Aura Minerals Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2013

Dated as of March 26, 2014

This management's discussion and analysis ("MD&A") should be read in conjunction with Aura Minerals Inc.'s (the "Company" or "Aura Minerals") unaudited condensed interim consolidated financial statements for the year ended December 31, 2013 and related notes thereto (the "Financial Statements") which have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS"). In addition, this MD&A should be read in conjunction with the 2013 Annual Information Form ("AIF") dated March 26, 2014, as well as other information relating to Aura Minerals as filed on the Company's profile on SEDAR at www.sedar.com. Unless otherwise noted, references herein to "$" are to thousands of United States dollar. References to "C$" are to the Canadian dollar. Tables are expressed in thousands of United States dollar, except where otherwise noted.

This MD&A has been prepared as at March 26, 2014 and provides information that management believes is relevant to assessing and understanding the financial condition of the Company and the results of operations and cash flows for the year ended December 31, 2013.

The Audit Committee, consisting of three independent directors of the Board of Directors of the Company, has reviewed this MD&A pursuant to its charter and the Board has approved the disclosure contained herein. A copy of this MD&A will be provided to anyone who requests it.

Statements herein are subject to the risks and uncertainties identified in the Risk Factors and Cautionary Note regarding Forward-Looking Information sections of this MD&A.

1. BACKGROUND AND CORE BUSINESS

Aura Minerals is a Canadian mid-tier gold-copper production company focused on the operation and development of gold and copper projects in the Americas. The Company is listed on the Toronto Stock Exchange under the symbol ORA. The Company's assets include:

- *The San Andres Gold Mine ("San Andres")* – An open-pit heap leach gold mine located in the highlands of western Honduras, in the municipality of La Union, Department of Copan approximately 150 kilometres southwest of the city of San Pedro Sula. The mine has been in production since 1983;
- *The Sao Francisco Gold Mine ("Sao Francisco")* – An open-pit heap leach gold mine located in the State of Mato Grosso, Brazil, approximately 560 kilometres west of Cuiaba, the state capital. The mine has been in production since 2006;
- *The Sao Vicente Gold Mine ("Sao Vicente")* – An open-pit heap leach gold mine located approximately 50 kilometres to the north of Sao Francisco in the State of Mato Grosso, Brazil. The mine has been in production since 2009;
- *The Aranzazu Copper Mine ("Aranzazu")* – An open-pit and underground mine operation with a 2,600 tonnes per day ("tpd") mill, producing a copper-gold-silver concentrate using flotation, located near the town of Concepcion del Oro in the state of Zacatecas, Mexico. The Company also controls approximately 11,380 hectares of exploration concessions centred on the Arroyos Azules underground mine and the past-producing El Cobre area. The mine has been in commercial production since February 1, 2011. In July 2012, the Company announced that it had received the results from the Aranzazu preliminary economic assessment study ("PEA") which evaluates a process plant feed rate expansion to a larger facility;
- *The Serrote da Laje Project ("Serrote")* – A wholly-owned, development-stage copper-gold-iron project which is the Company's core development asset. The Serrote Project is located in the central-southern part of the State of Alagoas, Brazil, approximately 15 kilometres northwest of the city of Arapiraca and currently consists of 24 exploration licences totalling 40,899 hectares, 11 exploration applications totalling 19,622 hectares and one mining concession totalling 400 hectares. In September 2012, the Company announced the results from the feasibility study describing the scope, design and viability of developing

Serrote based on an open pit mining operation with a copper concentrator operating at 19,000 tonnes per day and producing approximately 66 million pounds of copper and 13,000 gold ounces as a by-product per year.

Aura Minerals is focused on responsible, sustainable growth and strives to operate to the highest environmental and safety standards and in a socially responsible manner at all of its operations.

2. FOURTH QUARTER AND YEAR-END 2013 FINANCIAL AND OPERATING HIGHLIGHTS

- Operating cash flow[1] of $22,113 for the fourth quarter of 2013 and $66,847 for the year ended December 31, 2013 compared to $19,528 for the fourth quarter of 2012 and $38,317 for the year ended December 31, 2012;

- Net sales revenue in the fourth quarter of 2013 decreased by 13% over the fourth quarter of 2012 while net sales revenue for 2013 increased by 8% over 2012. The detail is as follows:

	For the three months ended December 31, 2013	For the three months ended December 31, 2012	**For the year ended December 31, 2013**	For the year ended December 31, 2012
San Andres, *ounces ("oz")*	**17,358**	12,632	**65,424**	52,690
Sao Francisco, *oz*	**26,401**	26,790	**106,894**	77,350
Sao Vicente, *oz*	**8,082**	8,164	**36,669**	34,912
Total ounces sold	**51,841**	47,586	**208,987**	164,952
Realized average gold price per ounce ("oz")	**$ 1,281**	$ 1,725	**$ 1,414**	$ 1,667
Gold sales revenues *(in '000's) net of local sales taxes*	**$ 64,052**	$ 81,469	**$ 289,829**	$ 270,445
Copper concentrate sales *(in '000's)*	**$ 10,920**	$ 4,935	**$ 41,048**	$ 36,967
Total net sales *(in '000's)*	**$ 74,972**	$ 86,404	**$ 330,877**	$ 307,412

The average realized prices per oz for the quarters ended December 31, 2013 and 2012 in the above table compare to the average market prices (London PM Fix) of $1,276 and $1,723 per oz, respectively.

Copper concentrate sales are from the shipment of 6,512 dry metric tonnes ("DMT") and 4,110 DMT of copper concentrate for the quarters ended December 31, 2013 and 2012, respectively and 24,995 DMT and 20,231 DMT for the years ended December 31, 2013 and 2012 respectively;

- Gold oz production in the fourth quarter of 2013 was 3% lower as compared to the fourth quarter of 2012. For the year ended December 31, 2013, gold oz production was 19% higher than in the prior year. Gold production and cash costs[1] for the three and twelve months ended December 31, 2013 and 2012 were as follows;

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[1] A cautionary note regarding non-GAAP measures is included in Section 19 of this MD&A.

	For the three months ended December 31, 2013		For the year ended December 31, 2013	
	Oz Produced	Cash Costs[1]	Oz Produced	Cash Costs[1]
San Andres	**15,017**	**$ 1,244**	**63,811**	**$ 1,131**
Sao Francisco	**25,259**	**1,048**	**105,541**	**1,144**
Sao Vicente	**8,230**	**906**	**37,604**	**1,288**
Total / Average	**48,506**	**$ 1,085**	**206,956**	**$ 1,166**

	For the three months ended December 31, 2012		For the year ended December 31, 2012	
	Oz Produced	Cash Costs[1]	Oz Produced	Cash Costs[1]
San Andres	**11,936**	**$ 1,242**	**59,751**	**$ 1,015**
Sao Francisco	**29,368**	**1,218**	**80,357**	**1,528**
Sao Vicente	**8,952**	**1,092**	**33,155**	**1,537**
Total / Average	**50,256**	**$ 1,201**	**173,263**	**$ 1,353**

- Cash costs for San Andres and the Brazilian Mines for the year ended December 31, 2013 included net realizable value inventory write-downs of $13 and $163 per oz respectively to bring production inventory to net realizable value (2012: San Andres $nil per oz, Brazilian Mines $302 per oz, respectively);
- Copper production at Aranzazu for the fourth quarter of 2013 and 2012 was 3,642,482 pounds and 2,223,100 pounds, respectively, an increase of 64%. On-site average cash cost[1] per pound of payable copper produced, net of gold and silver credits was $3.92 for the fourth quarter of 2013 compared to $5.42 for the fourth quarter of 2012, inclusive of net realizable value inventory write-downs of $0.76 and $1.25 for the fourth quarters of 2013 and 2012 respectively. Copper production at Aranzazu for the years ended December 31, 2013 and 2012 was 13,615,949 pounds and 10,980,100 pounds, respectively, an increase of 24%. On-site average cash cost[1] per pound of payable copper produced, net of gold and silver credits was $4.15 for the full year of 2013 compared to $3.63 for the full year of 2012 inclusive of net realizable value write-downs of $0.74 and $0.56 for the years 2013 and 2012 respectively.;
- Gross margin of $7,685 and $(5,693) for the fourth quarter and full year 2013, respectively, compared to a gross margin of $(1,003) and $(15,314) for the fourth quarter and full year 2012, respectively;
- Loss of $11,382 or $0.05 per share for the fourth quarter of 2013 compared to a loss of $7,814 or $0.04 per share for the fourth quarter of 2012. Loss for the year ended December 31, 2013 (after loss on disposal of non-core exploration properties of $8,760 and impairment charges of $56,191) of $74,193 or $0.32 per share compared to a loss of $54,942 or $0.24 per share for the year ended December 31, 2012;
- Subsequent to year end, the Company obtained a $22,500 gold loan from Auramet International LLC, the proceeds of which have been utilized to settle the Company’s entire outstanding obligations pursuant to the Company’s Amended Credit Facility.

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[1] A cautionary note regarding non-GAAP measures is included in Section 19 of this MD&A.

3. REVIEW OF MINING OPERATIONS AND DEVELOPMENT PROJECTS

San Andres, Honduras

The table below sets out selected operating information for San Andres for the three months and year ended December 31, 2013 and 2012:

	Q4 2013	Q4 2012	**YTD 2013**	YTD 2012
Ore mined (tonnes)	**1,145,041**	1,200,100	**5,465,031**	4,372,600
Waste mined (tonnes)	**1,227,346**	699,100	**3,850,975**	2,293,500
Total mined (tonnes)	**2,372,387**	1,899,200	**9,316,006**	6,666,100
Waste-to-ore ratio	**1.07**	0.58	**0.70**	0.52
Ore plant feed (tonnes)	**1,139,242**	1,143,100	**5,447,460**	4,264,000
Grade (g/tonne)	**0.50**	0.49	**0.56**	0.64
Production (oz)	**15,017**	11,936	**63,811**	59,751
Sales (oz)	**17,358**	12,632	**65,424**	52,690
Average cash cost per oz of gold produced[1]	**$ 1,244**	$ 1,242	**$ 1,131**	$ 1,015

Total ore and waste mined during the fourth quarter 2013 was 25% higher than the comparable quarter. During the fourth quarter of 2013, ore mined was 5% lower than the comparable quarter and waste mined was 76% higher. The waste-to-ore ratio was 85% higher when comparing the fourth quarters of 2013 and 2012. The increase in the waste and ore tonnes moved was due to more waste in the mine plan for 2013.

Total plant feed during the fourth quarter of 2013 was relatively flat when compared to the tonnes processed in the same quarter in 2012. The average ore plant feed grade for the fourth quarter of 2013 increased by 2% compared to the fourth quarter of 2012, due to slightly higher grade areas mined in 2013. Mining in the Cerro Cortez area continues to yield higher grades than originally expected and will be closely monitored.

Gold production at San Andres in the fourth quarter of 2013 increased by 26% over the comparable period primarily due to higher grades and recoveries.

Average cash cost per oz of gold produced[1] in the fourth quarter of 2013 was relatively flat when compared with the fourth quarter of 2012. Refer to Section 6, Results of Operations for information relating to total Net Realizable Value write downs at San Andres. Higher mining costs were experienced due to the additional waste material moved.

The 15,000 metre drilling program for 2013 continued with priority on near term production targets with higher grades and a similar program is expected to continue into 2014.

[1] A cautionary note regarding non-GAAP measures is included in Section 19 of this MD&A.

Sao Francisco, Brazil

The table below sets out selected operating information for Sao Francisco for the three months and year ended December 31, 2013 and 2012:

	Q4 2013	Q4 2012	**YTD 2013**	YTD 2012
Ore mined (tonnes)	**1,421,183**	1,743,000	**5,336,871**	5,754,400
Waste mined (tonnes)	**1,390,185**	2,917,100	**6,727,088**	13,118,200
Total mined (tonnes)	**2,811,367**	4,660,100	**12,063,959**	18,872,600
Waste-to-ore ratio (Includes deferred stripping waste)	**0.98**	1.67	**1.26**	2.28
Ore plant feed (tonnes)	**1,501,611**	1,670,300	**5,484,180**	5,583,000
Grade (g/tonne)	**0.65**	0.60	**0.65**	0.58
Production (oz)	**25,259**	29,368	**105,541**	80,357
Sales (oz)	**26,401**	26,790	**106,894**	77,350
Average cash cost per oz of gold produced[1]	**$ 1,048**	$ 1,218	**$ 1,144**	$ 1,528

Total material moved during the fourth quarter of 2013 was 40% lower than the fourth quarter of 2012. The waste-to-ore ratio was 41% lower than the comparable period in 2012 because of the reduced strip ratio as the pit deepened and higher ore tonnes were encountered outside the pit design and within the pit design due to a positive reconciliation of tonnages with respect to the block model. Material moved was lower due to restrictions resulting from the tightening of the pit and longer haul distances of both waste and ore.

Total plant feed during the fourth quarter of 2013 was 10% lower than the fourth quarter in 2012. The average ore plant feed grade for the fourth quarter of 2013 was 8% higher than in the fourth quarter of 2012.

Gold production in the fourth quarter of 2013 was 14% lower than the fourth quarter of 2012 due primarily to the lower plant feed.

Average cash cost per oz of gold produced[1] in the fourth quarter of 2013 was 14% lower than the fourth quarter of 2012. The lower average cash cost per oz of gold produced[1] in the fourth quarter of 2013 was primarily due to the higher grades encountered and increased recoveries from the leach while mining costs were lower due to less material moved and also benefitted from the weakening of the Brazilian real. Refer to Section 6, Results of Operations for information relating to total Net Realizable Value write downs at the Brazilian Mines.

Mining at Sao Francisco is expected to continue to the end of 2014 as exploration drilling in 2013 and a revised geological block model has identified additional mineralized material in several areas of the pit. An updated reconciliation indicates that certain waste and low grade zones could convert to additional plant feed. Processing may be extended into 2015 as a result of the positive reconciliation and the additional mineralization identified.

[1] A cautionary note regarding non-GAAP measures is included in Section 19 of this MD&A.

Sao Vicente, Brazil

The table below sets out selected operating information for Sao Vicente for the three months and year ended December 31, 2013 and 2012:

	Q4 2013	Q4 2012	**YTD 2013**	YTD 2012
Ore mined (tonnes)	**107,835**	1,215,000	**1,789,382**	2,823,700
Waste mined (tonnes)	**949**	819,800	**1,124,607**	3,814,800
Total mined (tonnes)	**108,784**	2,034,800	**2,913,989**	6,638,500
Waste-to-ore ratio	**0.01**	0.67	**0.63**	1.35
Ore plant feed (tonnes)	**403,294**	1,021,700	**2,025,963**	2,979,500
Grade (g/tonne)	**0.63**	0.46	**0.58**	0.52
Production (oz)	**8,230**	8,952	**37,604**	33,155
Sales (oz)	**8,082**	8,164	**36,669**	34,912
Average cash cost per oz of gold produced[1]	**$ 906**	$ 1,092	**$ 1,288**	$ 1,537

As a result of the suspension of mining and plant operations at Sao Vicente in Q4 2013, total material moved in the fourth quarter of 2013 was 95% lower than in the fourth quarter of 2012 and the waste-to-ore ratio decreased by 99% while total ore crushed and stacked in the fourth quarter of 2013 was 61% lower than during the fourth quarter of 2012.

The average head grade of the ore processed for the fourth quarter of 2013 was 37% higher as compared to 2012.

During the fourth quarter of 2013, 8% less gold ounces were produced as compared to the fourth quarter of 2012.

The average cash cost per oz of gold produced[1] in the fourth quarter of 2013 was 17% lower than the fourth quarter of 2012 due to the majority of ore being sourced from the stockpile, as well as improved grades and recoveries from the heaps. There was also sufficient feed material in the stockpiles to keep the plant operating at over 100,000 tonnes per month during Q4 2013. Refer to Section 6, Results of Operations for information relating to total Net Realizable Value write downs at the Brazilian Mines.

Cyanide will continue to be added to the heap leach pads in early 2014 and we will then irrigate the heap throughout 2014, initially to recover any residual gold ounces, but thereafter to neutralize the cyanide and pH of the heap.

[1] A cautionary note regarding non-GAAP measures is included in Section 19 of this MD&A.

Aranzazu, Mexico

The table below sets out selected operating information for Aranzazu for the three months and year ended December 31, 2013 and 2012:

	Q4 2013	Q4 2012	**YTD 2013**	YTD 2012
Ore mined (tonnes)	**253,164**	194,300	**946,064**	857,600
Ore milled (tonnes)	**206,813**	165,200	**796,413**	773,900
Copper grade (%)	**1.01%**	0.74%	**0.98%**	0.85%
Gold grade (g/tonne)	**0.47**	0.50	**0.48**	0.50
Silver grade (g/tonne)	**15.84**	10.08	**16.21**	11.98
Copper recovery[2]	**78.0%**	81.1%	**78.7%**	75.2%
Gold recovery	**61.0%**	70.1%	**63.9%**	65.5%
Silver recovery	**52.0%**	65.1%	**52.0%**	54.6%
Concentrate production:				
Copper concentrate produced (DMT)	**7,001**	4,397	**25,815**	20,983
Copper contained in concentrate (%)	**23.3%**	22.9%	**23.9%**	23.7%
Gold contained in concentrate (g/DMT)	**8.4**	12.9	**9.2**	11.6
Silver contained in concentrate (g/DMT)	**250.0**	250.6	**264.3**	244.0
Copper contained in concentrate (pounds)	**3,642,482**	2,223,100	**13,626,982**	10,980,100
Estimated payable copper produced (pounds)	**3,449,956**	2,102,500	**12,917,856**	10,404,100
Estimated payable gold produced (oz)	**3,405**	1,672	**8,365**	7,148
Estimated payable silver produced (oz)	**97,860**	31,117	**241,045**	144,056
Average cash cost per payable pound of copper produced, net of gold and silver credits [1]	**$ 3.92**	$ 5.42	**$ 4.15**	$ 3.63

For the three months ended December 31, 2013, ore mined and ore milled was 30% higher and 25% higher than the comparative period in 2012. Copper concentrate production increased by 59% in the fourth quarter of 2013 as compared to the fourth quarter of 2012, due to the effect of a 37% increase in copper grade as a result of a planned shift to higher grade underground mining, offset by a 4% decrease in the copper recoveries. Aranzazu's mine development focused on near-term development in Q4 2013. This is expected to continue throughout 2014.

Average cash cost per payable pound of copper produced[1] for the three months ended December 31, 2013 decreased by 28% as compared to the three months ended December 31, 2012. These average cash costs are inclusive of net realizable value write-downs of $0.76 and $1.25 for the fourth quarters of 2013 and 2012 respectively

The average arsenic level in the copper concentrate was 0.99% during the three months ended December 31, 2013. Aranzazu implemented a successful program of blending during 2013 to ensure that value could be maximized from the sales of concentrates. This resulted in significant improvements in the levels of arsenic encountered in the concentrate production.

The basic engineering design for the planned processing plant expansion was also completed in Q4 2013. A new fresh water system, coarse ore feeder redesign and a high solids tailings thickener are part of the engineering design package. The plant expansion and partial roasting facility remain on hold pending the outcome of the financing discussions.

[1] A cautionary note regarding non-GAAP measures is included in Section 19 of this MD&A.

Serrote

The Serrote project early development phase is continuing. During the twelve months ended December 31, 2013, the Company's wholly-owned subsidiary Mineração Vale Verde Ltda. received R$45 million (approximately $20 million) (the "Bridge Loan") from Banco Itaú BBA S.A. ("Itaú"). The Bridge Loan has been utilized by the Company for community resettlement, engineering, long-lead equipment procurement and early site improvements. Community resettlement is proceeding, with resettlement in areas of early construction substantially complete. Basic engineering has been completed, and the engineering of long lead equipment has been awarded.

The Company has also retained Itaú as a financial advisor to assist in structuring long-term project financing for the Serrote project on a best efforts basis and subject to customary terms and conditions, including market conditions. The Company is continuing to pursue options to maximize the value of Serrote including, but not limited to, a disposal of a majority interest in the project equity and the Company is considering a revised development and operating plan that would require lower capital expenditures and an earlier execution schedule.

Brazilian Mines – Value Maximization

The Company continues to investigate multiple options to maximize the disposal and closure value of the assets of the Brazilian Mines, including selling the plant and equipment and utilizing key members of their operating teams at our other locations.

Non-core exploration properties

The Company has converted its interests in its non-core Cumaru and Inaja exploration properties in the Northern Carajas state in Brazil into net smelter royalties and has wholly disposed of these properties during year ended December 31, 2013. It has also written off its interest in its North Carajas non-core exploration property as it does not expect to receive any additional future benefit from that property.

National Instrument 43-101 Compliance

Unless otherwise indicated, Aura Minerals has prepared the technical information in this MD&A ("Technical Information") based on information contained in the technical reports and news releases (collectively the "Disclosure Documents") available under the Company's profile on SEDAR at www.sedar.com. Each Disclosure Document was prepared by or under the supervision of a qualified person (a "Qualified Person") as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*. Readers are encouraged to review the full text of the Disclosure Documents which qualify the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents. The disclosure of Technical Information in this MD&A has been reviewed and approved by Bruce Butcher, P. Eng., Vice President, Technical Services, a Qualified Person pursuant to National Instrument 43-101.

4. OUTLOOK AND STRATEGY

Aura Minerals' future profitability, operating cash flows and financial position will be closely related to the prevailing prices of gold and copper. Key factors influencing the price of gold and copper include the supply of and demand for these commodities, the relative strength of currencies (particularly the U.S. dollar) and macroeconomic factors such as current and future expectations for inflation and interest rates. Management believes that the short-to-medium term economic environment is likely to remain relatively supportive for both commodity prices but with continued volatility for both commodities. In order to decrease risks associated with commodity price volatility the Company will continue to evaluate entering into additional hedging programs.

Other key factors influencing profitability and operating cash flows are production levels (impacted by grades, ore quantities, labour, plant and equipment availabilities, and process recoveries) and production and processing costs (impacted by production levels, prices and usage of key consumables, labour, inflation, and exchange rates).

Aura Minerals' production and cash cost per oz[1] guidance for the 2014 year is as follows:

Gold Mines	Cash Cost per oz[1]	2014 Production
San Andres	$ 800 - $ 950	75,000 – 85,000 oz
Sao Francisco	$ 900 - $ 1,050	75,000 – 85,000 oz
Sao Vicente	$ 525 - $ 675	5,500 - 7,500 oz
Total	$ 850 - $ 1,000	155,500 - 177,500 oz

Aranzazu's production for 2014 is expected to be between 18,000,000 and 19,500,000 pounds of copper at a range of $2.60 to $3.15 average cash cost per payable pound[1] of copper.

In the first quarter of 2014 and to the date of this MD&A, the indicators have been that the pro-rata guidance will be achieved at each operating mine.

For 2014, total capital spending is expected to be $36,000. Of this amount, $20,000 relates to the development and expansion of Aranzazu, while $12,000 relates to San Andres plant upgrades, Phase V of the heap leach expansion and community expenditures. The remaining portion will be spent on various miscellaneous projects in the group, including the Serrote development project. The capital expenditure programs for the expansion of Aranzazu and the development of Serrote are dependent upon successful completion of financing.

[1] A cautionary note regarding non-GAAP measures is included in Section 19 of this MD&A.

5. SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information for the Company for the three recently completed financial years:

Year ended December 31,	**2013**	2012	2011
Financial Results:			
Revenue	**$ 330,877**	$ 307,412	$ 288,440
Loss for the period	**$ (74,193)**	$ (54,942)	$ (41,776)
Loss per share*	**$ (0.32)**	$ (0.24)	$ (0.19)
Financial Position: At December 31,			
Total Assets	**$ 351,613**	$ 425,683	$ 450,634
Debt	**47,229**	32,234	19,332
Deferred income tax liabilities	**12,341**	19,448	21,860
Provision for mine closure and rehabilitation	**21,835**	20,216	19,348
Cash dividends declared per share	**Nil**	Nil	Nil

** Loss per share is calculated based on weighted average number of shares outstanding for the year*

Factors that have caused period to period variations include: several significant financings over the three year period; the start of commercial production at the Aranzazu Mine on February 1, 2011; a restructuring of certain contractual obligations; the securing of the Credit Facility in March 2011, the arsenic issue encountered at Aranzazu in 2012 and impairments recorded on the Company's assets during all three years. The allocation of total assets, as shown above, between the operating segments is outlined in note 31 to the Financial Statements.

For the year ended December 31, 2013, $41,048 of the revenue was attributable to the sale of copper concentrate from Aranzazu, $88,570 was attributable to the sale of gold from San Andres, and $201,260 was attributable to the sale of gold from the Brazilian Gold Mines. For the year ended December 31, 2012, $36,967 of the revenue was attributable to the sale of copper concentrate from Aranzazu, $84,160 was attributable to the sale of gold from San Andres, and $186,285 was attributable to the sale of gold from the Brazilian Gold Mines. For the year ended December 31, 2011, $31,293 of the revenue was attributable to the sale of copper concentrate from Aranzazu, $99,959 was attributable to the sale of gold from San Andres, and $157,188 was attributable to the sale of gold from the Brazilian Gold Mines.

The loss for 2013 reflects the negative gross margins from the Aranzazu Mine and impairments of $56,193 recorded on the San Andres and Brazilian Mines. The loss for 2012 reflects the negative gross margins from the Brazilian Gold Mines and the Aranzazu Mine. The loss for 2011 includes an impairment charge of $38,534 on the goodwill and mineral property assets at the Brazilian Gold Mines.

[1] A cautionary note regarding non-GAAP measures is included in Section 19 of this MD&A.

6. RESULTS OF OPERATIONS

Details of revenues, cost of goods sold and gross margin are presented below:

(In thousands of dollars)		**2013**		2012
Revenues:				
San Andres	**$**	**88,570**	$	84,160
Brazilian Mines		**201,260**		186,285
Aranzazu		**41,047**		36,967
	$	**330,877**	$	307,412
Cost of Production:				
San Andres	**$**	**73,507**	$	53,677
Brazilian Mines		**156,448**		169,692
Aranzazu		**52,041**		42,046
	$	**281,996**	$	265,415
Depletion and Amortization:				
San Andres	**$**	**8,577**	$	10,511
Brazilian Mines		**36,144**		39,733
Aranzazu		**9,853**		7,067
	$	**54,574**	$	57,311
Gross Margin:				
San Andres	**$**	**6,486**	$	19,972
Brazilian Mines		**8,668**		(23,140)
Aranzazu		**(20,847)**		(12,146)
	$	**(5,693)**	$	(15,314)

Revenues

Revenues for the year ended December 31, 2013 increased 8% compared to the year ended December 31, 2012. The increase in revenues resulted from a 7% increase in gold sales and a 11% increase in copper concentrate sales.

The increase in gold sales is attributable to a 27% increase in gold sales volumes partially offset by a 15% decrease in the realized average gold price per ounce.

Revenue related to concentrate shipments for the year ended December 31, 2013 and 2012 is comprised as follows:

(In thousands of dollars)		**2013**		2012
Copper revenue, net of treatment and refining charges	**$**	**30,005**	$	24,284
Gold by-product revenue		**9,857**		12,124
Silver by-product revenue		**4,254**		4,541
Price adjustments recorded		**(3,069)**		(3,982)
Total revenue	**$**	**41,047**	$	36,967

The increase in copper concentrate net sales is primarily attributable to a 24% increase in DMT sold offset by a 10% decrease in average price realized. Total revenues for the year ended December 31, 2013 at Aranzazu related to the shipment of 24,995 DMT of copper concentrate compared to 20,321 DMT of copper concentrate for the year ended December 31, 2012. Total concentrate shipment revenues for the year ended December 31, 2013 and 2012 were $1,642 per DMT and $1,819 per DMT, respectively. The lower concentrate shipment revenue per DMT is due to both lower commodity prices and the comparative effect of the arsenic-related treatment and refining charges and penalties (such charges were implemented mid-way through Q2 2012). The negotiated improvements to off-take contracts only took effect in the later part of 2013.

Cost of Goods Sold

For the year ended December 31, 2013 and 2012, total cost of goods sold from San Andres was $82,084 or $1,255 per oz compared to $64,188 or $1,218 per oz, respectively. For the years ended December 31, 2013 and 2012, cash operating costs were $1,124 per oz and $1,019 per oz, respectively, while non-cash depletion and amortization charges were $131 per oz and $199 per oz, respectively. The cash operating costs for the year ended December 31, 2013 included a write-down of $880 or $13 per oz to bring production inventory to its net realizable value (2012: $nil or $nil per oz).

Total cost of goods sold from the Brazilian Mines for the year ended December 31, 2013 and 2012 was $192,592 or $1,342 per oz and $209,425 or $1,866 per oz, respectively. For the years ended December 31, 2013 and 2012, cash operating costs were $1,090 per oz and $1,512 per oz, respectively, while non-cash depletion and amortization charges were $252 per oz and $354 per oz, respectively. The cash operating costs for the year ended December 31, 2013 included a write-down of $23,401 or $163 per oz to bring production inventory to its net realizable value (2012: $33,883 or $302 per oz).

Total cost of goods sold from Aranzazu for the years ended December 31, 2013 and 2012 was $61,893 or $2,476 per DMT and $49,113 or $2,417 per DMT, respectively. For the years ended December 31, 2013 and 2012, cash operating costs were $2,082 per DMT and $2,069 per DMT, respectively, while non-cash depletion and amortization charges were $394 per DMT and $348 per DMT, respectively. The cash operating costs for the year ended December 31, 2013 included a write-down of $10,074 or $403 per DMT to bring production inventory to its net realizable value (2012: $6,173 or $304 per DMT).

Other Expenses, Impairment Charges and Operating Loss

For the year ended December 31, 2013 and 2012, general and administrative costs include:

(In thousands of dollars)	**2013**	2012
Salaries, wages and benefits	**$ 7,017**	$ 7,321
Share-based payment expense	**1,392**	3,579
Professional and consulting fees	**1,673**	2,250
Travel expenses	**342**	532
Directors' fees	**354**	408
Amortization	**283**	907
Other	**5,017**	3,596
	$ 16,078	$ 18,593

Salaries, wages and benefits and travel expenses decreased due to reorganizations at the Company’s corporate offices. Share-based payment expense decreased 61% as a result of a lower value assigned to stock options granted during the period and prior period forfeitures. Professional and consulting fees decreased due to the Company limiting spending on special projects during the period. Other expenses for 2013 include $2,100 relating to a non-recurring provision for employee travel liabilities and also separate taxation penalties assessed on the late payment of instalments relating to prior periods at the Company’s operations.

Exploration costs for the year ended December 31, 2013 and 2012 included the following:

(In thousands of dollars)		**2013**		2012
San Andres Mine	**$**	**1,109**	$	308
Sao Vicente Mine		**671**		700
Serrote Project		**122**		4,956
Aranzazu Mine		**24**		1,569
Non-core projects		**61**		163
	$	**1,987**	$	7,696

The decrease in exploration costs for Serrote and Aranzazu reflects the completion of the feasibility study and PEA, respectively. The 2013 exploration program at San Andres is expected to result in the publication of a resource update during 2014.

For the year ended December 31, 2013, the Company recorded an impairment charge of $16,021 related to the long-lived assets of the Sao Francisco Mine and $40,172 related to the long-lived assets of the San Andres Mine and a loss on disposal relating to the non-core Brazilian exploration properties of $8,760.

Finance and Other Income and Expenses, Taxes, and Loss

Finance costs for the year ended December 31, 2013 and 2012 included the following:

(In thousands of dollars)		**2013**		2012
Accretion expenses	**$**	**2,179**	$	2,716
Service cost on post employment benefit		**515**		419
Interest expense on debt		**2,264**		1,232
Other interest and finance costs		**859**		550
	$	**5,817**	$	4,917

The decrease in accretion relates to changes to the estimate of the net smelter return royalty payable and changes in provisions for the mine closure cost and restoration. The service cost on the post-employment benefit was re-calculated at December 31, 2013 for the entire 2013 year, resulting in an adjustment to the expense for the 2013 year. The increase in interest expense on debt and other interest and finance costs reflects the additional forbearance period transaction costs, interest rates and payment-in-kind interest charges.

Other gains for the year ended December 31, 2013, as compared to other losses for the year ended December 31, 2012 consisted of:

(In thousands of dollars)		**2013**		2012
Net gain on gold collar and fixed price contracts	**$**	**14,579**	$	4,122
Change in estimate of provision for mine closure and restoration		**4,172**		1,290
Net gain on foreign currency contracts		**178**		489
Foreign exchange loss		**(4,165)**		(6,996)
Change in estimates of net smelter royalty payable		**(297)**		(278)
Net loss on copper collar contracts		**(88)**		(1,947)
Other items		**(977)**		(1,779)
	$	**13,402**	$	(5,099)

Income tax recovery for the year ended December 31, 2013 was $7,677 and consisted of $3,777 in current income tax expense related to San Andres, and $11,454 in deferred tax recovery, which primarily related to the impairment charges in San Andres and Brazil. Income tax expense for the year ended December 31, 2012 was $3,385 and consisted of $6,240 in current income tax expense related to San Andres, and $2,855 in deferred tax recovery, which primarily relates to deferred tax assets recognized for Aranzazu during the period.

For the year ended December 31, 2013, the Company recorded a loss of $74,193 which compares to a loss of $54,942 for the year ended December 31, 2012.

Other comprehensive loss

Other comprehensive loss for the year ended December 31, 2013 totalled $1,669 and related to the translation of foreign subsidiaries from their functional currencies into the Company's presentation currency and unrealized actuarial losses on post-employment benefits. Other comprehensive loss for the year ended December 31, 2012 totalled $1,502 and related to the translation of foreign subsidiaries from their functional currencies into the Company's presentation currency and unrealized actuarial losses on post-employment benefits and a decrease in the fair value of the Company's cash flow hedges, net of tax impact.

7. SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited interim consolidated financial information for the Company for each of the eight most recently completed quarters.

Fiscal quarter ended	**December 31, 2013**	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Revenue	**$74,972**	$86,064	$81,256	$88,585	$86,404	$72,818	$72,594	$75,596
Working capital	**$15,689**	$21,286	$12,326	$12,887	$56,169	$49,375	$51,896	$76,323
Property, plant and equipment	**$228,762**	$226,382	$228,929	$291,796	$289,460	$290,552	$302,302	$311,047
Impairment charges[1,2]	**$0**	$0	$56,193	$0	$0	$0	$0	$0
Loss for the period	**($11,382)**	($1,795)	($50,078)	($10,938)	($7,895)	($16,938)	($11,507)	($18,683)
Net loss per share - basic and diluted	**($0.05)**	($0.01)	($0.22)	($0.05)	($0.04)	($0.07)	($0.05)	($0.08)
Operating cash flow[3]	**$22,113**	$22,139	$11,128	$11,467	$17,908	$18,047	$3,239	($2,497)

(1) For the quarter ended December 31, 2012, an impairment charge of $6,236 was recorded in relation to the Company's Sao Francisco mine while an impairment reversal of $6,236 was recorded in relation to the Company's Sao Vicente mine.

(2) For the quarter ended June 30, 2013, an impairment charge of $16,021 was recorded in relation to the Company's Sao Francisco mine and an impairment charge of $40,172 was recorded in relation to the Company's San Andres mine.

(3) A cautionary note regarding non-GAAP measures is included in Section 19 of this MD&A.

Refer to *Section 8, Liquidity and Capital Resources,* for additional information on the working capital movements. For further additional information on period to period variations, see *Section 3, Review of Mining Operations and Development Projects and Section 6, Results of Operations.*

8. LIQUIDITY AND CAPITAL RESOURCES

The changes in cash and cash equivalents for the year ended December 31, 2013 and 2012 are presented in the table below:

(In thousands of dollars)	**2013**	2012
Cash flow generated by operating activities	**$ 47,738**	$ 7,771
Cash flow used for the purchase of property, plant and equipment	**(49,465)**	(28,453)
Cash flow generated by financing activities	**7,816**	7,582
Effect of exchange rate changes on cash and cash equivalents	**(47)**	(39)
Increase (decrease) in cash and cash equivalents	**$ 6,042**	$ (13,139)

Significant capital expenditures during the year ended December 31, 2013 include $15,274 on infrastructure and development at Aranzazu and $25,539 for Serrote development and land acquisitions.

During the year ended December 31, 2013, working capital decreased by $37,339 to $18,830. The working capital includes cash and cash equivalents of $15,359 at December 31, 2013 and $11,570 of PIS/COFINS receivable tax credits in Brazil.

Cash flow generated by financing activities for the year ended December 31, 2013 reflects a $5,000 draw and a $1,000 repayment on the short-term promissory note at the San Andres project and R$45,000 (approximately $19,254) received from the Bridge Loan (subsequent to December 31, 2013, the Company obtained an additional extension on the maturity date of the Bridge Loan to May 5, 2014 and made a repayment of R$4,500 (approximately $1,900) on the outstanding principal). The Company also made a $12,000 draw on its Amended Credit Facility (the "Amended Credit Facility") with Barclays and Credit Suisse (the "Lenders"). Cash flow generated by financing activities for the year ended December 31, 2013 also reflects repayments of $20,593 on the Amended Credit Facility. The balance outstanding on the Amended Credit Facility was $22,018 at December 31, 2013. Interest paid on all group debt for the year ended December 31, 2013 was $2,175.

Pursuant to the terms of the Amended Credit Facility, the Company was required to maintain a total debt/EBITDA ratio of not more than one to one for each reporting period and at the date of any additional draw.

During 2013, certain events of default occurred and continued under the Amended Credit Facility. The Lenders granted a series of forbearance agreements during 2013. Pursuant to the forbearance agreement dated August 14, 2013, the Lenders amended several terms of the Amended Credit Facility to include default interest of 2% per annum, an amendment fee of 1% added to the outstanding principal at the time and payment-in-kind interest of 1.75% to September 30, 2013, increasing to 3.75% from September 30 to December 31, 2013 and to 8.75% from December 31, 2013 until the maturity date. Payment-in-kind interest of $314 and the amendment fee of $297 were capitalized to the outstanding principal during the year ended December 31, 2013.

Although the most recently granted forbearance agreement expired on January 17, 2014, the outstanding Amended Credit Facility balance of $22,424 (including payment-in-kind interest of $407 from January 1, 2014 to March 17, 2014) was fully repaid on March 17, 2014 from the proceeds of a gold loan financing process. A gold loan of $22,500 was granted on March 17, 2014 by Auramet International LLC and will be repaid in 40 weekly installments of 458 ounces of gold commencing on April 7, 2014. The gold loan may be repaid at any time with no prepayment penalties.

The Company has experienced recurring operating losses and has a deficit of $380,405 at December 31, 2013. For the year ended December 31, 2013, the Company incurred a loss of $74,193 which includes a non-recurring loss on disposal of its non-core Brazilian exploration properties of $8,760 and impairment charges of $56,193 on its Brazilian and San Andres properties. Based on the Company's current cash flow forecasts, which reflect the current gold prices, the Company presently does not have sufficient funds or working capital to make either the required debt repayments over the next twelve months or to fund all of its planned expansion activities without a further refinancing or obtaining additional financing.

These factors raise significant doubt about the Company's ability to continue as a going concern. The Company's continuing operations are dependent upon its ability to refinance its current funding or raise additional funding to meet its obligations and attain profitable operations. Accordingly, the Company is currently evaluating a number of financing alternatives, including, but not limited to, loans and the issuance of notes in the capital markets, to meet its liquidity, debt service and capital expenditure requirements. Although management is confident that the Company will be able to refinance its current funding or secure additional financing, there are no assurances that the Company will be successful.

9. CONTRACTUAL OBLIGATIONS

For the year ended December 31, 2013 and as at the date of this MD&A, the Company has not entered into any contractual obligations that are outside of the ordinary course of business.

As at December 31, 2013, the Company's contractual obligations included the following:

		Within 1 year		2 to 3 years		4 to 5 years		Over 5 years		Total
Trade and other payables	$	35,757	$	–	$	–	$	–	$	35,757
Short-term loans and credit facility repayments		44,467		–		–		–		44,467
Finance lease repayments		2,560		202		–		–		2,762
Provision for mine closure and restoration		2,849		5,756		3,975		9,255		21,835
Other liabilities		4,269		2,911		2,893		1,857		11,930
	$	**89,902**	**$**	**8,869**	**$**	**6,868**	**$**	**11,112**	**$**	**116,751**

As of December 31, 2013, the Company had drawn $22,018 on the Credit Facility, $4,000 on the short-term promissory note at San Andres and R$45,000 (approximately $19,254) on the Serrote Bridge Loan (see *Liquidity and Capital Resources*).

As of December 31, 2013, the Company had made no capital commitments.

The above table includes the Company's estimated obligation to reclaim San Andres, Sao Francisco, Sao Vicente, and Aranzazu following completion of mining activities at those sites. The Company has engaged specialized environmental consultants familiar with the Company's operations to provide estimates of the costs necessary to comply with existing reclamation standards in Brazil, Mexico and Honduras and to estimate the Company's mine closure and restoration obligations at each location. Based on the specialists' conclusions, the total undiscounted amounts of the estimated obligations for restoration and closure of all operations, adjusted by estimated annual inflation at each location, are approximately $29,483. The amounts reflected in the above table represent the discounted amounts of the estimated obligations for restoration and closure of the operations. Ongoing reclamation costs incurred as part of normal mining operations are expensed as incurred.

The net smelter return royalty ("NSR Royalty") is payable at 1.5% on the sales from San Andres, Sao Francisco and Sao Vicente, up to a cumulative royalty amount of $16,000 commencing on March 1, 2013, provided that the cumulative amount will be extinguished by the payment in cash of: $14,350 if paid after March 31, 2013, but on or before March 31, 2014; and $15,050 if paid after March 31, 2014, but on or before March 31, 2015, and adjusted by any payments made on account of the NSR Royalty. The Company has reflected the NSR Royalty in the other liabilities line in the above table as the annual discounted expected payments.

Other contractual obligations include an underlying 1% NSR royalty on copper production from the Aranzazu Mine, when, during any calendar month, the monthly average copper price as quoted by the LME equals or exceeds $2.00 per pound, and underlying NSR's of 1.0% on gold, 0.75% on copper and 4% on all other mineral production from the Serrote Project.

10. OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as of December 31, 2013, other than certain royalty obligations in respect of Aranzazu, the Serrote Project and certain other non-core projects.

11. TRANSACTIONS WITH RELATED PARTIES

During the three months and year ended December 31, 2013, the Company did not enter into any transactions with related parties.

12. FOURTH QUARTER

Revenue for the three months ended December 31, 2013 and 2012 was $74,972 and $86,404 respectively. The Company's revenue for the fourth quarter of 2013 is comprised of sales of gold from the Company's gold mines of $64,053 and copper concentrate sales from Aranzazu of $10,919 compared to $81,469 from the gold mines and $4,935 from Aranzazu for the fourth quarter of 2012.

The 13% decrease in gold sales resulted from a 9% increase in oz sold offset by a 26% decrease in the average realized gold price per oz. The 121% increase in copper concentrate sales resulted from a 58% increase in DMT sold and a 40% increase in average realized revenue per DMT. The higher concentrate shipment revenue per DMT is due to the improvements in the off-take contracts and the arsenic levels experienced in the concentrates during the fourth quarter.

For the three months ended December 31, 2013, the Company recorded total cost of goods sold of $67,287. Cost of gold sold of $51,364 or $991 per ounce consisted of cash costs of $50,468 or $974 per ounce and non-cash depletion and amortization charges of $896 or $17 per ounce. Cost of gold sold included net realizable value write-downs of $3,348 or $65 per ounce. Cost of copper concentrate sold of $15,923 or $2,445 per DMT consisted of cash costs of $13,722 or $2,107 per DMT and non-cash costs of $2,201 or $338 per DMT. Cost of copper sold included net realizable value write-downs of $2,768 or $425 per ounce.

For the three months ended December 31, 2012, the Company recorded total cost of goods sold of $87,407. Cost of gold sold of $74,833 or $1,573 per ounce consisted of cash costs of $56,689 or $1,191 per ounce and non-cash depletion and amortization charges of $18,144 or $382 per ounce. Cost of gold sold included net realizable value write-downs of $5,348 or $103 per ounce. Cost of copper concentrate sold of $12,574 or $3,059 per DMT consisted of cash costs of $11,246 or $2,736 per DMT and non-cash costs of $1,328 or $323 per DMT. Cost of copper sold included net realizable value write-downs of $2,786 or $428 per ounce.

Other expense items for the fourth quarter of 2013 include general and administrative expenses of $5,040 (2012: $4,935) and exploration expenses of $143 (2012: $419). Additionally, for the fourth quarter of 2013, the Company recorded finance costs of $398 (2012: $1447), interest and other expense of $17 (2012: interest and other income of $17), and other losses of $3,697 (2012: other gains of $378). Loss before income taxes for the fourth quarter of 2013 was $1,525 (2012: $7,443).

For the fourth quarter of 2013, the Company recorded a loss of $11,382 or $0.05 per share. This compares to a loss of $7,814 or $0.04 per share for the fourth quarter 2012.

13. PROPOSED TRANSACTIONS

There are no ongoing or proposed asset or business acquisitions or dispositions currently under consideration.

14. CHANGES IN ACCOUNTING POLICIES

As of January 1, 2013, the Company adopted the new and amended IFRS pronouncements in accordance with the transitional provisions outlined in the respective standards as listed below.

a) New accounting standards adopted during the year

IFRS 10, *Consolidated Financial Statements*, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any its subsidiaries.

IFRS 11, *Joint Arrangements*, requires a venturer to classify its interest in a joint agreement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. The Company determined that the adoption of IFRS 11 has no impact on its consolidated financial statements.

IFRS 12, *Disclosure of Interests in Other Entities*, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The Company has concluded that this standard will have no impact on its consolidated financial statements. The Company concluded this amendment has no impact on its consolidated financial statements.

IFRS 13, *Fair Value Measurement*, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

IAS 19, *Employee Benefits*, was amended to eliminate the entity's option to defer the recognition of certain gains or losses related to post employment benefits and requires remeasurement of associated assets and liabilities in other comprehensive income. The Company reviewed its accounting policy for post employment benefits and concluded that under IAS 19, the Company would no longer be allowed to recognize an actuarial gain or loss in the consolidated statements of loss, instead the actuarial gain or loss should be recognized as part of accumulated other comprehensive income ("AOCI"), net of tax. The Company adopted these amendments retrospectively and adjusted its opening equity as at January 1, 2012 to reflect the actuarial gain or loss to AOCI.

IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The Company concluded the adoption of IFRIC 20 has no significant impact on its consolidated financial statements.

b) Accounting standards issued but not yet adopted

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2014, with earlier application permitted. The Company reviewed the new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

IFRS 9, *Financial Instruments*, addresses classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that related to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model fo rmanageing its financial instruments and the cotnractual cash flow characteristics of the impairment. For financial liabilities, the standards retains mos of the IAS 39 requirements. The main change is that, in case, whwere the fair value option is taken for financial liabilities, the part of the fair value change due to an entity's own credit risk is recorded in the other comprehensive income rather than the income statement unless this creates an accounting mismatch. The IASB has deferred the mandatory effective date for annual periods beginning on or after January 1, 2015 and has left it open pending the finalisation of the impairment and classification and measurement requirements. The Company is currently assessing the impact of this standard on its consolidated financial statements.

IFRIC 21, *Accounting for Levies Imposed by Government*, clarifies that obligating event giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payment of the levy. The standard is effective for annual periods beginning on or after January 1, 2014. The Company is still assessing the impact of this standard.

IAS 36*, Impairment of Assets*, was amended in May 2013 to make small changes to the disclosures required by IAS 36 when an impairment loss is recognized or reversed. The amendements require the disclosure of the recoverable amount of an asset or cash generating unit ("CGU") at the time an impairment loss has been recognized or reversed and detailed disclosure of how the associated FVLCD has been determined. The amendments are effective for accounting periods beginning on or after January 1, 2014 with earlier adoption permitted. The Company is currently assessing the impact of this standard on the consolidated financial statements.

15. CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities as well as the reported revenues and expenses during the reporting period. Based on historical experience, current conditions and expert advice, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. The Company's accounting policies relating to work-in-process inventory valuation, deferral of stripping costs, depletion and amortization of mineral property, plant and equipment, impairment of long-lived assets and site reclamation and closure accruals are critical accounting policies that are subject to estimates and assumptions regarding reserves, recoveries, future metal prices and future mining activities. All estimates used are subject to periodic review and are adjusted as appropriate. Life of mine plans are prepared each year, so all estimates relating to mining activities, reserves, recoveries and gold prices are re-assessed annually, or more frequently as determined by management. Different assumptions would result in different estimates and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the Financial Statements materially and involve a significant level of judgment by management.

The Company's significant accounting policies are described in note 4 to the Financial Statements for the year ended December 31, 2013. Management's critical accounting estimates are applied as follows:

a) Determination of ore reserves

The Company determines ore reserves and resources under the principles incorporated in the Canadian Institute of Mining, Metallurgy and Petroleum standards for mineral reserves and resources, known as the CIM Standards. The information is regularly compiled by Qualified Persons and reported under National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI-43-101"). Reserves and resources determined in this way are used in the calculation of depletion expense, assessment of impairment charges and the carrying values of assets, and for forecasting the timing of the payment of mine closure and restoration costs.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and resources and may, ultimately, result in reserves and resources being restated.

b) Valuation of work-in-process inventory

Leach pad inventory is comprised of ore that has been extracted from the mine and placed on the heap leach pad for further processing. Costs are added to leach pad inventory based on current mining costs and are removed from leach pad inventory as gold ounces are recovered in the plant, based on the average cost per recoverable ounce on the heap leach pad. The quantity of recoverable gold in process is an engineering estimate which is based on the expected grade and recovery of gold from the ore placed on the leach pad. The nature of the leaching process inherently limits the ability to precisely monitor inventory levels. However, the estimate of recoverable gold placed on the leach pad is reconciled to actual gold production, and the engineering estimates will be refined based on actual results over time. The ultimate recovery of gold from each heap leach pad will not be known until the leaching process is concluded.

Ore in stockpiles is comprised of ore extracted from the mine and available for further processing. Costs are added to ore in stockpiles at the current mining cost and are removed at the accumulated average cost per tonne.

c) Deferral of stripping costs

In determining whether stripping costs incurred during the production phase of a mining property relate to mineral reserves and mineral resources that will be mined in a future period and therefore should be capitalized, the Company determines whether it is probable that the future economic benefit associated with the stripping activity will flow to the Company.

d) Provisions for mine closure and restoration

The amounts recorded for mine closure and restoration obligations are based on estimates prepared by third party environmental specialists, if available, in the jurisdictions in which the Company operates or by environmental specialists within the Company. These estimates are based on remediation activities that are required by environmental laws, the expected timing of cash flows, and the pre-tax risk free interest rates on which the estimated cash flows have been discounted. These estimates also include an assumption on the rate at which the costs may inflate in future periods. Actual results could differ from these estimates. The estimates on which these fair values are calculated require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices.

e) Impairment of long-lived assets

In accordance with the Company's accounting policy, each asset or cash generating unit is evaluated at each reporting date to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating units is measured at either FVLCD or value in use, depending on the availability of relevant information.

The determination of FVLCD and value in use requires management to make estimates and assumptions about expected production and sales volumes, metals prices, reserves, operating costs, mine closure and restoration costs, future capital expenditures and appropriate discount rates for future cash flows. The estimates and assumptions are subject to risk and uncertainty, and as such there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of income.

1. Impairment of Brazillian mines

At December 31, 2012, the Company recorded an impairment charge relating to its Sao Francisco mine and an impairment reversal in relation to its Sao Vicente mine. These impairment models are highly sensitive to changes in the gold price.

During the six months ended June 30, 2013, the consensus gold price declined significantly to below the gold price assumptions for 2013 and 2014 used in the most recent annual impairment tests. This was considered to be an impairment indicator.

The Company conducted an impairment analysis whereby the carrying values of the property, plant and equipment, including mineral properties, of the Sao Francisco and Sao Vicente Mines were compared to the Brazilian Mines' fair values using the value-in-use methodology. The estimated future cash flows utilized in the value-in-use cash flow models incorporated the Company's best estimates of future gold production based on the new mine plans developed, consensus gold prices, estimates of operating costs and residual values and fluctuations in the exchange rates between the United States dollar and the Brazilian real. The Company utilized a gold price of $1,300 per ounce over the remaining economic years of the Sao Francisco and Sao Vicente life-of-mine plans and discounted these cash flows using a 12% discount rate, which was based on the Company's tax effected weighted average cost of capital, in order to obtain the estimated fair values of the Brazilian Mines. 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 the long-lived assets of the Sao Francisco Mine were impaired as at June 30, 2013 and, as a result, the Company recorded an impairment charge of $16,021 on the property, plant and equipment, which resulted in a reduction in the value of mineral properties of $4,725 and a reduction in the value of plant and machinery of $11,296. The Company concluded that no further impairment was required for the long-lived assets of the Sao Vicente Mine.

Sensitivity analyses to factors which have the most significant impact were also performed for the impairment test. Certain scenarios were reviewed where key inputs were changed: gold price (+/- 5%) and the discount rate (+/- 1%). While an increase in the gold price by 5% would reduce the impairment charge by $3,845, a decrease in the gold price would result in an increase in the impairment of $3,845. The change in the discount rate would not have any material impact on the impairment assessment.

During the six months ended December 31, 2013, the consensus gold price and other indicators of impairment did not change significantly, and therefore no further impairments, or reversals of previously recorded impairments, have been recorded on the Sao Francisco or Sao Vicente Mines.

2. Impairment of San Andres mine

During the six months ended June 30, 2013, the consensus gold price declined significantly to below the overall gold price assumptions used in the Company's life-of-mine forecast for the San Andres Mine. This was considered to be an impairment indicator.

The Company conducted an impairment analysis whereby the carrying values of the property, plant and equipment, including mineral properties, of the San Andres Mine were compared to the mine's fair values using the value-in-use methodology. The estimated future cash flows utilized in the value-in-use cash flow models incorporated the Company's best estimates of future gold production based on the new mine plans developed, consensus gold prices, estimates of operating costs and residual values and fluctuations in the exchange rates between the United States dollar and the Honduran lempira. The Company utilized a gold price of $1,300 per ounce over the remaining economic years of the Sao Andres life-of-mine plans and discounted these cash flows using a 12% 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 San Andres 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 the long-lived assets of the San Andres Mine were impaired as at June 30, 2013 and, as a result, the Company recorded an impairment charge of $40,172 on the property, plant and equipment, which resulted in a reduction in the value of mineral properties of $30,345 and a reduction in the value of plant and machinery of $9,827.

Sensitivity analyses to factors which have the most significant impact on the impairment test were also performed for the impairment test. Certain scenarios were reviewed where key inputs were changed: gold price (+/- 5%) and the discount rate (+/-1%). An increase in the gold price by 5% would result in a decrease in the impairment charge of $29,166, a decrease in the gold price by 5% would result in an increase to the impairment charge by $18,456. The increase or decrease of 1% in the discount rate utilized would change the impairment charge by $2,377 and $8,611, respectively, due to the timing of the estimated cash flows.

During the six months ended December 31, 2013, the consensus gold price and other indicators of impairment did not change significantly, therefore no further impairments, or reversals of previously recorded impairments, have been recorded on the San Andres Mine.

16. FINANCIAL INSTRUMENTS AND DERIVATIVES

Financial instruments

Financial instruments that potentially subject the Company to interest rate and credit risk consist of cash and cash equivalents, derivative contracts, accounts receivable, and long-term debt. In order to manage credit risk, the Company deposits cash and cash equivalents with high credit quality financial institutions.

The Company's credit risk is limited to trade receivables and derivative contracts in the ordinary course of business and the quality of its financial investments. At Aranzazu, as of December 31, 2013, the Company's trade accounts receivable balance is due from two customers. The Company believes that its credit risk exposure on sales of concentrate is limited as the Company sells its product to large, international purchasers with high credit ratings.

The sale of gold is at spot prices in world markets. Also, as cash receipts following gold sales are usually at same-day value, the Company does not consider credit risk associated with gold sales to be a significant risk. Furthermore, the Company maintains separate and sufficient insurance and requires the transporters of its gold doré and the refiners to carry sufficient insurance to prevent loss during transportation or the refining process.

The Company is subject to price risk from fluctuations in market prices of gold, copper and other metals. In addition, in respect of metals in concentrate, there is a time lag between the time of initial payment on shipment and final settlement pricing, and changes in the price of gold, copper and other metals during this period impact the Company's revenues and working capital position. As at December 31, 2013, the Company has no outstanding hedge contracts for copper concentrate or gold production.

Foreign exchange

As the Company's primary operating activities are in Honduras, Mexico and Brazil, foreign exchange risk exposures arise from transactions denominated in foreign currencies. Financial instruments that impact the Company's loss or other comprehensive gain (loss) due to currency fluctuations include: cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities denominated in Canadian dollars, Honduran lempiras, Brazilian reais and Mexican pesos. The Company's net revenues from its Honduran, Brazilian and Mexican operations, including treatment charges and royalties are substantially denominated in United States dollars, however, the majority of all other operating expenses are in Honduran lempiras, Brazilian reais and Mexican pesos, respectively.

At December 31, 2013, the Company had cash and cash equivalents of $15,359, of which $627 was held in Canadian dollars, $6,430 in United States dollars, $5,833 in Brazilian reais, $1,923 in Honduran lempiras, and $546 in Mexican pesos, which are subject to foreign currency fluctuations. Accordingly, depending upon the timing of expenditures and receipts at San Andres, the Brazilian Mines, and Aranzazu, the Company could be exposed to currency risk due to significant fluctuations in the Honduran lempira, Mexican peso, Brazilian real, or Canadian dollar.

Foreign currency contracts

The Company enters into foreign currency contracts from time to time to mitigate its exposure to fluctuations in the Brazilian real against the United States dollar. These derivative instruments are not designated as hedges by the Company and are marked to their market values at the end of each reporting date.

During 2012, the Company entered into the following contracts:

a) Forward contract to hedge against the risk of an increase in the value of the Brazilian real versus United States dollar. Currency contracts totalling Brazillian real $11,900 at an average rate of 1.9848 Brazillian real to United States dollar were entered into for October 2012 through March 2013. At December 31, 2012, forward contracts totalling $3,000 were outstanding.

b) Foreign currency contracts in the form of zero-cost collars totalling $40,000 with a put/floor of 1.9000 Brazilian real to the United States dollar and a call/ceiling of 2.1750 Brazilian real to the United States dollar from June 2012 to May 2013. At December 31, 2012, zero-cost collars totalling $15,000 were outstanding.

The Company's derivative liabilities related to the foreign currency contracts as at December 31, 2013 and 2012 were $nil and $182, respectively. For the year ended December 31, 2013, the Company recognized an unrealized loss of $182 and a realized gain of $4 (2012: unrealized loss of $182 and a realized gain of $671, respectively).

At December 31, 2013, the Company did not have any foreign currency contracts outstanding.

Copper collar contracts

In 2011, the Company entered into derivative contracts to manage price risk for a total of 60 tonnes (spread equally over 26 months at 230.8 tonnes per month) of copper production from the Aranzazu Mine between May 1, 2012 and June 30, 2013. The derivative instruments entered into were in the form of zero-cost put/call collars with a floor price of $3.25 per pound and a ceiling price of $5.08 per pound.

During the year ended December 31, 2012, put/call collars expired unexercised leaving 1,384.8 tonnes of copper hedged to June 30, 2013. These put/call collars expired during 2013.

These derivative instruments are not designated as hedges by the Company and are marked to their market values at the end of each reporting date.

The Company's derivative assets related to the copper collar contracts as at December 31, 2013 and 2012 were $nil and $125, respectively. For the year ended December 31, 2013, the Company recognized an unrealized loss of $125 and a realized gain of $37 (2012: unrealized loss of $1,947).

At December 31, 2013, the Company did not have any copper collar contracts outstanding.

Gold collar and fixed price contracts

During the year ended December 31, 2013 and 2012, the Company entered into the following gold collars and fixed price contracts:

a) The Company hedged a total of 22,500 ounces of gold between September 1, 2013 and November 30, 2013. The derivative instruments entered into were in the form of fixed price contracts at an average price of $1,368 per ounce of gold. As of December 31, 2013, these contracts were exercised and the Company had no outstanding fixed price contracts.

b) In connection with the implementation of the new mine plans at the Brazilian Mines, the Company entered into contracts to hedge a total of 80,000 ounces of gold between April 1, 2012 and June 30, 2014. The derivative instruments entered into were in the form of zero-cost put/call collars with a floor price of $1,700 per ounce of gold and an average ceiling price of $1,812 per ounce of gold. The Company's derivative assets related to the gold collar contracts as at December 31, 2013 and 2012 were $nil and $2,265, respectively.

These derivative instruments are not designated as hedges by the Company, and are marked to their market values at the end of each reporting date.

For the year ended December 31, 2013, the Company recognized an unrealized loss of $2,265 and a realized gain of $16,844 (2012: an unrealized gain of $2,265 and a realized gain of $1,857).

At December 31, 2013, the Company did not have any gold collar and fixed price contracts outstanding.

17. CORPORATE GOVERNANCE

The Company's Board and its committees substantially follow the recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The current Board is comprised of six individuals, five of whom are neither executive officers nor employees of the Company and are unrelated in that they are independent of management. The Audit Committee is currently comprised of three directors who are independent of management.

The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual consolidated financial statements prior to their submission to the Board for approval. The Audit Committee meets with management quarterly to review the consolidated financial statements including the MD&A and to discuss other financial, operating and internal control matters. The Company also retains external auditors to perform quarterly reviews of its interim consolidated financial statements and audit its annual consolidated financial statements.

18. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for designing and maintaining adequate internal controls over financial reporting ("ICFR"), under the supervision of the CEO and CFO, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with IFRS. Management is also responsible for the design and effectiveness of disclosure controls and procedures ("DC&P"), under the supervision of the CEO and CFO, to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. Based on a review of the ICFR and DC&P as of

December 31, 2013 and ongoing review and monitoring of these procedures, and as there were no changes in ICFR or DC&P in the three months ended December 31, 2013 which have materially affected or are reasonably likely to materially affect ICFR or DC&P, management of the Company believes its internal controls and procedures are appropriately designed and effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner, and that material information relating to the Company is made known to them.

19. NON-GAAP PERFORMANCE MEASURES

In this MD&A, the Company has included the average cash cost per oz of gold, average cash cost per payable pound of copper and operating cash flow which are non-GAAP performance measures. These non-GAAP measures do not have any standardized meaning within IFRS and therefore may not be comparable to similar measures presented by other companies. The Company believes that these measures provide investors with additional information which is useful in evaluating the Company's performance and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Average cash cost per oz of gold or per payable pound of copper is presented as it represents an industry standard method of comparing certain costs on a per unit basis. Total cash cost of gold produced includes on-site mining, processing, administration costs, off-site refining and royalty charges, reduced by silver by-product credits, but excludes amortization, reclamation, and exploration costs, as well as capital expenditures. Total cash cost of gold produced is divided by oz produced to arrive at cash cost per oz. Similarly, total cash cost of copper produced includes the above costs, and is net of gold and silver by-products, but includes offsite treatment and refining charges. Total cash cost of copper produced is divided by payable pounds of copper produced to arrive at an average cash cost per payable pound.

The following table provides a reconciliation from the Financial Statements to average cash cost per oz of gold produced:

(In thousands of dollars except for ounces of gold produced and average cash cost per ounce)	**For the three months ended December 31, 2013**	For the three months ended December 31, 2012	**For the year ended December 31, 2013**	For the year ended December 31, 2012
Cost of goods sold	**$ 51,365**	$ 76,453	**$ 274,676**	$ 273,613
Less: Depletion and amortization	**(897)**	(18,144)	**(44,721)**	(50,244)
Inventory movements and adjustments	**2,144**	1,976	**11,401**	9,356
Total cash cost	**$ 52,612**	$ 60,285	**$ 241,356**	$ 232,725
Gold ounces produced	**48,506**	50,256	**206,956**	173,263
Average cash cost per ounce of gold produced	**$ 1,085**	$ 1,201	**$ 1,166**	$ 1,353

The following table provides a reconciliation from the Financial Statements to the average cash cost per pound of payable copper produced:

(In thousands of dollars except for pounds of payable copper produced and average cash cost per payable pound of copper)	**For the three months ended December 31, 2013**	For the three months ended December 31, 2012	**For the year ended December 31, 2013**	For the year ended December 31, 2012
Cost of goods sold	**$ 15,922**	$ 12,574	**$ 61,893**	$ 49,113
Less: Depletion and amortization	**(2,202)**	(1,328)	**(9,853)**	(7,067)
Inventory movements and adjustments	**(138)**	1,165	**5,893**	1,427
Cash production costs	**$ 13,582**	$ 12,411	**$ 57,933**	$ 43,473
Less: Estimated by-product credits	**(3,106)**	(3,929)	**(14,111)**	(16,665)
Plus: Estimated selling costs	**3,759**	3,494	**12,684**	13,056
Total cash costs net of by-product credits	**$ 14,235**	$ 11,976	**$ 56,506**	$ 39,864
Payable copper pounds produced	**3,631,449**	2,223,100	**13,615,949**	10,980,100
Average cash cost pound of payable copper produced	**$ 3.92**	$ 5.42	**$ 4.15**	$ 3.63

Operating cash flow is the term the Company uses to describe the cash that is generated from operations excluding depletion and amortization, stock based compensation and impairment charges.

The following table reconciles the Financial Statements to the operating cash flow:

	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sept 30, 2012	Jun 30, 2012	Mar 31, 2012
Operating gain (loss)	$ 2,503	$ (4,181)	$ (75,694)	$ (11,337)	$ (6,357)	$ (1,112)	$ (13,469)	$ (20,665)
Add back:								
Depletion and amortization	2,974	13,667	18,673	19,543	19,686	10,858	14,677	12,997
Depletion and amortization portion of inventory NRV adjustment	16,458	3,581	11,583	2,732	5,821	7,829	1,328	3,145
Share based payments	178	312	373	529	378	472	703	2,026
Loss on disposal - Intangible assets	-	8,760	-	-	-	-	-	-
Impairment charge - Brazilian Mines	-	-	16,021	-	-	-	-	-
Impairment charge - San Andres Mine	-	-	40,172	-	-	-	-	-
Operating cash flow	$ 22,113	$ 22,139	$ 11,128	$ 11,467	$ 19,528	$ 18,047	$ 3,239	$ (2,497)

20. RISK FACTORS

The operations of the Company contain significant risk due to the nature of mining, exploration and development activities. For details of these risks, please refer to the risk factors set forth in the Company's AIF which could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

21. DISCLOSURE OF SHARE DATA

As at March 26, 2014, the Company had the following outstanding: 228,458,106 common shares, 20,523,334 stock options and 192,188 restricted share units.

22. CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A, and the documents incorporated by reference, contain certain "forward-looking information" and "forward-looking statements", as defined in applicable securities laws (collectively, "forward-looking statements"). All statements other than statements of historical fact are forward-looking statements. Forward-looking statements relate to future events or future performance and reflect the Company's current estimates, predictions, expectations or beliefs regarding future events and include, without limitation, statements with respect to: the economic viability of a project; strategic plans, including the Company's plans with respect to its San Andres, Aranzazu, Sao Vicente, Sao Francisco Mines and the Serrote development project; the amount of mineral reserves and mineral resources; the amount of future production over any period; the amount of waste tonnes mined; the amount of mining and haulage costs; cash costs; operating costs; strip ratios and mining rates; expected grades and ounces of metals and minerals; expected processing recoveries; expected time frames; prices of metals and minerals; mine life; and gold hedge programs. Often, but not always, forward-looking statements may be identified by the use of words such as “expects”, “anticipates”, “plans”, “projects”, “estimates”, “assumes”, “intends”, “strategy”, “goals”, “objectives” or variations thereof or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements in this MD&A are based upon, without limitation, the following estimates and assumptions: the presence of and continuity of metals at the Company’s projects at modeled grades; gold and copper price volatility; the capacities of various machinery and equipment; the availability of personnel, machinery and equipment at estimated prices; exchange rates; metals and minerals sales prices; appropriate discount rates; tax rates and royalty rates applicable to the mining operations; cash costs; anticipated mining losses and dilution; metals recovery rates, reasonable contingency requirements; our expected ability to develop adequate infrastructure and that the cost of doing so will be reasonable; our expected ability to develop our projects including financing such projects; and receipt of regulatory approvals on acceptable terms.

Known and unknown risks, uncertainties and other factors, many of which are beyond the Company’s ability to predict or control could cause actual results to differ materially from those contained in the forward-looking statements. Specific reference is made to the Company’s most recent AIF for a discussion of some of the factors underlying forward-looking statements, which include, without limitation, gold and copper or certain other commodity price volatility, changes in debt and equity markets, the uncertainties involved in interpreting geological data, increases in costs, environmental compliance and changes in environmental legislation and regulation, interest rate and exchange rate fluctuations, general economic conditions, political stability and other risks involved in the mineral exploration and development industry. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.