$ 204
Two to Four Years	**173**	47
	$ 314	$ 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 September 30, 2019 is a provision of $341 (2018: $1,082) for loss contingencies related to ongoing legal claims.