Aura Minerals Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2015 and 2014

(Unaudited)

NOTICE TO READER – FROM AURA MINERALS INC.

The unaudited condensed interim consolidated financial statements of Aura Minerals Inc. including the accompanying condensed interim consolidated statements of financial position as at March 31, 2015, the condensed interim consolidated statements of loss, comprehensive loss and cash flows for the three months ended March 31, 2015 and the condensed interim consolidated statements of change in equity for the three months ended March 31, 2015 are the responsibility of the Company's management.

The unaudited condensed interim consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgements and estimates necessary to prepare the unaudited condensed interim financial statements in accordance with International Financial Reporting Standards for interim consolidated financial statements. The independent auditor of the Company has not performed a review of these unaudited condensed interim consolidated financial statements for the three months ended March 31, 2015.

Condensed Interim Consolidated Statements of Loss

For the three months ended March 31, 2015 and 2014

Expressed in thousands of United States dollars

(Unaudited)

For the three months ended March 31,	**Note**		**2015**		2014
Revenue	9	**$**	**48,205**	$	65,027
Cost of goods sold	10		**48,119**		66,683
Gross margin (loss)			**86**		(1,656)
General and administrative expenses	11		**2,618**		3,535
Exploration expenses			**147**		218
Operating loss			**(2,679)**		(5,409)
Finance costs			**(850)**		(3,118)
Other gains (losses)			**907**		(1,085)
Loss before income taxes			**(2,622)**		(9,612)
Income tax (expense) recovery			**(3,286)**		539
Loss for the period		**$**	**(5,908)**	$	(9,073)
Loss per share:					
Basic and diluted		**$**	**(0.03)**	$	(0.04)
Weighted average number of common shares outstanding:					
Basic and diluted			**228,525,305**		228,458,106

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

Expressed in thousands of United States dollars

For the three months ended March 31,		2015		2014
Loss for the period	**$**	**(5,908)**	$	(9,073)
Other comprehensive loss				
(Loss) gain on foreign exchange translation of subsidiaries		**(3,171)**		870
Actuarial gain on post employment benefit, net of tax		**20**		242
Other comprehensive (loss) income, net of tax		**(3,151)**		1,112
Total comprehensive loss for the period	**$**	**(9,059)**	$	(7,961)

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

Aura Minerals Inc.

Condensed Interim Consolidated Statements of Cash Flows

For the three months ended March 31, 2015 and 2014

Expressed in thousands of United States dollars

(Unaudited)

For the three months ended March 31,	Note	2015	2014
Cash flows from operating activities			
Loss for the period		**$ (5,908)**	$ (9,073)
Items not affecting cash	12 (a)	**11,289**	15,638
Changes in non-cash working capital	12 (b)	**(4,476)**	(2,290)
Other assets and liabilities		**346**	1,292
Net cash generated by operating activities		**1,251**	5,567
Cash flows from investing activities			
Purchase of property, plant and equipment		**(4,089)**	(3,381)
Proceeds from sale of fixed assets		**21**	85
Net cash used in investing activities		**(4,068)**	(3,296)
Cash flows from financing activities			
Proceeds received from gold loan	7 (b)	**–**	22,500
Repayment of gold loans	7 (b)	**(2,910)**	–
Repayment of credit facility	7 (c)	**–**	(22,425)
Repayment of short-term loans		**(1,539)**	(2,900)
Draw down of short-term loans	7 (a) (ii)	**2,160**	–
Repayment of other provisions		**–**	(1,830)
Increase in restricted cash	13 (b)	**–**	(1,500)
Repayment of other liabilities		**(734)**	(1,005)
Interest paid on debt		**(701)**	(926)
Finance lease payments		**(224)**	(823)
Net cash used by financing activities		**(3,948)**	(8,909)
Decrease in cash and cash equivalents		**(6,765)**	(6,638)
Cash and cash equivalents, beginning of the period		**7,831**	15,359
Cash and cash equivalents, end of the period		**$ 1,066**	$ 8,721

Supplementary cash flow information (note 12(c))

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

Aura Minerals Inc.

Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2015 and December 31, 2014

Expressed in thousands of United States dollars

(Unaudited)

	Note		March 31, 2015		December 31, 2014
ASSETS					
Current					
Cash and cash equivalents		**$**	**1,066**	$	7,831
Trade and other receivables	3		**14,625**		15,638
Inventory	4		**42,690**		46,126
Other current assets			**5,652**		4,769
			64,033		74,364
Other long-term assets			**8,053**		8,961
Property, plant and equipment	5		**89,128**		91,548
Deferred income tax assets			**581**		4,619
		$	**161,795**	$	179,492
LIABILITIES					
Current					
Trade and other payables	6	**$**	**41,935**	$	43,949
Debts	7		**27,349**		31,433
Current portion of provision for mine closure and restoration			**309**		309
Current portion of other liabilities			**2,812**		3,082
			72,405		78,773
Deferred income tax liabilities			**595**		2,696
Provision for mine closure and restoration			**18,383**		17,914
Other provisions			**5,881**		6,154
Other liabilities			**5,586**		6,016
			102,850		111,553
SHAREHOLDERS' EQUITY					
Share capital	8		**537,684**		537,684
Contributed surplus			**54,227**		54,162
Accumulated other comprehensive income			**(4,059)**		(888)
Deficit			**(528,907)**		(523,019)
			58,945		67,939
		$	**161,795**	$	179,492

Nature of operations and going concern (note 1)
Subsequent events (note 17)

Approved on behalf of the Board of Directors:

"Elizabeth Martin" *"James M. Bannantine"*

Elizabeth Martin, Director **James M. Bannantine, Director**

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

Expressed in thousands of United States dollars

	Note	Number of common shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total equity
At December 31, 2014		**228,525,305**	**$ 537,684**	**$ 54,162**	**$ (888)**	**$ (523,019)**	**$ 67,939**
Loss for the period		–	–	–	–	(5,908)	(5,908)
Loss on translation of subsidiaries		–	–	–	(3,171)	–	(3,171)
Actuarial gain on severance liability, net of tax		–	–	–	–	20	20
Share-based payments	8 (c)	–	–	65	–	–	65
At March 31, 2015		**228,525,305**	**$ 537,684**	**$ 54,227**	**$ (4,059)**	**$ (528,907)**	**$ 58,945**

	Note	Number of common shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total equity
At December 31, 2013		**228,458,106**	**$ 537,603**	**$ 53,605**	**$ 1,142**	**$ (380,405)**	**$ 211,945**
Loss for the period		–	–	–	–	(9,073)	(9,073)
Gain on translation of subsidiaries		–	–	–	870	–	870
Actuarial gain on severance liability, net of tax		–	–	–	–	242	242
Warrants issued to accompany gold loan	7 (b)	–	–	90	–	–	90
Share-based payments		–	–	210	–	–	210
At March 31, 2014		**228,458,106**	**$ 537,603**	**$ 53,905**	**$ 2,012**	**$ (389,236)**	**$ 204,284**

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

1 NATURE OF OPERATIONS AND GOING CONCERN

Aura Minerals Inc. ("Aura Minerals" or the "Company") is a mining company focused on the operation and development of mining properties in the Americas. The Company's mining operations and projects are:

- a 100% interest in the San Andres gold mine in Honduras (the "San Andres Mine");
- a 100% interest in the Sao Francisco gold mine in Brazil. During the year ended December 31, 2014, the Company disposed of the assets and liabilities of the Sao Vicente gold mine in Brazil . Both Brazilian mines are referred to collectively as the "Brazilian Mines";
- a 100% interest in the Aranzazu mine in Mexico (the "Aranzazu Mine"), which produces a copper-gold-silver concentrate and is currently on care-and-maintenance (note 5); and
- a 100% interest in the development-stage copper, gold and iron ore Serrote de Laje project in Brazil (the "Serrote Project").

Aura Minerals is a public company with shares listed on the Toronto Stock Exchange. The Company is incorporated under the federal laws of Canada, and its head office and registered address is 155 University Avenue, Suite 1240, Toronto, Ontario, Canada, M5H 3B7.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has experienced recurring operating losses and has an accumulated deficit of $528,907 at March 31, 2015. For the three months ended March 31, 2015, the Company incurred a net loss of $5,908. Based on the Company's current cash flow forecasts, which reflect current commodity prices, the Company does not have sufficient funds or working capital to achieve the required debt repayments over the next twelve months without refinancing or obtaining additional financing. Aranzazu's operating company, Aranzazu Holding S.A. de C.V., filed for administrative proceedings under the Mexican Commercial Bankruptcy Law, which was approved by the Mexican Federal Court on May 4, 2015.

These factors may lend significant doubt to the Company's ability to continue as a going concern. The Company's continued operation is dependent upon its ability to refinance its current funding or raise additional funding to meet its obligations and attain profitable operations. Although management is confident that the Company will be able to refinance its current funding or raise additional financing, there are no assurances that the Company will be successful. These consolidated financial statements do not include the adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

2 BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements of Aura Minerals for the three months ended March 31, 2015 have been prepared in accordance with the International Financial Reporting Standards and Interpretations (collectively, "IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statments, including IAS34, *"Interim Financial Reporting."*

These unaudited condensed interim consolidated financial statements follow the same accounting policies and methods of application, and should be read in conjunction with, the audited annual consolidated financial statments of the Company for the year ended December 31, 2014. These unaudited condensed interim consolidated financial statments do not include all the information and note disclosures required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2014.

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

These financial statements were approved for issue by the board of directors effective May 11, 2015.

3 TRADE AND OTHER RECEIVABLES

		March 31, 2015		December 31, 2014
Trade accounts receivable	**$**	**539**	$	2,305
Value added taxes receivable		**20,259**		20,317
Other receivables		**202**		153
Total trade and other receivables	**$**	**21,000**	$	22,775
Less: non-current portion of value added taxes receivable		**(6,375)**		(7,137)
Trade and other receivables recorded as current assets	**$**	**14,625**	$	15,638

As of March 31, 2015 and December 31, 2014, none of the Company's trade and other receivables were impaired.

4 INVENTORY

		March 31, 2015		December 31, 2014
Finished product	**$**	**18,044**	$	19,781
Work-in-process		**7,340**		8,955
Parts and supplies		**17,306**		17,390
Total inventory		**42,690**		46,126

During the three months ended March 31, 2015 the cost of inventories recognized as an expense (note 10) was $48,119 (2014: $66,683). The cost of inventory during the three months ended March 31, 2015 includes write-downs of $4,868 (2014: $5,551) to bring finished product and work-in-process inventories to net realizable value.

5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment movements for the three months ended March 31, 2015 and for the year ended December 31, 2014 are as follows:

		Mineral properties		**Land and buildings**		**Furniture, fixtures and equipment**		**Plant and machinery**		**Assets under construction**		**Total**
Net book value at January 1, 2015	**$**	**58,623**	**$**	**28,407**	**$**	**1,612**	**$**	**829**	**$**	**2,077**	**$**	**91,548**
Additions		3,183		19		15		–		1,998		**5,215**
Disposals		–		–		–		(42)		–		**(42)**
Depletion and amortization		(1,170)		(425)		(116)		(134)		–		**(1,845)**
Adjustment on currency translation		(2,456)		(3,102)		(41)		–		(149)		**(5,748)**
Net book value at March 31, 2015	**$**	**58,180**	**$**	**24,899**	**$**	**1,470**	**$**	**653**	**$**	**3,926**	**$**	**89,128**
Consisting of:												
Cost		165,864		58,449		11,811		85,023		3,926		**325,073**
Accumulated depletion and amortization		(107,684)		(33,550)		(10,341)		(84,370)		–		**(235,945)**
	$	**58,180**	**$**	**24,899**	**$**	**1,470**	**$**	**653**	**$**	**3,926**	**$**	**89,128**

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

	Mineral properties	Land and buildings	Furniture, fixtures and equipment	Plant and machinery	Assets under construction	Total
Net book value at January 1, 2014	$ 141,738	$ 42,626	$ 3,776	$ 36,207	$ 4,415	$ 228,762
Additions	16,210	49	102	1,022	4,828	**22,211**
Change in provision for mine closure and restoration	2,891	–	–	–	–	**2,891**
Reclassifications and adjustments	1,565	1,414	(532)	779	(3,465)	**(239)**
Disposals	–	(568)	(618)	(3,722)	–	**(4,908)**
Depletion and amortization	(11,723)	(4,377)	(900)	(6,643)	–	**(23,643)**
Impairment charges	(90,210)	(8,443)	(232)	(26,814)	(3,622)	**(129,321)**
Adjustment on currency translation	(1,848)	(2,294)	16	–	(79)	**(4,205)**
Net book value at December 31, 2014	**$ 58,623**	**$ 28,407**	**$ 1,612**	**$ 829**	**$ 2,077**	**$ 91,548**
Consisting of:						
Cost	165,137	61,532	11,837	85,065	2,077	**325,649**
Accumulated depletion and amortization	(106,514)	(33,125)	(10,225)	(84,236)	–	**(234,100)**
	$ 58,623	**$ 28,407**	**$ 1,612**	**$ 829**	**$ 2,077**	**$ 91,548**

For the three months ended March 31, 2015, depletion and amortization expenses of $1,780 (2014: $8,441) have been charged to cost of goods sold, and $65 (2014: $212) have been charged to general and administrative expenses.

For the three months ended March 31, 2015, the impairment indicators included in the consolidated financial statements as of December 31, 2014, note 10, did not change significantly, and therefore no further impairments or reversals of previously recorded impairments have been recorded on the Company's Aranzazu Mine.

6 TRADE AND OTHER PAYABLES

	March 31, 2015	December 31, 2014
Trade accounts payable	**$ 23,657**	$ 21,543
Other payables	**2,831**	7,671
Taxes payables	**8,885**	7,302
Accrued liabilities	**4,015**	5,078
Deferred revenue	**2,547**	2,355
	$ 41,935	$ 43,949

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

7 DEBTS

		March 31, 2015		December 31, 2014
Short-term loans (note 7 (a))	**$**	**11,743**	$	13,662
Gold loan (note 7 (b))		**14,210**		16,151
Finance leases (note 7 (d))		**1,396**		1,620
	$	**27,349**	$	31,433

a) Short-term loans

i) Short-term promissory note

On December 4, 2014, the Company, through its wholly-owned subsidiary, Minerales de Occidente, S.A. de C.V. (“Minosa”) received approval for a $4,300 short-term promissory note (the “Promissory Note”) from Banco de Occidente, S.A. (“Banco Occidente”). The Promissory Note bears an annual interest rate of 7.5% with a maturity date of December 4, 2016. As at March 31, 2015, Minosa had drawn $2,160 from the Promissory Note and paid interest of $15.

***0ii)* Bridge Loan**

On February 25, 2013, the Company, through its wholly-owned subsidiary, Mineracao Vale Verde Ltda, received an advance of approximately $20,000 (Brazilian Reais 45,000) from Banco Itau BBA S.A. (the “Itau bridge loan”) to finance the development of the Serrote Project. The Itau bridge loan bears interest at the Interbank Deposit Rate plus 5.3% and originally matured on July 31, 2013. The Company has obtained a series of extensions for the repayment of the debt.

During three months ended March 31, 2015, the Company has repaid $1,539 (Brazilian Reais 4,938) of the outstanding principal and incurred interest expenses of $477 (2014: $610), which have been capitalized to the Serrote qualifying asset.

As at March 31, 2015, the outstanding balance on the Itau bridge loan was $9,583 (Brazilian Reais 30,745) (December 31, 2014: $13,652 (Brazilian Reais 35,600)).

b) Gold Loans

		March 31, 2015		December 31, 2014
Balance, beginning of period	**$**	**16,151**	$	–
Proceeds from gold loans, net of warrants issued		**–**		37,910
Repayments during the period		**(2,910)**		(22,997)
Changes in fair value		**969**		1,238
Balance, end of period	**$**	**14,210**	$	16,151

On March 17, 2014, the Company obtained a $22,500 loan (the “Gold Loan”) from Auramet International LLC, a subsidiary of Auramet Trading LLC (“Auramet”). The proceeds of the Gold Loan were used to settle the Company’s entire outstanding obligations pursuant to the Company’s Amended Credit Facility (See Note 12 (c)). The Gold Loan was to be repaid in 40 weekly installments of 458 ounces of gold which payments commenced on April 7, 2014. The Gold Loan could be repaid at any time with no repayment penalties.

In partial consideration for the Gold Loan, the Company issued 4,500,000 non-transferable common share purchase warrants toAuramet, with each warrant entitling the holder thereof to acquire one common share of the Company. Each Warrant has an exercise price of $0.36 and an expiry date of twelve months from issuance. The warrants were issued on March 17, 2014 and fair valued at $90.

The Gold Loan was recorded at $22,410 at initial recognition, which was equal to the fair value of 18,320 ounces of gold deliverable, net of warrants issued. The Company has designated the Gold Loan as a financial liability to be measured at fair value through profit or loss ("FVTPL") and to be marked-to-market at each period end with changes in fair value recorded as other gains and losses.

On December 2, 2014, the Company obtained an additional $15,500 gold loan (the "Second Gold Loan") from Auramet. The proceeds of the Second Gold Loan are being used for the Company's working capital requirements. The Second Gold Loan is to be repaid in 50 weekly installments of 305 ounces of gold, which payments commenced on February 13, 2015. Similar to the Gold Loan, the Second Gold Loan may be repaid at any time with no repayment penalties.

In partial consideration for the Second Gold Loan, the Company issued 4,500,000 non-transferable common share purchase warrants toAuramet, with each warrant entitling the holder thereof to acquire one common share of the Company. Each Warrant has an exercise price of $0.11 and an expiry date of twelve months from issuance. The warrants were issued on December 2, 2014 and fair valued at $57. The warrants issued in connection with the Gold Loan were cancelled on that date.

The Second Gold Loan was recorded at $16,355 at initial recognition, which was equal to the fair value of 15,250 ounces of gold deliverable, net of warrants issued. The Company has designated the Second Gold Loan as a financial liability to be measured at FVTPL and to be marked-to-market at each period end with changes in fair value recorded as other gains and losses.

During the the three months ended March 31, 2014, $566 of transaction costs in respect of the Gold Loan have been included within finance costs on the consolidated statements of loss.

During the three months ended March 31, 2015 the Company recorded total mark-to-market losses of $969 (2014: $256) on these Gold Loans.

The Second Gold Loan requires the Company to maintain a cash and cash equivalent balance of $3,000 at all times, with a 15 day period of grace to correct the balance if it is below this minimum cash balance. As at March 31, 2015, the Company was in compliance with the minimum cash balance requirement as the minimum cash balance level was achieved within 15 days of the quarter end. A waiver was however requested, and received, from Auramet in respect of Aranzazu Holding S.A. de C.V. filing for administration proceedings in March 2015; this is a condition of default under the Second Gold Loan agreement.

Subsequent to March 31, 2015, the Company has delivered 1,220 ounces of gold in payment of the Second Gold Loan valued at $1,450.

c) Credit Facility

On March 18, 2011, the Company entered into an agreement for a $25,000 revolving credit facility (the "Credit Facility") with Barclays Bank PLC to finance both the working capital at the Aranzazu Mine and also for general corporate expenditure requirements.

On May 10, 2012, the Company entered into an amended Credit Facility (the "Amended Credit Facility") pursuant to which Credit Suisse AG was added as a lender to the Company. Under the Amended Credit Facility, the maturity date was extended from June 30, 2013 to June 30, 2014. The revolving credit available to the Company was increased from $25,000 to $45,000, but was to be reduced by $3,750 per quarter from June 30, 2013 to March 31, 2014. All other terms and conditions remained unchanged from the Credit Facility, except for the interest margin which increased from 2.75% over LIBOR to 3.25% over LIBOR, the arrangement fee which increased to 1.75% from 1.5%, and the standby fee on undrawn funds which increased from 1.0% to 1.5% per annum. 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.

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

During 2013, certain events of default occurred and continued under the Amended Credit Facility. The lenders granted a series of forbearance agreements during 2013 which included increases to interest rates, amendment fees and payment-in-kind interest. The outstanding Amended Credit Facility balance of $22,425, including payment-in-kind interest from January 1, 2014 to March 17, 2014, was fully repaid on March 17, 2014 from the proceeds of the Gold Loan (note 7 (b)).

d) Finance leases

		March 31, 2015		December 31, 2014
Balance, beginning of period	**$**	**1,620**	$	2,762
Finance leases entered into during the period		**–**		–
Finance lease payments made during the period		**(224)**		(1,142)
Balance, end of period		**1,396**		1,620
Less: current portion		**(1,396)**		(1,620)
	$	**–**	$	–

Interest expense related to finance leases for the three months ended March 31, 2015 was $22 (2014: $50).

8 SHARE CAPITAL

a) Authorized – Unlimited number of common shares

b) Stock options

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

	Number of options	Weighted average price C$
Balance, December 31, 2014	**19,094,236**	1.07
Forfeited / Expired	(741,815)	1.62
Balance, March 31, 2015	**18,352,421**	**1.06**

c) Share-based payment expense

Share-based payment expense is measured at fair value and recognized over the vesting period from the date of grant. Share-based payment expense recognized in general and administrative expense in the consolidated statements of loss for the three months ended March 31, 2015 totaled $65 (2014: $210).

The Company has not granted stock options to its employees during the three months ended March 31, 2015.

9 REVENUES BY NATURE

For the three months ended March 31,		**2015**		2014
Gold sales	**$**	**43,877**	$	52,990
Copper concentrate sales		**4,328**		12,037
	$	**48,205**	$	65,027

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

10 COST OF GOODS SOLD BY NATURE

For the three months ended March 31,		2015		2014
Direct mine and mill costs	$	41,471	$	52,691
Write-down of inventory to net realizable value		4,868		5,551
Depletion and amortization (note 5)		1,780		8,441
	$	48,119	$	66,683

11 GENERAL AND ADMINISTRATIVE EXPENSES

For the three months ended March 31,		2015		2014
Salaries, wages and benefits	$	965	$	1,419
Professional and consulting fees		858		540
Mergers and acquisitions costs		75		–
Directors' fees		74		76
Share-based payment expense (note 8 (c))		65		210
Amortization (note 5)		65		212
Travel expenses		43		67
Other		473		1,011
	$	2,618	$	3,535

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

12 CASH FLOW INFORMATION

a) Items not affecting cash

For the three months ended March 31,		2015		2014
Depletion and amortization (note 5)	**$**	**1,845**	$	8,653
Deferred and current income tax expense (recovery)		**3,286**		(539)
Write-down of inventory to net realizable value		**4,868**		5,551
Accretion expense		**573**		708
Change in fair value of gold loans (note 7 (b))		**969**		256
Periodic service and finance costs on post-employment benefit		**252**		647
Write-off of unamortized transaction costs on credit facility		**–**		806
Share-based payment expense (note 8 (c))		**65**		210
Foreign exchange gain		**(123)**		91
Loss on disposal of assets		**21**		–
Change in other long term liabilities		**(71)**		–
Unrealized gain on gold collar and fixed price contracts		**(396)**		(828)
Other non-cash items		**–**		83
	$	**11,289**	$	15,638

b) Changes in non-cash working capital

For the three months ended March 31,		2015		2014
Changes in non-cash working capital				
Trade and other receivables	**$**	**1,013**	$	722
Inventory		**(1,438)**		(2,432)
Trade and other payables		**(4,051)**		(580)
	$	**(4,476)**	$	(2,290)

c) Supplementary cash flow information

For the three months ended March 31,		2015		2014
Non-cash investing and financing activities consist of:				
Change in accounts payable relating to investing activities	**$**	**(856)**	$	(1,315)

13 DERIVATIVE FINANCIAL INSTRUMENTS

a) Embedded derivatives

The Company has embedded derivatives in its accounts receivable as a result of provisional pricing arrangements on its concentrate sales. These derivatives are marked to their market values at each reporting date. Adjustments to the fair values of the accounts receivable are included in the consolidated statements of loss within revenue. During the three months ended March 31, 2015 the Company recognized losses of $119 (2014: $611), respectively, as changes in the fair values of embedded derivatives.

b) Gold collar and fixed price contracts

At December 31, 2014, the Company had 30,000 ounces of fixed price contracts outstanding at an average price of $1,211 per ounce of gold, expiring between January 31, 2015 and May 29, 2015. During the three months ended March 31, 2015, the Company entered into fixed price contracts to hedge an additional 10,000 ounces of gold expiring between June 30, 2015 and July 31, 2015 at an average price of $1,250 per ounce of gold. At March 31, 2015, the Company had 13,746 ounces of fixed price contracts outstanding at an average price of $ 1,240 per ounce of gold. For the three months ended March 31, 2015, the Company recorded a realized loss on these fixed price contracts of $289 and an unrealized gain of $735.

As at March 31, 2015, the Company recorded a derivative asset on these fixed price contracts of $735 (December 31, 2014 - $339).

During the three months ended March 31, 2014, the Company hedged a total of 15,000 ounces of gold between July 1, 2014 and September 30, 2014. The derivative instruments entered into were in the form of zero-cost put/call collars with a floor price of $1,300 per ounce of gold and a ceiling price of $1,423 per ounce of gold. The Company advanced $1,500 to Auramet as a margin deposit for this hedging program. For the three months ended March 31, 2014, the Company recorded an unrealized gain on these collars of $124.

In addition, during the three months ended March 31, 2014, the Company also entered into contracts to hedge a total of 47,500 ounces of gold between January 1, 2014 and July 31, 2014. The derivative instruments entered into were in the form of fixed price contracts at an average price of $1,283 per ounce of gold. At March 31, 2014, the Company had 17,500 ounces of fixed price contracts outstanding at an average price of $1,332 per ounce of gold. For the three months ended March 31, 2014, the Company recorded an unrealized gain on these fixed price contracts of $704 and a realized loss of $1,054.

The fixed price contracts and gold collars were not designated as accounting hedges by the Company and have therefore been marked to their market values at each reporting date. Adjustments to the market value are included in the consolidated statements of loss in other gains.

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

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair vale of the Company's financial assets and liabilities measured at fair value on a recurring basis at March 31, 2015 and December 31, 2014 are summarized in the following table:

	Level	**March 31, 2015**		December 31, 2014	
Financial Assets		**Carrying value**	**Fair value**	Carrying value	Fair value
Loans and receivables, measured at amortized cost					
Accounts receivable	N/A	**$741**	**$741**	$2,458	$2,458
Other assets	N/A	**1,678**	**1,678**	1,824	1,824
At fair value through profit and loss					
Derivative assets	2	**$735**	**$735**	$339	$339
		$3,154	**$3,154**	$4,621	$4,621
Financial Liabilities					
At fair value through profit and loss					
Gold loan	2	**$14,210**	**$14,210**	$16,151	$16,151
Other financial liabilities, measured at amortized cost					
Accounts payable and accrued liabilities	N/A	**$33,050**	**$33,050**	$36,647	$36,647
Short-term loans	N/A	**11,743**	**11,743**	13,662	13,662
Other provisions	3	**5,881**	**5,881**	6,154	6,154
Other liabilities	3	**8,398**	**8,398**	9,098	9,098
		$73,282	**$73,282**	$81,712	$81,712

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 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.

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

15 SEGMENTED INFORMATION

The reportable operating segments have been identified as the San Andres Mine, the Brazilian Mines, the Aranzazu Mine, the Serrote Project and Corporate. 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 months ended March 31, 2015 and 2014, segmented information is as follows:

For the months ended March 31, 2015	San Andres Mine	Brazilian Mines	Aranzazu Mine	Serrote Project	Corporate	Total
Sales to external customers	$ 26,221	$ 17,656	$ 4,328	$ –	$ –	$ 48,205
Cost of production	18,799	20,081	7,459	–	–	46,339
Depletion and amortization	1,644	136	–	–	–	1,780
Gross margin (loss)	$ 5,778	$ (2,561)	$ (3,131)	$ –	$ –	$ 86
Other (expenses) income	(836)	1,638	(299)	(4)	(3,207)	(2,708)
Income (Loss) before income taxes	$ 4,942	$ (923)	$ (3,430)	$ (4)	$ (3,207)	$ (2,622)
Property, plant and equipment	$ 53,747	$ 2,805	$ 3,939	$ 28,475	$ 162	$ 89,128
Total assets	$ 87,584	$ 34,702	$ 8,426	$ 28,525	$ 2,558	$ 161,795
Capital expenditures	$ 4,297	$ –	$ –	$ 923	$ –	$ 5,220

For the months ended March 31, 2014	San Andres Mine	Brazilian Mines	Aranzazu Mine	Serrote Project	Corporate	Total
Sales to external customers	$ 18,158	$ 34,832	$ 12,037	$ –	$ –	$ 65,027
Cost of production	12,522	33,609	12,111	–	–	58,242
Depletion and amortization	2,501	2,062	3,878	–	–	8,441
Gross margin (loss)	$ 3,135	$ (839)	$ (3,952)	$ –	$ –	$ (1,656)
Other expenses	$ (329)	$ (2,333)	$ (2,073)	$ (501)	$ (2,720)	$ (7,956)
Income (Loss) before income taxes	$ 2,806	$ (3,172)	$ (6,025)	$ (501)	$ (2,720)	$ (9,612)
Property, plant and equipment	$ 51,139	$ 8,348	$ 132,601	$ 34,577	$ 1,115	$ 227,780
Total assets	$ 85,770	$ 53,079	$ 155,133	$ 34,726	$ 10,942	$ 339,650
Capital expenditures	$ 1,596	$ 313	$ 1,798	$ 1,781	$ –	$ 5,488

Revenues for the San Andres Mine and the Brazilian Mines relate to the sale of refined gold. Revenues for the Aranzazu Mine relate to the sale of copper-gold-silver concentrate to two external customers.

16 RELATED PARTY TRANSACTIONS

On January 1, 2015, the Company entered into a consulting agreement to provide management services with Acumen Capital, LLC ("Acumen"), a US based company located in Texas, which is controlled by the Company's Chief Executive Officer ("CEO"). Acumen will, through James Bannantine, provide the services of CEO to the Company.

For the three months ended March 31, 2015, the Company paid consulting fee to Acumen of $292 (2014: $Nil). As at March 31, 2014, the Company owed $Nil (December 31, 2014: $Nil) to Acumen.

17 SUBSEQUENT EVENTS

On April 30, 2015, the Company announced that it entered into an agreement with Serra da Borda Mineração e Metalurgia S.A. ("SBMM") a company affiliated with Yamana Gold Inc. ("Yamana") to acquire, upon completion of certain conditions, the assets and liabilities of the Ernesto/Pau-a-Pique Project (the “Project”) located in the southwest of Mato Grosso state, near Pontes e Lacerda in Brazil.

The completion of the acquisition is subject to the receipt of regulatory approvals in Brazil including both antitrust and national defense regulatory requirements (the "regulatory approval period"). Pursuant to the acquisition agreement (the "Agreement") and upon receipt of the appropriate regulatory approvals, as consideration for the Project, the Company will issue or provide to Yamana: (i) 2,000,000 common shares of the Company; (ii) 3,500,000 common share purchase warrants of the Company; and (iii) a 2% net smelter return royalty on the first 1,000,000 gold ounces produced from the Project, and thereafter, a 1% net smelter return royalty on gold ounces produced from the Project.

In order to facilitate the acquisition, during the regulatory approval period, Yamana will make available a working capital facility to SBMM of up to approximately USD$9,000,000 (the "Working Capital Facility") to be invested in the capital requirements of the Project. The Working Capital Facility will be assumed by the Company upon receipt of the appropriate regulatory approvals and is expected to be repaid with the cash flow from the Project or will be payable in full within 36 months from the date of the Agreement. Should the Project not enter into production and the Company not have sufficient funds to repay the Working Capital Facility on the due date, such amount outstanding will, at the option of Yamana, be converted into common shares of the Company.