Aura Minerals Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2017

Dated as of May 11, 2017

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 three months ended March 31, 2017 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 2016 Annual Information Form ("AIF") dated March 24, 2017, 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 "$" are to thousands of United States dollars. References to "C$" are to thousands of Canadian dollars. Tables are expressed in thousands of United States dollars, except where otherwise noted.

This MD&A has been prepared as at May 11, 2017 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 three months ended March 31, 2017.

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.

All mineral resource and mineral reserve estimates included in documents referenced in this MD&A have been prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). Readers are encouraged to review the AIF and full text of the Company's continuous disclosure documents. These documents are available on SEDAR and supply further information on the Company's compliance with NI 43-101 requirements.

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1. BACKGROUND AND CORE BUSINESS

Aura Minerals is a 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 controlled assets include:

- *The San Andres Gold Mine ("San Andres")* – a 100% interest in 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 ("Km") southwest of the city of San Pedro Sula. The mine has been in production since 1983;
- *The Sao Francisco Gold Mine ("Sao Francisco")* – a 100% effective control over an open-pit heap leach gold mine located in the southwest of the state of Mato Grosso, Brazil, approximately 560 Km west of Cuiaba, the state capital. The mine has been in production since 2006, however mining at Sao Francisco ceased in October 2016 with processing of fines expected to continue through 2017;
- *The Ernesto/Pau-a-Pique Project ("EPP Project", "EPP")* – On June 23, 2016, the Company completed the acquisition of the EPP Project, located in the southwest of Mato Grosso state, near Pontes-e-Lacerda in Brazil. The Company has a 100% effective control over the EPP Project which consists of the following gold deposits: the Lavrinha open-pit ("Lavrinha"), the Ernesto underground deposit, and the Pau-a-Pique ("PPQ") underground mine and the near mine open-pit prospects of Nosde, Japones and Pombihnas. The Company filed a NI 43-101 Feasibility Study on the EPP Project on January 13, 2017;
- Sao Francisco and EPP are collectively referred to as the "Brazilian Mines".
- *The Aranzazu Copper Mine ("Aranzazu")* – a 100% interest in an open-pit and underground mine operation in the state of Zacatecas, Mexico. In January 2015, the Company announced a suspension of operation at Aranzazu. As of the date of this MD&A, Aranzazu is on care-and-maintenance. In 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. During the first quarter of 2017, the administration proceedings were effectively terminated. Currently, Aranzazu Holding is in the process of completing the required payments. (*See Section 7, Liquidity and Capital Resources)*; and

- *The Serrote da Laje Project ("Serrote")* – a 100% interest in the development-stage copper-gold-iron asset located in the central-southern part of the state of Alagoas, Brazil, approximately 15 Km northwest of the city of Arapiraca. As of the date of this MD&A, Serrote is on care-and-maintenance.

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. FIRST QUARTER 2017 FINANCIAL AND OPERATING HIGHLIGHTS

For the three months ended March 31,		**2017**		2016
FINANCIAL DATA				
IFRS Measures				
Revenue	**$**	**34,902**	$	35,451
Cost of goods sold		**29,589**		27,922
Depreciation (included in cost of goods sold)		**2,774**		2,116
Gross Margin		**5,313**		7,529
Gross Margin (excluding depreciation)		**8,087**		9,645
Net loss		**(5,023)**		(18)
Loss per share - Basic and diluted		**(0.15)**		(0.01)
EBITDA	**$**	**4,024**	$	6,556
Non-IFRS Measures				
Realized average gold price per ounce sold, gross [1]	**$**	**1,209**	$	1,162
Realized average gold price per ounce sold, net of local sales taxes, hedging and gold loan repayments [1]	**$**	**1,135**	$	1,066
Cash operating costs per ounce produced [1]	**$**	**849**	$	826
Cash operating costs per ounce sold [1]	**$**	**891**	$	816
All-in costs per ounce sold [1]	**$**	**1,135**	$	955
Total capital expenditures	**$**	**2,915**	$	937
OPERATING DATA				
Ore processed (tonnes)		**2,070,153**		2,817,540
Gold produced (ounces)		**30,318**		34,058
Gold sold (ounces)		**30,082**		31,621

[1] A cautionary note regarding non-GAAP measures is included in Section 16 of this MD&A

- Net sales revenue in the first quarter of 2017 decreased by 2% over the first quarter of 2016. Details are as follows:

For the three months ended March 31,		**2017**		2016
San Andres, *ounces*		**21,796**		17,437
Sao Francisco, *ounces*		**3,286**		14,184
Lavrinha, ounces		**5,000**		-
Total ounces sold		**30,082**		31,621
Gold sales revenues, *net of local sales taxes*	**$**	**34,902**	$	35,451
Average gold market price per oz (London PM Fix)	**$**	**1,219**	$	1,183
Realized average gold price per ounce sold, *gross*	**$**	**1,209**	$	1,162
Realized average gold price per ounce sold, *net of local sales taxes, hedging and gold loan repayments* [1]	**$**	**1,135**	$	1,066

- Gold production for the first quarter of 2017 was 11% lower than the comparable period of 2016. Gold production and cash operating costs per ounce produced[1] for the three months ended March 31, 2017 and 2016 were as follows:

	For the three months ended March 31, 2017		For the three months ended March 31, 2016	
	Oz Produced	**Cash Operating Costs[1]**	Oz Produced	Cash Operating Costs[1]
San Andres	**21,481**	**$783**	20,180	$863
Sao Francisco	**3,106**	**$976**	13,878	$773
EPP Project (Lavrinha)	**5,731**	**$1,031**	-	-
Total / Average	**30,318**	**$849**	34,058	$826

- Effective January 1, 2017, Lavrinha achieved commercial production. As a result, both revenue and operating costs for Lavrinha are recognized in the condensed interim consolidated statements of loss and comprehensive loss. In addition, the mine development related to Lavrinha is reclassified to property, plant and equipment and depletion commences;

- During the first quarter of 2017, cash operating costs per ounce produced[1] and cash operating costs per ounce sold[1] were 3% and 9%, respectively, higher than the comparable period in 2016 due to the ramp-up of EPP and Sao Francisco ceased mining operations in the fourth quarter of 2016;

- All-in costs per ounce sold[1] for the first quarter of 2017 was 19% higher than the first quarter of 2016 due to lower gold sales volume, higher cost of production, general and administration expense and capital expenditures;

- On January 27, 2017, the Company obtained a $9,000 loan (the "Facility") from Auramet International LLC ("Auramet"). The proceeds from the Facility were used for the full repayment on the remaining balance of the gold loan and for working capital requirements. The gold loan was repaid using ounces purchased at the market at an average price of $1,179 per ounce of gold. The Facility bears a monthly interest payment

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of $72 that commenced on February 2017. The principal payment is equal to 30 bi-weekly installments of $300 commencing on May 5, 2017. 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;

- 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 Banco ABC Brasil S.A. ("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.

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 ended March 31, 2017 and 2016:

	Q1 2017	Q1 2016
Ore mined (tonnes)	**1,705,028**	1,844,986
Waste mined (tonnes)	**1,362,030**	1,372,796
Total mined (tonnes)	**3,067,058**	3,217,782
Waste to ore ratio	**0.80**	0.74
Ore plant feed (tonnes)	**1,724,503**	1,864,556
Grade (g/tonne)	**0.41**	0.45
Recovery (%)	**94%**	73%
Production (ounces)	**21,481**	20,180
Sales (ounces)	**21,796**	17,437
Cash operating cost per ounce of gold produced[1]	**$ 783**	$ 863

Total ore and waste mined during the first quarter of 2017 was 5% lower than in the same quarter of 2016. During the first quarter of 2017, ore mined was 8% lower than in the first quarter of 2016 and waste mined was 1% lower. The waste to ore ratio was 8% higher when comparing the first quarters of 2017 and 2016. The decrease in the ore and waste tonnes mined was a result of lower than anticipated plant feed.

Total plant feed during the first quarter of 2017 was 8% lower than the tonnes processed in the same quarter of 2016 due to scheduled maintenance on the secondary crusher and power supply interruptions. Gold recovery increased to 94% from 73% in the first quarter of 2016, due to the additional recovered ounces from the secondary leaching of previously leached areas during the first quarter of 2017. The lower recovery during the first quarter of 2016 was a result of higher tonnes stacked. This additional stacking occurred as a result of the stockpiles being built up during the quarter following their depletion during the November 2015 suspension of operations.

Gold production at San Andres in the first quarter of 2017 increased by 6% over the same period of 2016 primarily due to increased recoveries. Cash operating cost per ounce of gold produced[1] in the first quarter of 2017 decreased by 9% over the comparable period in 2016 as a result of higher ounces produced.

[1] A cautionary note regarding non-GAAP measures is included in Section 16 of this MD&A

Sao Francisco, Brazil

The table below sets out selected operating information for Sao Francisco for the three months ended March 31, 2017 and 2016:

		Q1 2017		Q1 2016
Ore mined (tonnes)		**-**		577,411
Waste mined (tonnes)		**-**		165,157
Total mined (tonnes)		**-**		742,568
Waste to ore ratio		**-**		0.29
Ore plant feed (tonnes)		**139,387**		952,984
Grade (g/tonne)		**0.80**		0.60
Recovery (%)		**-**		71%
Production (ounces)		**3,106**		13,878
Sales (ounces)		**3,286**		14,184
Cash operating cost per ounce of gold produced[1]	**$**	**976**	$	773

Mining at Sao Francisco ceased in October 2016. The processing plant continued through the fourth quarter of 2016 and fines recovery from tailings is expected to extend through 2017. As a result, total plant feed and ounces produced during the first quarter of 2017 were lower than the comparable period in 2016.

Production results of Sao Francisco was lower than expected due to the higher rainfall in the period. This affected the capacity of the removal of the clayish ore deposited in the dam and thereby reducing plant throughput. However, the established process route and metallurgical recovery are within expectations.

Cash operating cost per ounce of gold produced[1] in the first quarter of 2017 was 26% higher than in the same period of 2016 due to lower ounces produced.

[1] A cautionary note regarding non-GAAP measures is included in Section 16 of this MD&A

Lavrinha (EPP), Brazil

The table below sets out selected operating information for Lavrinha for the three months ended March 31, 2017 and 2016:

	Q1 2017	Q1 2016
Ore mined (tonnes)	**224,360**	-
Waste mined (tonnes)	**1,447,923**	-
Total mined (tonnes)	**1,672,283**	-
Waste to ore ratio	**6.45**	-
Ore plant feed (tonnes)	**206,263**	-
Grade (g/tonne)	**1.06**	-
Recovery (%)	**93%**	-
Production (ounces)	**5,731**	-
Sales (ounces)	**5,000**	-
Average cash cost per ounce of gold produced[1]	**$ 1,031**	$ -

Lavrinha commenced commercial production on January 1, 2017 after achieving certain milestones set by management.

During the first quarter of 2017, total tonnes mined and tonnes processed were higher than anticipated as a result of increased operating efficiencies in the mining activities. The strip ratio was lower than anticipated due to higher proportion of higher grade ore in the deposit.

Cash cost per ounce of gold produced[1] was lower than anticipated due to higher ounces produced.

During the fourth quarter of 2016, Lavrinha produced and sold 5,259 ounces and 3,746 ounces, respectively. Total pre-production revenue and pre-production costs were $4,407 and $3,129, respectively. During the pre-production period, both revenue and cost were capitalized to property, plant and equipement and excluded from the Company's profit or loss.

Development Projects

As at the date of this MD&A, the Company's Aranzazu mine and Serrote project remain on care-and-maintenance (*See Section 7, Liquidity and Capital Resources,* for further information). The Company is continuing to explore options to maximize the value of these assets.

[1] A cautionary note regarding non-GAAP measures is included in Section 16 of this MD&A

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, but are not limited to, the supply of and demand for gold and copper, the relative strength of currencies (particularly the United States 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 commodity prices but with continued volatility. In order to decrease risks associated with commodity prices and currency volatility, the Company will continue to evaluate and implement available protection programs. For additional information on this, refer to the AIF.

Other key factors influencing profitability and operating cash flows are production levels (impacted by grades, ore quantities, process recoveries, labour, plant and equipment availabilities) 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 2017 year has been revised as follows:

	Ounces produced		Cash operating costs per ounce produced[1]		Capital expenditures ($'000)	
Gold Mines	**Low**	**High**	**Low**	**High**	**Low**	**High**
San Andres	75,000	90,000	$750	$850	$8,500	$12,000
Sao Francisco	10,000	15,000	$550	$900	-	-
EPP Project	30,000	45,000	$900	$1,100	$900	$1,800
Total	**115,000**	**150,000**	**$772**	**$930**	**$9,400**	**$13,800**

Guidance for all-in cost per ounce sold[1] will be provided in the future.

To the date of this MD&A, the indicators have been that the revised pro-rata guidance will be achieved at each operating mine.

[1] A cautionary note regarding non-GAAP measures is included in Section 16 of this MD&A

5. RESULTS OF OPERATIONS

For the three months ended March 31, 2017, the Company recorded a loss of $5,023 compared to a loss of $18 for the three months ended March 31, 2016. Details of revenues, cost of goods sold and gross margin are presented below:

For the three months ended March 31,		**2017**		2016
Revenues:				
San Andres	**$**	**24,982**	$	18,945
Brazilian Mines		**9,920**		16,506
	$	**34,902**	$	35,451
Cost of Production:				
San Andres	**$**	**17,991**	$	14,750
Brazilian Mines		**8,824**		11,056
	$	**26,815**	$	25,806
Depletion and Amortization:				
San Andres	**$**	**2,183**	$	2,068
Brazilian Mines		**591**		48
	$	**2,774**	$	2,116
Gross Margin:				
San Andres	**$**	**4,808**	$	2,127
Brazilian Mines		**505**		5,402
	$	**5,313**	$	7,529
Ounces sold :				
San Andres		**21,796**		17,437
Brazilian Mines		**8,286**		14,184
		30,082		31,621
Cash operating costs per ounce sold[1]				
San Andres	**$**	**825**	$	846
Brazilian Mines		**1,065**		779
	$	**891**	$	816
Depletion and amortization per ounce sold[1]				
San Andres	**$**	**100**	$	119
Brazilian Mines		**71**		4
	$	**92**	$	67
Cost of goods sold per ounce sold[1]				
San Andres	**$**	**925**	$	965
Brazilian Mines		**1,136**		783
	$	**984**	$	883

[1] A cautionary note regarding non-GAAP measures is included in Section 16 of this MD&A

Revenues

Gold sales revenue for the first quarter of 2017 decreased by 2% compared to the same period in 2016. The decrease in gold sales revenue is attributable to a 5% decrease in gold sales volumes offset by a higher gold price per ounce. The decrease in gold sales volumes is mainly due to lower production at Sao Francisco as mining operation ceased in October 2016.

Cost of Goods Sold

Total cost of goods sold from San Andres during the first quarter of 2017 increased by 20% in comparison to the same period in 2016 due to higher ounces produced. During the first quarter of 2017, cash operating cost per ounce sold[1] was lower by 2% than the comparable period in 2016 due to higher gold sales volume.

Total cost of goods sold from the Brazilian Mines during the first quarter of 2017 decreased by 15% due to Sao Francisco ceased mining activities in October 2016. Cash operating cost per ounce sold[1] was higher by 37% per ounce due to significantly lower ounces sold during the first quarter of 2017 in comparison to the same period in 2016.

Gross margin

During the first quarter of 2017, gross margin for San Andres increased by 126% due to an increase in gold sales volume and gold price from the comparable quarter in 2016. During the same period, Brazilian Mines' gross margin decreased by 91% from the same period in 2016 due to significantly lower gold sales volume as a result of ceasing of mining activity at Sao Francisco in October 2016.

Care-and-maintenance expenses

Care-and-maintenance expenses include:

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

The care-and-maintenance expense for other Brazilian projects, including Serrote and Rio Allegre, mainly represents costs with respect to maintaining adequate provisions for security *(See Section 10, Transaction with related parties).*

General and administrative costs

For the three months ended March 31, 2017 and 2016, general and administrative costs include:

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		**-**		39
Other		**399**		355
	$	**2,863**	$	2,316

For the three months ended March 31, 2017, salaries, wages and benefits decreased as a result of the annual short-term incentive bonus payment have not yet been declared by the Company for management.

Professional and consulting fees increased significantly for the three months ended March 31, 2017 in comparison to the same period in 2016. The increase is mostly due to a non-recurring expense related to termination benefits obligation to the Company's former President and Chief Executive Officer *(See to Section 10, Transactions with related parties).*

Other expenses for the three months ended March 31, 2017 and 2016 include regulatory and filing fees, travel expenses and information technology expenses.

Finance Costs

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

The increase in interest expense on debts is related to the new debts from Aurамet and ABC Bank as well as the working capital facility payable to Yamana Gold Inc., which was acquired as part of the acquisition of the EPP Project. Other interest and finance costs for the first quarter of 2017 includes closing fees of $324 paid to Auramet in respect of the Facility.

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	**(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)

During the three months ended March 31, 2017, other losses increased mainly due to foreign exchange loss.

For the three months ended March 31, 2016, other items include additional charges incurred relating to penalties on amount owing on withholding and corporate income taxes at San Andres.

Other comprehensive loss

Other comprehensive loss for the three months ended March 31, 2017 and 2016 were losses of $5,073 and $453, respectively, related to the translation of foreign subsidiaries from their functional currencies into the Company's presentation currency and the recognition of unrealized actuarial gains on post-employment benefits.

6. 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	**March 31, 2017**	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Revenue	**$34,902**	$34,328	$40,016	$36,415	$35,451	$37,707	$41,219	$38,632
Working capital	**$9,110**	$6,459	($1,442)	($4,169)	($1,094)	($5,408)	($2,524)	($8,079)
Property, plant and equipment	**$102,203**	$102,758	$86,565	$87,801	$75,031	$78,428	$85,767	$90,911
Impairment charges (1)	**$0**	$0	$0	$0	$0	($8,367)	$0	$0
Gain on acquisition of EPP Project	**$0**	$19,886	$0	$0	$0	$0	$0	$0
(Loss) Income for the period	**($5,023)**	$20,353	$734	($2,048)	($18)	($11,886)	$4,837	($1,522)
(Loss) Income per share - Basic	**($0.15)**	$0.62	$0.10	($0.10)	($0.01)	($0.42)	$0.17	($0.10)
(Loss) Income per share -Diluted	**($0.15)**	$0.60	$0.10	($0.10)	($0.01)	($0.42)	$0.17	($0.10)

(1) For the quarter ended December 31, 2015 impairment charge recorded is related to Serrote.

Refer to Section 7, Liquidity and Capital Resources, for changes in cash and cash equivalents. For further additional information on period to period variations, see *Section 3, Review of Mining Operations and Development Projects* and *Section 5, Results of Operations.*

7. LIQUIDITY AND CAPITAL RESOURCES

The changes in cash and cash equivalents for the three months ended March 31, 2017 and 2016 are presented in the table below:

For the three months ended March 31,		**2017**		2016
Cash flow generated by operating activities	**$**	**(1,013)**	$	2,474
Cash flow used by investing activities		**(2,234)**		(191)
Cash flow generated by financing activities		**3,854**		1,013
Increase in cash and cash equivalents	**$**	**607**	$	3,296

During the three months ended March 31, 2017, the Company spent $2,060 and $174 for infrastructure and development at San Andres and Sao Francisco, respectively. Cash inflow from financing activities includes proceeds from the Auramet Facility and ABC Bank of $9,000 and $3,162, respectively. Cash flow used by financing activities includes a $6,869 repayment on the gold loan, a $344 repayment on the Promissory Note at San Andres, a $512 repayment of royalty liabilities and a $583 of debt interest payments.

Cash inflow from financing activities during the first quarter of 2016 was related to a $12,325 gold loan from Auramet and cash flow used by financing activities includes a $6,825 repayment on the remaining balance of the Itau bridge loan, settlement of outstanding royalty liabilities of $2,537, a debt interest payment of $420 and a margin deposit to accompany the outstanding gold collars of $1,548.

8. CONTRACTUAL OBLIGATIONS

For the three months March 31, 2017 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.

9. OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as of March 31, 2017.

10. TRANSACTIONS WITH RELATED PARTIES

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

For 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 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 $236 maintaining the property which was primarily related to security (2016:$Nil).

11. PROPOSED TRANSACTION

Other than as disclosed in this MD&A, there are no ongoing or proposed asset or business acquisitions or dispositions currently under consideration.

12. CHANGES IN ACCOUNTING POLICIES

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2017, 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 16, Leases

On January 13, 2016, the IASB published a new Standard, IFRS 16, Leases (“IFRS 16”). The new standard brings most leases onto the balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

IFRS 15, Revenue from Contracts and Customers

IFRS 15, Revenue from Contracts and Customers (“IFRS 15”) was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 15 on its consolidated financial statements.

IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosure

The final version of IFRS 9, Financial Instruments (“IFRS 9”), was issued by the IASB in July 2014 and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking “expected loss” impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognized in profit and loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however it is available for early adoption. In addition, the own credit risk changes can be early adopted in isolation without otherwise changing the accounting for the financial instruments.

IFRS 7 (Financial Instruments: Dislcosure) addresses the disclosure of financial assets and financial liabilities in the financial statements. IFRS 7 will be amended to require additional disclosures on transition from IAS 39 to IFRS 9, effective on adoption of IFRS 9.

The Company is currently evaluating the impact of IFRS 9 and IFRS 7 on its consolidated financial statements.

IFRS 2, Share-based Payment

In June 2016, the IASB issued amendments to IFRS 2 Share-based Payment ("IFRS 2"), covering the measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings, and accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements, and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments apply for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of IFRS 12 on its consolidated financial statements.

13. CRITICAL ACCOUNTING ESTIMATES

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

The Company has identified the following critical accounting policies under which significant judgements, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the Company's consolidated statements of financial position reported in future periods.

a) Determination of Mineral Resources and Mineral Reserves

The Company determines mineral resources and reserves 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 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 mineral resources and 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) Impairment of assets

In accordance with the Company's accounting policy, each asset or CGU 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 unit ("CGU") is measured at the higher of fair value less cost of disposal ("FVLCD") or value in use ("VIU").

The determination of FVLCD and VIU 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 consolidated statements of income (loss).

c) 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.

d) 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.

e) 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.

14. 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 five individuals, four of whom are neither executive officers nor employees of the Company and three of whom are unrelated in that they are independent of management. Mr. Bannantine is currently not considered independent due to his previous role of President & CEO of the Company. 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 audit its annual consolidated financial statements.

15. 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 Vice President, Legal Affairs and Business Development, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated 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 Vice President, Legal Affairs and Business Development, 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, 2016 and ongoing review and monitoring of these procedures, and as there were no changes in ICFR or DC&P in the three months ended March 31, 2017 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.

16. NON-GAAP PERFORMANCE MEASURES

In this MD&A, the Company has included earnings before interest and tax ("EBIT"), earnings before interest, tax, depreciation and amortization ("EBITDA"), realized average gold price per ounce sold, gross, realized average gold price per ounce sold - net of local sales taxes, hedging and gold loan repayments, cash operating cost per ounce produced, cash operating costs per ounce sold and all-in costs per ounce sold 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.

Reconciliation from revenue to EBITDA:

For the three months ended March 31,	2017	2016
Revenue	**$ 34,902**	$ 35,451
Cost of goods sold	**(29,589)**	(27,922)
Care-and-maintenance expenses	**(938)**	(718)
General and administrative expenses	**(2,863)**	(2,277)
Exploration expenses	**(262)**	(94)
EBIT	**$ 1,250**	$ 4,440
Depreciation and amortization	**2,774**	2,116
EBITDA	**$ 4,024**	$ 6,556
Non-cash and/or non-recurring		
Gain on disposal of assets	**579**	1,533
Other items in other (losses) gains	**(19)**	315
Depreciation and amortization	**(2,774)**	(2,116)
Net loss on call options and fixed price contracts	**(1,369)**	(4,714)
Finance costs	**(1,150)**	(852)
Changes in fair value of gold loans	**(427)**	(968)
Foreign exchange (loss) gain	**(2,645)**	1,155
Share-based compensation	**-**	(39)
(Loss) income before taxes	**$ (3,781)**	$ 870
Taxes	**(1,242)**	(888)
Net loss	**$ (5,023)**	$ (18)

Cost of goods sold and General and administrative expenses to calculate EBIT and EBITDA exclude non-cash items.

Reconciliation from the condensed interim consolidated financial statements to cash operating costs per ounce of gold produced:

For the three months ended March 31,	2017	2016
Cost of goods sold	**$ 29,589**	$ 27,922
Depreciation	**(2,774)**	(2,116)
Cost of production	**$ 26,815**	$ 25,806
Change in inventory	**1,633**	2,608
Other adjustments	**(2,693)**	(278)
Total operating cost of gold produced	**$ 25,755**	$ 28,136
Ounces of gold produced	**30,318**	34,058
Cash operating costs per ounce produced	**$ 849**	$ 826

Reconciliation from the condensed interim consolidated financial statements to realized gold price per ounce sold:

For the three months ended March 31,	2017	2016
Revenue	**$ 34,902**	$ 35,451
Local sales taxes	**1,469**	1,292
Gross revenue	**$ 36,372**	$ 36,743
Realized loss from fixed price contracts	**(753)**	(1,279)
Realized loss from call options contracts	**-**	(453)
Net Revenue	**$ 34,150**	$ 33,719
Ounces of gold sold	**30,082**	31,621
Realized average gold price per ounce sold, gross	**1,209**	1,162
Realized average gold price per ounce sold, net of local sales taxes, hedging and gold loan repayments	**$ 1,135**	$ 1,066

Reconciliation from the condensed interim consolidated financial statements to cash operating costs per ounce sold and all-in costs per ounce sold:

For the three months ended March 31,		2017		2016
Cost of production	$	26,815	$	25,806
Care and maintenance		938		718
General & administration expenses		2,863		2,316
Capital expenditures		2,915		937
Accretion expense		343		315
Exploration expenses		262		94
Total all-in costs	$	**34,136**	$	30,186
Ounces of gold sold		**30,082**		31,621
Cash operating costs per ounce sold	$	**891**	$	816
All-in costs per ounce sold	$	**1,135**	$	955

17. 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.

18. DISCLOSURE OF SHARE DATA

As at May 11, 2017, the Company had the following outstanding: 33,420,194 common shares, 1,019,100 stock options, 350,000 share purchase warrants, and 126,529 deferred share units.

19. 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 San Andres, EPP, Aranzazu, Sao Francisco and Serrote; 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.