Aura Minerals Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2017 and 2016

(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, 2017, and December 31, 2016, the condensed interim consolidated statements of loss, comprehensive loss and cash flows for the three months ended March 31, 2017 and 2016, and the condensed interim consolidated statements of change in equity for the three months ended March 31, 2017 and 2016 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, 2017 and 2016.

Aura Minerals Inc.

Condensed Interim Consolidated Statements of Loss

For the three months ended March 31, 2017 and 2016

Expressed in thousands of United States dollars

(Unaudited)

For the three months ended March 31,	Note	2017	2016
Revenue		**$ 34,902**	$ 35,451
Cost of goods sold	11	**29,589**	27,922
Gross margin		**5,313**	7,529
General and administrative expenses	12	**2,863**	2,316
Care-and-maintenance expenses	13	**938**	718
Exploration expenses		**262**	94
Operating income		**1,250**	4,401
Finance costs	14	**(1,150)**	(852)
Other losses	15	**(3,881)**	(2,679)
(Loss) Income before income taxes		**(3,781)**	870
Income tax expense		**(1,242)**	(888)
Loss for the period		**$ (5,023)**	$ (18)
Loss per share:			
Basic and diluted		**$ (0.15)**	$ (0.01)
Weighted average number of common shares outstanding:			
Basic and diluted		**33,420,194**	28,601,701

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

Aura Minerals Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss

For the three months ended March 31, 2017 and 2016

Expressed in thousands of United States dollars

(Unaudited)

For the three months ended March 31,		2017		2016
Loss for the period	**$**	**(5,023)**	$	(18)
Other comprehensive loss				
Loss on foreign exchange translation of subsidiaries		**(76)**		(457)
Actuarial gain on post employment benefit, net of tax		**26**		22
Other comprehensive loss, net of tax		**(50)**		(435)
Total comprehensive loss	**$**	**(5,073)**	$	(453)

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, 2017 and 2016

Expressed in thousands of United States dollars

(Unaudited)

For the three months ended March 31,	Note		2017		2016
Cash flows from operating activities					
Loss for the period		$	(5,023)	$	(18)
Items not affecting cash	16(a)		7,319		5,592
Changes in working capital	16(b)		(3,786)		(1,049)
Other assets and liabilities			477		(2,051)
Net cash generated by operating activities			(1,013)		2,474
Cash flows from investing activities					
Purchase of property, plant and equipment			(2,234)		(191)
Net cash used in investing activities			(2,234)		(191)
Cash flows from financing activities					
Proceeds received from debts	9(a)(b)		12,162		12,325
Proceeds from exercise of stock options and restricted share units			–		18
Repayment of gold loan	9(b)(i)		(6,869)		–
Repayment of term loans	9(a)		(344)		(6,825)
Repayment of other liabilities			(512)		(2,537)
Interest paid on debts			(583)		(420)
Increase in restricted cash			–		(1,548)
Net cash used in financing activities			3,854		1,013
Increase in cash and cash equivalents			607		3,296
Cash and cash equivalents, beginning of the period			10,713		2,261
Cash and cash equivalents, end of the period		$	11,320	$	5,557

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, 2017 and December 31, 2016

Expressed in thousands of United States dollars

(Unaudited)

	Note		March 31, 2017		December 31, 2016
ASSETS					
Current					
Cash and cash equivalents		**$**	**11,320**	$	10,713
Value added taxes and other receivables	5		**9,041**		7,108
Inventory	6		**40,073**		38,847
Other current assets			**4,187**		3,345
			64,621		60,013
Other long-term assets			**11,717**		13,075
Property, plant and equipment	7		**102,203**		102,758
Deferred income tax assets			**–**		4
		$	**178,541**	$	175,850
LIABILITIES					
Current					
Trade and other payables	8	**$**	**34,088**	$	34,555
Current portion of debts	9		**8,293**		7,818
Current income tax liabilities			**10,904**		8,734
Current portion of provision for mine closure and restoration			**82**		82
Current portion of other liabilities			**2,144**		2,365
			55,511		53,554
Debts	9		**17,211**		12,215
Deferred income tax liabilities			**5,155**		4,487
Provision for mine closure and restoration			**19,841**		19,662
Other provisions			**6,970**		6,741
Other liabilities			**2,310**		2,575
			106,998		99,234
SHAREHOLDERS' EQUITY					
Share capital	10		**548,044**		548,044
Contributed surplus			**54,738**		54,738
Accumulated other comprehensive loss			**(7,784)**		(7,708)
Deficit			**(523,455)**		(518,458)
			71,543		76,616
		$	**178,541**	$	175,850

Nature of operations (note 1)

Approved on behalf of the Board of Directors:

"Stephen Keith" *"Rodrigo Barbosa"*

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

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

Aura Minerals Inc.

Condensed Interim Consolidated Statements of Changes in Equity

As at March 31, 2017 and 2016

Expressed in thousands of United States dollars

(Unaudited)

	Note	Number of common shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
At December 31, 2016		**33,420,194**	**$ 548,044**	**$ 54,738**	**$ (7,708)**	**$ (518,458)**	**$ 76,616**
Loss for the period		–	–	–	–	(5,023)	(5,023)
Loss on translation of subsidiaries		–	–	–	(76)	–	(76)
Actuarial gain on severance liability, net of tax		–	–	–	–	26	26
At March 31, 2017		**33,420,194**	**$ 548,044**	**$ 54,738**	**$ (7,784)**	**$ (523,455)**	**$ 71,543**

	Note	Number of common shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
At December 31, 2015		**28,598,680**	**$ 542,649**	**$ 54,463**	**$ (6,952)**	**$ (537,480)**	**$ 52,680**
Loss for the period		–	–	–	–	(18)	(18)
Loss on translation of subsidiaries		–	–	–	(457)	–	(457)
Actuarial gain on severance liability, net of tax		–	–	–	–	22	22
Shares issued on exercise of stock options		20,917	28	(10)	–	–	18
Share-based payments	10(d)	–	–	39	–	–	39
At March 31, 2016		**28,619,597**	**$ 542,677**	**$ 54,492**	**$ (7,409)**	**$ (537,475)**	**$ 52,285**

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

1 NATURE OF OPERATIONS

Aura Minerals Inc. ("Aura Minerals" or the "Company") is a mining company focused on the operation and development of mining properties in the Americas. The Company has either a 100% interest in, or 100% effective control over, each of the following mining operations and projects:

- the San Andres gold mine in Honduras (the "San Andres Mine");
- the Sao Francisco gold mine in Brazil (the "Sao Francisco Mine");
- the Ernesto/Pau-a-Pique Project in Brazil (the "EPP Project", "EPP"). Refer to Note 3;
- the Aranzazu mine in Mexico (the "Aranzazu Mine"), which produced a copper-gold-silver concentrate and is currently on care-and-maintenance (refer to note 4) and;
- the Serrote de Laje project in Brazil (the "Serrote Project"), a development-stage copper, gold and iron project which is currently on care-and-maintenance.
- Sao Francisco and EPP are collectively referred to as "Brazilian Mines"

Aura Minerals is a public company listed on the Toronto Stock Exchange ("TSX"). The Company is continued under the BVI Business Companies Act (British Virgin Islands). The Company's registered office is located at Craigmuir Chambers, PO Box 71, Road Town, Tortola VG1110, British Virgin Islands. The Company maintains a head office at 600 – 4770 Biscayne Blvd., Miami Florida 33137, United States of America.

2 BASIS OF PREPARATION

The condensed interim consolidated financial statements of Aura Minerals for the three months ended March 31, 2017 have been prepared in accordance with the International Financial Reporting Standards and Interpretations (collectively, "IFRS") as issued by the International Accounting Standards Board ("IASB").

These 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 statements of the Company for the year ended December 31, 2016. These condensed interim consolidated financial statements 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, 2016.

These financial statements were approved for issue by the board of directors effective May 11, 2017.

3 ACQUISITION OF THE EPP PROJECT

On June 1, 2016, the Company completed the acquisition of the EPP Project from Serra da Borda Mineração e Metalurgia S.A. ("SBMM"), a company affiliated with Yamana Gold Inc. ("Yamana"), following the receipt of the relevant regulatory approvals in Brazil including both antitrust and national defense regulatory requirements.

As consideration for the EPP Project, the Company issued 200,000 common shares, 350,000 warrants of the Company at an exercise price of C$5.00 per warrant and a 2% net smelter return royalty ("NSR Royalty") on the first 1,000,000 gold ounces produced from the EPP Project, and thereafter, a 1% NSR Royalty on gold ounces produced from the EPP Project. As at March 31, 2017, the Company accrued $199 of NSR Royalty. The Company also assumed a Working Capital Facility of $9,000 (the "Facility"), which was provided by Yamana as part of the Acquisition Agreement. This

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

Facility was assumed by the Company and is expected to be repaid either with the cash flow from EPP or payable in full within 36 months from the date of the Acquisition Agreement. Should EPP not enter into production or 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 at a 10% discount rate over the 20 day VWAP of the Company's common share based on the period prior to the due date. The Company also agreed to assume SBMM's accounts payable and accrued liabilities at the acquisition date as part of the consideration for the EPP Project. Interest is charged at 4% per annum on the outstanding balance, which is included within finance costs. For the three months ended March 31, 2017, the Company recorded an interest expense of $93 (2016:$Nil).

The business combination has been accounted for using the acquisition method, with the Company as the acquiror of the EPP Project. The consideration paid by the Company has been allocated on a preliminary basis to assets acquired and liabilities assumed as follows:

Loan payable to Yamana	$ 8,923
Value of 200,000 common shares issued as consideration	352
Value of 350,000 share purchase warrants issued as consideration	322
Total purchase consideration	**$ 9,597**
Inventory	$ 3,102
Property, plant & equipment	30,752
Provision for mine closure and rehabilitation	(3,724)
Other liabilities	(646)
Deferred income tax liabilities	(2,767)
Total net assets acquired	**$ 26,717**
Gain on acquisition, net of tax	**$ 17,120**

The identified assets and liabilities, which included inventory, property, plant and equipment, accrued payables and asset retirement obligation, were recorded at their estimated fair values, which exceeded the fair value of the purchase price of the business. Accordingly, the acquisition has been accounted for as a bargain purchase, and as a result, the Company recognized a gain of approximately $19,886 (before tax) associated with the acquisition. The gain on acquisition is included in the annual consolidated statement of income for the year ended December 31, 2016.

The preliminary allocation of the purchase price was based on the information available as at June 1, 2016. The allocation of the purchase price has not been finalized and is subject to adjustments, which may be material. The Company has until June 1, 2017 to finalize the purchase price allocation.

The EPP Project consists of the following deposits: the Lavrinha open-pit ("Lavrinha Mine"), the Ernesto underground deposit ("Ernesto Mine"), the Pau-a-Pique undergound deposit ("PPQ Mine") and the near mine open-pit prospects of Nosde, Japones and Pambihnas.

Pre-stripping activities at the Lavrinha Mine commenced in September 2016, and continued to pre-production in the fourth quarter of 2016. The PPQ Mine restarted the mining activities during the fourth quarter of 2016 and continued to pre-production stage during the first quarter of 2017. During the pre-production period, both revenue and costs were capitalized to property, plant and equipment and not included as part of profit or loss of the Company.

For the year ended December 31, 2016, total pre-production revenue and pre-production cost related to Lavrinha Mine were $4,407 and $3,129, respectively. On January 1, 2017, the Company declared commercial production at the

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

Lavrinha Mine. As a result, revenue and operating costs were no longer capitalized and are instead included in the condensed interim consolidated statement of loss. In addition, the Company commenced depreciation on property, plant and equipment of the Lavrinha Mine.

4 TERMINATION OF ARANZAZU HOLDING'S ADMINISTRATION PROCESS

In January 2015, the Company announced a suspension of operation at Aranzazu. On May 2015, the operating entity for Aranzazu and a wholly-owned subsidiary of the Company, Aranzazu Holding S.A. de C.V. ("Aranzazu Holding"), filed for administration proceedings in Mexico under the Mexican Federal Court.

As of January 2017, the administration proceedings were effectively terminated and Aranzazu Holding is in the process of completing the payments.

5 VALUE ADDED TAXES AND OTHER RECEIVABLES

		March 31, 2017		December 31, 2016
Value added taxes receivable	**$**	**17,351**	$	16,270
Other receivables		**2,508**		2,646
Total trade and other receivables	**$**	**19,859**	$	18,916
Less: non-current portion of receivables		**(10,818)**		(11,808)
Trade and other receivables recorded as current assets	**$**	**9,041**	$	7,108

Due to their short-term maturities, the fair value of trade and other receivables approximate their carrying value. As of March 31, 2017, there is no allowance for doubtful accounts.

6 INVENTORY

		March 31, 2017		December 31, 2016
Finished product	**$**	**12,478**	$	10,093
Work-in-process		**11,053**		11,326
Parts and supplies		**16,542**		17,428
Total inventory	**$**	**40,073**	$	38,847

During the three months ended March 31, 2017 the cost of inventories recognized as an expense (note 11) was $29,589 (2016: $27,922). For the three months ended March 31, 2017 and 2016, there were no write-downs of inventory to bring finished product and work-in-process inventories to net realizeable value.

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

7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment movements for the three months ended March 31, 2017 and for the year ended December 31, 2016 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, 2017	**$ 58,118**	**$ 31,305**	**$ 1,142**	**$ 10,764**	**$ 1,429**	**$ 102,758**
Additions	**2,729**	**–**	**–**	**–**	**186**	**2,915**
Disposals	**–**	**–**	**–**	**(53)**	**(7)**	**(60)**
Reclassifications and adjustments	**252**	**–**	**595**	**(137)**	**(847)**	**(137)**
Depletion and amortization	**(2,022)**	**(569)**	**(21)**	**(661)**	**–**	**(3,273)**
Net book value at March 31, 2017	**$ 59,077**	**$ 30,736**	**$ 1,716**	**$ 9,913**	**$ 761**	**$ 102,203**
Consisting of:						
Cost	**179,338**	**67,392**	**12,473**	**95,858**	**761**	**355,822**
Accumulated depletion and amortization	**(120,261)**	**(36,656)**	**(10,757)**	**(85,945)**	**–**	**(253,619)**
	$ 59,077	**$ 30,736**	**$ 1,716**	**$ 9,913**	**$ 761**	**$ 102,203**

	Mineral properties	Land and buildings	Furniture, fixtures and equipment	Plant and machinery	Assets under construction	Total
Net book value at January 1, 2016	$ 54,385	$ 17,466	$ 704	$ 612	$ 5,261	$ 78,428
Acquisition of EPP Project	14,126	5,738	416	10,472	–	30,752
Asset under pre-commercial production	–	–	–	–	576	576
Additions	2,634	69	138	76	2,079	4,996
Change in provision for mine closure and restoration	(226)	–	–	–	–	(226)
Reclassifications and adjustments	(5,543)	9,747	9	67	(6,487)	(2,207)
Depletion and amortization	(7,258)	(1,715)	(125)	(463)	–	(9,561)
Net book value at December 31, 2016	$ 58,118	$ 31,305	$ 1,142	$ 10,764	$ 1,429	$ 102,758
Consisting of:						
Cost	176,357	67,392	11,878	96,048	1,429	353,104
Accumulated depletion and amortization	(118,239)	(36,087)	(10,736)	(85,284)	–	(250,346)
	$ 58,118	$ 31,305	$ 1,142	$ 10,764	$ 1,429	$ 102,758

For the three months ended March 31, 2017, depletion and amortization expenses of $2,774 (2016: $2,116) have been charged to cost of goods sold, and $4 (2016: $46) have been charged to general and administrative expenses.

Effective January 1, 2017, the Company commenced commercial production on its Lavrinha Mine, as a result depreciation expense related to the mine were no longer capitalized and are recognized in the condensed interim consolidated statement of loss.

For the three months ended March 31, 2017, the impairment indicators included in the annual consolidated financial statements as of December 31, 2016, note 11, did not change significantly, and therefore no further impairments or reversals of previously recorded impairments have been recorded.

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

8 TRADE AND OTHER PAYABLES

		March 31, 2017		December 31, 2016
Trade accounts payable	$	16,029	$	19,326
Other payables		3,952		4,305
Accrued liabilities		6,263		5,511
Deferred revenue		7,228		5,413
Derivative liabilities		616		–
	$	34,088	$	34,555

9 DEBTS

		March 31, 2017		December 31, 2016
Term loans (note 9(a),(b)(ii))	$	16,139	$	4,321
Working capital facility payable to Yamana (note 3)		9,366		9,270
Gold loan (note 9(b)(i))		–		6,442
	$	25,504	$	20,033
Less: current portion		(8,293)		(7,818)
Non-current portion	$	17,211	$	12,215

a) Term loans

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

On December 4, 2014, the Company, through its wholly-owned Honduran subsidiary, Minerales de Occidente, S.A. de C.V. ("Minosa") received approval for a $4,300 short-term promissory note (the "First Promissory Note") from Banco Occidente to finance the development of a power line project. The power line project was fully completed in 2016. The First Promissory Note bears an annual interest rate of 7.5% with a maturity date of December 4, 2016. During the year ended December 31, 2015, Banco Occidente approved a six month grace period on principal payments from November 2015 to April 2016, and extended the maturity date of the First Promissory Note to October 2, 2018. As at March 31, 2017, the outstanding balance on the First Promissory Note was $2,177 (December 31, 2016: $2,521).

During the first quarter of 2017, the Company repaid $344 on the First Promissory note and incurred $43 of interest expense which recorded as a finance cost (2016: $43).

On November 18, 2016, the Company, through Minosa received another approval for a $1,800 short-term promissory note (the "Second Promissory Note") from Banco Occidente for working capital requirements. The Second Promissory Note bears an annual interest rate of 7.0% with a grace period of one year and a maturity date on November 17, 2019. During the first quarter of 2017, the Company incurred an interest expense of $32 on the Second Promissory Note.

ii) Itau Bridge Loan

During the first quarter of 2016, the Company fully repaid the outstanding balance on the Itau Bridge Loan using the proceeds of the Gold Loan (note 9(b)(i)). For the three months ended March 31, 2016, the Company recorded an interest expense of $242.

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

During the first quarter of 2017, the Company through its wholly-owned Brazilian subsidiary, Mineracao Apoena, S.A., entered into a $3,162 loan agreement with ABC Bank for working capital requirements. The loan bears an annual interest rate of 5.38% with a grace period of one year and a maturity date on July 15, 2019. As at March 31, 2017, the outstanding balance of the loan from ABC Bank was $3,162. During the three months ended March 31, 2017, the Company inccurred an interest expense of $30 on the Promissory note.

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

b) Debts with Auramet International LLC ("Auramet")

i) *Gold Loan*

		March 31, 2017		December 31, 2016
Balance, beginning of period	**$**	**6,442**	$	–
Proceeds from gold loans, net of warrants issued		**–**		12,325
Repayments during the period		**(6,869)**		(7,861)
Changes in fair value		**427**		1,978
Balance, end of period	**$**	**–**	$	6,442

On March 2, 2016, the Company obtained a $12,325 gold loan (the "Gold Loan") from Auramet. The proceeds of the Gold Loan were used for the Company's debt consolidation and working capital requirements. The Gold Loan was to be repaid in 68 weekly installments of 176.5 ounces of gold, with payments commenced on May 3, 2016.

The Gold Loan was recorded at $12,325 at initial recognition, which was equal to the fair value of 12,002 ounces of gold deliverable. The Company designated the Gold Loan as a financial liability to be measured at FVTPL and marked-to-market at each period end with changes in fair value recorded as other losses.

The Gold loan was fully repaid using the proceeds from the new Auramet loan (refer to note 9(b)(ii)). The Gold Loan was repaid using ounces purchased at the market at an average market price of $1,179 per ounce of gold.

During the three months ended March 31, 2016, $161 of transaction costs, in respect of the Gold Loan, were included as part of the finance costs in the condensed interim consolidated statements of loss and the Company recorded a mark-to-market loss of $968 on the Gold Loan.

ii) Auramet Loan (the "Facility")

On January 27, 2017, the Company obtained a $9,000 loan (the "Facility") from Auramet. The proceeds from the Facility were to be used for the full repayment on the remaining balance of the Gold Loan and for working capital requirements. The Facility bears a monthly interest payment of $72 commenced in February 2017. The principal payment is equal to 30 bi-weekly installments of $300 commencing on May 5, 2017. Total transaction costs in respect to the Facility were $324 and is included as part of the finance costs in the condensed interim consolidated statement of loss. For the three months ended March 31, 2017, the Company recorded an interest expense related to the Auramet Facility of $144. The Facility may be repaid at any time with no early repayment penalties. The Company is required to maintain a cash and cash equivalent balance of $3,000. As at March 31, 2017, the Company has been in compliance with the minimum cash balance requirement.

10 SHARE CAPITAL

a) Authorized – Unlimited number of common shares

b) Share consolidation

On December 30, 2016, the Company completed the consolidation of the issued and outstanding common shares of the Company on the basis of one (1) post-consolidation share for each ten (10) pre-consolidation shares. The total outstanding common shares after the share consolidation was 33,420,194.

c) Stock options

In April 2010, Aura Minerals adopted a stock option and share compensation plan (the "Option Plan"). As prescribed the policies of the TSX, the Option Plan is required to be re-approved by the shareholders every three years. In May 2013 the Option Plan was re-approved by the shareholders, however the Company did not seek re-approval for the Option Plan in May 2016 and as such no further securities may be issued from the Option Plan. All existing stock options granted prior to May 2016 continue to be valid in accordance with their terms and conditions.

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

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

	Number of options	Weighted average price C$
Balance, December 31, 2016	**1,136,044**	**2.94**
Forfeited / Expired	(106,944)	14.21
Balance, March 31, 2017	**1,029,100**	**1.77**

d) Share-based payment expense

Share-based payment expense is measured at fair value and recognized over the vesting period from the date of grant. For the three months ended March 31, 2017, there were no share-based payment expense recognized in general and administrative expense (2016: $39).

There were no stock options granted during the first quarter of 2017. During the first quarter of 2016, the Company granted 395,500 stock options to its employees at an exercise price of C$0.85.

11 COST OF GOODS SOLD BY NATURE

For the three months ended March 31,		2017		2016
Direct mine and mill costs	**$**	**26,700**	$	25,806
Depletion and amortization (note 7)		**2,774**		2,116
Net smelter royalty		**115**		–
	$	**29,589**	$	27,922

12 GENERAL AND ADMINISTRATIVE EXPENSES

For the three months ended March 31,		2017		2016
Salaries, wages and benefits	**$**	**629**	$	1,247
Professional and consulting fees		**1,561**		539
Legal provision and settlements		**47**		–
Insurance		**95**		52
Directors' fees		**48**		43
Occupancy cost		**83**		42
Share-based payment expense (note 10(e))		**–**		39
Other		**399**		354
	$	**2,863**	$	2,316

13 CARE-AND-MAINTENANCE EXPENSES

For the three months ended March 31,		2017		2016
Aranzazu Mine	**$**	**479**	$	413
Brazilian projects		**459**		305
	$	**938**	$	718

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

14 FINANCE COSTS

For the three month ended March 31,	2017	2016
Accretion expense	$ **343**	$ 315
Interest expense on debts (note 9)	**342**	242
Finance cost on post-employment benefit	**129**	114
Other interest and finance costs	**336**	181
	$ **1,150**	$ 852

15 OTHER LOSSES

For the three months ended March 31,	2017	2016
Net loss on call options and fixed price contracts	$ **(1,369)**	$ (4,714)
Changes in fair value of gold loans (note 9(b))	**(427)**	(968)
Gain on disposal of assets	**579**	1,533
Foreign exchange (loss) gain	**(2,645)**	1,155
Other items	**(19)**	315
	$ **(3,881)**	$ (2,679)

16 CASH FLOW INFORMATION

a) Items not affecting cash

For the three months ended March 31,	2017	2016
Deferred and current income tax expense	$ **1,242**	$ 888
Depletion and amortization	**2,778**	2,162
Change in fair value of gold loans (note 9(b))	**427**	968
Accretion expense	**343**	315
Periodic service, past service and finance costs on post-employment benefit	**279**	266
Share-based payment expense (note 10(d))	**–**	39
Foreign exchange loss (gain)	**2,130**	(366)
Gain on disposal of assets	**(579)**	(1,533)
Unrealized loss on call option and fixed price contracts	**616**	2,982
Other non-cash items	**83**	(129)
	$ **7,319**	$ 5,592

b) Changes in non-cash working capital

For the three months ended March 31,	2017	2016
Increase in trade and other receivables	$ **(1,880)**	$ (1,343)
Increase in inventory	**(1,227)**	(1,059)
(Decrease) increase in trade and other payables	**(679)**	1,353
	$ **(3,786)**	$ (1,049)

17 FINANCIAL INSTRUMENTS

a) Fixed price contracts

During the three months ended March 31, 2017, the Company entered into fixed price contracts to hedge 39,000 ounces of gold expiring between January 31,2017 and August 31, 2017 at an average price of $1,200 per ounce of gold. As at March 31,2017, the Company had 22,130 ounces of outstanding fixed price contracts at an average price of $1,217 per ounce of gold and recorded a derivative liability on these outstanding fixed price contracts of $616 (December 31, 2016: $Nil).

For the three months ended March 31, 2017, the Company recorded a realized loss of $753 on the expired fixed price contracts and an unrealized loss of $616 on the outstanding fixed price contracts.

During the three months ended March 31, 2016, the Company entered into fixed price contracts to hedge 27,000 ounces of gold expiring between January 29, 2016 and July 29, 2016 at an average price of $1,139 per ounce of gold. At March 31, 2016, the Company had 10,639 ounces of outstanding fixed price contracts at an average price of $1,181 per ounce of gold. For the three months ended March 31, 2016, the Company has recorded a realized loss of $1,280 on the expired fixed price contracts and an unrealized loss of $597 on the outstanding fixed priced contracts.

b) Call option contracts

During the first quarter of 2017, the Company entered into a zero cost put/call collars with a floor price of $1,200 and a ceiling price between $1,255 and $1,285 per ounce of gold expiring between April 26, 2017 to December 27, 2017. As at March 31, 2017, there was no derivative liability related to the outstanding call options. Subsequent to quarter end, the Company entered into additional zero cost put/call collars with a floor price between $1,200 to $1,215 per ounce of gold and a ceiling price between $1,275 to 1,315 expiring between June 28, 2017 to December 27, 2017.

Under the Facility agreement (note 9 (b)(ii)), the Company entered into a call option program on 8,000 ounces of gold expiring between September 27, 2017 to June 29, 2018 with a strike price of $1,325.

As part of the Gold Loan (note 9(b)(i)), the Company entered into a call option program on 12,500 ounces of gold expiring between April 26, 2017 to August 29, 2017 with a strike price of $1,400.

As of March 31, 2017, there was no derivative liability related to the outstanding call options.

During the three months ended March 31, 2016, the Company also entered into a call option program on 35,000 ounces of gold expiring between March 29, 2016 and July 27, 2016 with strike prices of between $1,140 and $1,175 and advanced $2,000 to Auramet as a margin deposit. During the three months ended March 31, 2016, the Company recorded a realized loss of $453 on the call of 5,000 options and repaid this amount from the margin deposit. For the three months ended March 31, 2016, the Company has recorded an unrealized loss of $2,385 on the 30,000 outstanding call options.

The fixed price and call options contracts 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 condensed interim consolidated statements of loss in other losses.

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

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Company's financial assets and liabilities measured at fair value on a recurring basis at March 31, 2017 and December 31, 2016 are summarized in the following table:

	Level	March 31, 2017		December 31, 2016	
Financial Assets		**Carrying value**	**Fair value**	Carrying value	Fair value
Loans and receivables, measured at amortized cost					
Other receivable	N/A	**$2,414**	**$2,414**	$2,300	$2,300
Other assets	N/A	**993**	**993**	1,614	1,614
		$3,407	**$3,407**	$3,914	$3,914
Financial Liabilities					
At fair value through profit and loss					
Gold loan	2	**$0**	**$0**	$6,442	$6,442
Derivative liabilities	2	**616**	**616**	–	–
Other financial liabilities, measured at amortized cost					
Accounts payable and accrued liabilities	N/A	**$33,029**	**$33,029**	$34,677	$34,677
Short-term loans	N/A	**16,139**	**16,139**	4,321	4,321
Working capital facility payable to Yamana	N/A	**9,366**	**9,366**	9,270	9,270
Other provisions	3	**5,827**	**5,827**	5,637	5,637
Other liability	3	**4,454**	**4,454**	4,940	4,940
		$69,431	**$69,431**	65,287	$65,287

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 liabilities and gold loan 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.

19 RELATED PARTY TRANSACTIONS

On January 1, 2015, the Company entered into a consulting agreement for the provision of management services to the Company, including those of the Chief Executive Officer, with Acumen Capital, LLC ("Acumen"), a US based company which is controlled by Jim Bannantine, the Company's former President and Chief Executive Officer. The consulting agreement was terminated on January 15, 2017.

For the three months ended March 31, 2017, the Company paid consulting fees and termination benefits to Acumen of $124 (2016: $180). As at March 31, 2017, the Company owed $975 (December 31, 2016: $64) to Acumen, mainly related to termination benefits.

In connection with Company's due diligence conducted on the EPP Project and subsequent acquisition of the project, the Company investigated an area known as Rio Alegre, which was not originally included in the EPP Project that was acquired from Yamana. It was the Company's intention to acquire the licenses of Rio Alegre due to the close proximity to the EPP's processing plant, subject to positive due diligence. The exploration licenses for Rio Alegre are held in the name of Mineração Tarauacá Indústria e Comércio S.A. ("Tarauacá"), a company controlled by Paulo Brito, the Company's non executive Chairman and largest shareholder through his control and direction of Northwestern Enterprises Ltd. Following initial discussions with Tarauacá, and additional due diligence on Rio Alegre, the Company and Tarauacá entered into an agreement for the Company to acquire Rio Alegre at no cost to the Company or continuing royalty. Tarauacá has applied to the National Department of Mineral Production for the assignment of the exploration license and the formal assignment is expected shortly. For the three months ended March 31, 2017, the Company spent $236 (2016:$ Nil) maintaining the property which was primarily related to security.

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

20 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, 2017 and 2016, segmented information is as follows:

For the three months ended March 31, 2017	San Andres Mine	Brazilian Mines	Aranzazu Mine	Serrote Project	Corporate	Total
Sales to external customers	$ 24,982	$ 9,920	$ –	$ –	$ –	$ 34,902
Cost of production	17,991	8,824	–	–	–	26,815
Depletion and amortization	2,183	591	–	–	–	2,774
Gross margin	$ 4,808	$ 505	$ –	$ –	$ –	$ 5,313
Care-and-maintenance expenses	–	(236)	(479)	(223)	–	(938)
Realized loss on fixed price contracts	(604)	(149)	–	–	–	(753)
Other expenses	(907)	(3,574)	(1,613)	4,762	(6,071)	(7,403)
Income (Loss) before income taxes	$ 3,297	$ (3,454)	$ (2,092)	$ 4,539	$ (6,071)	$ (3,781)
Property, plant and equipment	$ 49,855	$ 32,568	$ 3,939	$ 15,633	$ 208	$ 102,203
Total assets	$ 83,270	$ 72,462	$ 5,830	$ 15,770	$ 1,209	$ 178,541
Capital expenditures	$ 2,741	$ 174	$ –	$ –	$ –	$ 2,915

For the three months ended March 31, 2016	San Andres Mine	Sao Francisco Mine	Aranzazu Mine	Serrote Project	Corporate	Total
Sales to external customers	$ 18,945	$ 16,506	$ –	$ –	$ –	$ 35,451
Cost of production	14,750	11,056	–	–	–	25,806
Depletion and amortization	2,068	48	–	–	–	2,116
Gross margin	$ 2,127	$ 5,402	$ –	$ –	$ –	$ 7,529
Care-and-maintenance expenses	–	–	(413)	(305)	–	(718)
Realized loss on gold collar and fixed price contracts	(597)	(682)	–	–	(453)	(1,732)
Other expenses	409	(120)	1,429	(270)	(5,657)	(4,210)
Income (Loss) before income taxes	$ 1,939	$ 4,600	$ 1,016	$ (575)	$ (6,110)	$ 870
Property, plant and equipment	$ 53,063	$ 2,360	$ 3,939	$ 15,617	$ 52	$ 75,031
Total assets	$ 91,105	$ 33,480	$ 5,580	$ 15,642	$ 5,254	$ 151,061
Capital expenditures	$ 937	$ –	$ –	$ –	$ –	$ 937