



Aura Minerals Inc.

Condensed Interim Consolidated Financial  
Statements

For the three and six months ended June 30, 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 June 30, 2017 and December 31, 2016, the condensed interim consolidated statements of Income (Loss), comprehensive income) (loss) and cash flows for the three and six months ended June 30, 2017 and 2016 and the condensed interim consolidated statements of changes in equity for the six months ended June 30, 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.

# Aura Minerals Inc.

## Condensed Interim Consolidated Statements of Income (Loss)

For the three and six months ended June 30, 2017 and 2016

Expressed in thousands of United States dollars

(Unaudited)

	Note	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
<b>Revenue</b>		\$ 44,247	\$ 36,415	\$ 79,149	\$ 71,865
<b>Cost of goods sold</b>	11	35,200	28,338	64,789	56,260
<b>Gross margin</b>		9,047	8,077	14,360	15,605
General and administrative expenses	12	2,942	2,541	5,805	4,857
Care-and-maintenance expenses	13	1,483	1,816	2,421	2,535
Exploration expenses		136	109	398	203
<b>Operating income</b>		4,486	3,611	5,736	8,010
Finance costs	14	(647)	(604)	(1,797)	(1,454)
Other losses	15	3,374	(3,930)	(507)	(6,609)
<b>Income (loss) before income taxes</b>		7,213	(923)	3,432	(53)
<b>Income tax expense</b>		(2,971)	(1,125)	(4,213)	(2,013)
<b>Income (loss) for the period</b>		\$ 4,242	\$ (2,048)	\$ (781)	\$ (2,066)
<b>Loss per share:</b>					
Basic and diluted		\$ 0.13	\$ (0.07)	\$ (0.02)	\$ (0.07)
<b>Weighted average number of common shares outstanding:</b>					
Basic and diluted		33,420,194	28,685,819	33,520,194	28,644,222

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

# Aura Minerals Inc.

## Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

For the three and six months ended June 30, 2017 and 2016

Expressed in thousands of United States dollars

(Unaudited)

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	<b>For the three months ended June 30, 2017</b>	For the three months ended June 30, 2016	<b>For the six months ended June 30, 2017</b>	For the six months ended June 30, 2016
<b>Income (loss) for the period</b>	<b>\$ 4,242</b>	\$ (2,048)	<b>\$ (781)</b>	\$ (2,066)
<b>Other comprehensive loss</b>				
Loss on foreign exchange translation of subsidiaries	(876)	(78)	(952)	(535)
Actuarial gain on post employment benefit, net of tax	43	21	69	43
<b>Other comprehensive loss, net of tax</b>	<b>(833)</b>	(57)	<b>(883)</b>	(492)
<b>Total comprehensive income (loss)</b>	<b>\$ 3,410</b>	\$ (2,105)	<b>\$ (1,664)</b>	\$ (2,558)

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# Aura Minerals Inc.

## Condensed Interim Consolidated Statements of Cash Flows

For the three and six months ended June 30, 2017 and 2016

Expressed in thousands of United States dollars

(Unaudited)

	Note	For the six months ended June 30, 2017	For the six months ended June 30, 2016
<b>Cash flows from operating activities</b>			
Loss for the period		\$ (781)	\$ (2,066)
Items not affecting cash	16(a)	11,913	8,755
Changes in working capital	16(b)	(8,595)	5,171
Other assets and liabilities		429	(9,452)
<b>Net cash generated by operating activities</b>		<b>2,966</b>	<b>2,408</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(3,503)	(1,203)
<b>Net cash used in investing activities</b>		<b>(3,503)</b>	<b>(1,203)</b>
<b>Cash flows from financing activities</b>			
Proceeds received from debts	9(a)(b)	16,162	12,325
Proceeds from exercise of stock options and restricted share units		75	19
Repayment of gold loan	9(b)(i)	(6,869)	(2,238)
Repayment of term loans	9(a)	(2,188)	(7,045)
Repayment of other liabilities		(666)	(3,021)
Interest paid on debts		(862)	(486)
<b>Net cash used in financing activities</b>		<b>5,652</b>	<b>(446)</b>
<b>Increase in cash and cash equivalents</b>		<b>5,115</b>	<b>759</b>
<b>Cash and cash equivalents, beginning of the period</b>		<b>10,713</b>	<b>2,261</b>
<b>Cash and cash equivalents, end of the period</b>		<b>\$ 15,828</b>	<b>\$ 3,020</b>

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 June 30, 2017 and December 31, 2016

Expressed in thousands of United States dollars  
(Unaudited)

	Note	June 30, 2017	December 31, 2016
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 15,828	\$ 10,713
Value added taxes and other receivables	5	10,433	7,108
Inventory	6	37,029	38,847
Other current assets		4,601	3,345
		67,891	60,013
<b>Other long-term assets</b>		11,243	13,075
<b>Property, plant and equipment</b>	7	100,673	102,758
<b>Deferred income tax assets</b>		–	4
		\$ 179,807	\$ 175,850
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	8	\$ 27,637	\$ 34,555
Current portion of debts	9	21,155	7,818
Current income tax liabilities		11,541	8,734
Current portion of provision for mine closure and restoration		82	82
Current portion of other liabilities		2,144	2,365
		62,559	53,554
<b>Debts</b>	9	7,371	12,215
<b>Deferred income tax liabilities</b>		5,824	4,487
<b>Provision for mine closure and restoration</b>		19,998	19,662
<b>Other provisions</b>		7,071	6,741
<b>Other liabilities</b>		1,952	2,575
		104,776	99,234
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	548,160	548,044
Contributed surplus		54,701	54,738
Accumulated other comprehensive loss		(8,660)	(7,708)
Deficit		(519,170)	(518,458)
		75,031	76,616
		\$ 179,807	\$ 175,850

Approved on behalf of the Board of Directors:

*“Stephen Keith”*

Stephen Keith, Director

*“Rodrigo Barbosa”*

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 June 30, 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
<b>At December 31, 2016</b>		<b>33,420,194</b>	<b>\$ 548,044</b>	<b>\$ 54,738</b>	<b>\$ (7,708)</b>	<b>\$ (518,458)</b>	<b>\$ 76,616</b>
Exercise of options		100,000	116	(37)	–	–	79
Loss for the period		–	–	–	–	(781)	(781)
Loss on translation of subsidiaries		–	–	–	(952)	–	(952)
Actuarial gain on severance liability, net of tax		–	–	–	–	69	69
<b>At June 30, 2017</b>		<b>33,520,194</b>	<b>\$ 548,160</b>	<b>\$ 54,701</b>	<b>\$ (8,660)</b>	<b>\$ (519,170)</b>	<b>\$ 75,031</b>

	Note	Number of common shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
<b>At December 31, 2015</b>		<b>28,598,680</b>	<b>\$ 542,649</b>	<b>\$ 54,463</b>	<b>\$ (6,952)</b>	<b>\$ (537,480)</b>	<b>\$ 52,680</b>
Loss for the period		–	–	–	–	(2,066)	(2,066)
Loss on translation of subsidiaries		–	–	–	(535)	–	(535)
Shares issued on the acquisition of Ernesto Pau-a-Pique		200,000	352	–	–	–	352
Warrants issued on the acquisition of Ernesto Pau-a-Pique		–	–	322	–	–	322
Shares issued on exercise of stock options		20,917	29	(10)	–	–	19
Shares issued on exercise of restricted stock units		92,431	74	(74)	–	–	–
Actuarial gain on severance liability, net of tax		–	–	–	–	43	43
Share-based payments	10(d)	–	–	191	–	–	191
<b>At June 30, 2016</b>		<b>28,912,027</b>	<b>\$ 543,104</b>	<b>\$ 54,892</b>	<b>\$ (7,487)</b>	<b>\$ (539,503)</b>	<b>\$ 51,006</b>

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

# Aura Minerals Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2017 and 2016

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

*(Unaudited)*

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### 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 78 SW 7<sup>th</sup> street, 7115, Miami Florida 33130, United States of America.

### 2 BASIS OF PREPARATION

This condensed consolidated interim financial report for the half-year reporting period ended June 30, 2017 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended December 31, 2016 and any public announcements made during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

These financial statements were approved for issue by the board of directors effective August 15, 2017.

### 3 THE EPP PROJECT

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

On January 1, 2017, the Company declared commercial production at the 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. Pre-stripping activities at the Lavrinha Mine commenced in September 2016, and continued to pre-production in the fourth quarter of 2016.



# Aura Minerals Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2017 and 2016

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(Unaudited)

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.

#### 4 TERMINATION OF ARANZAZU HOLDING'S ADMINISTRATION PROCESS

In January 2015, the Company announced a suspension of operation at Aranzazu. 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.

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

	June 30, 2017	December 31, 2016
Value added taxes receivable	\$ 18,864	\$ 16,270
Other receivables	2,812	2,646
Total trade and other receivables	\$ 21,676	\$ 18,916
Less: non-current portion of receivables	(11,243)	(11,808)
<b>Trade and other receivables recorded as current assets</b>	<b>\$ 10,433</b>	<b>\$ 7,108</b>

Due to their short-term maturities, the fair value of trade and other receivables approximate their carrying value. As of June 30, 2017, there is no allowance for doubtful accounts.

#### 6 INVENTORY

	June 30, 2017	December 31, 2016
Finished product	\$ 10,706	\$ 10,093
Work-in-process	8,879	11,326
Parts and supplies	17,444	17,428
<b>Total inventory</b>	<b>\$ 37,029</b>	<b>\$ 38,847</b>

During the three and six months ended June 30, 2017 the cost of inventories recognized as an expense (note 11) was \$35,200 and \$64,789 (2016: \$28,338 and \$56,260). The cost of inventories during the three and six months ended June 30, 2017 includes write-downs of \$Nil (2016: \$47 and \$47) to bring finished product and work-in-process inventories to net realizable value.

# Aura Minerals Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2017 and 2016

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

(Unaudited)

### 7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment movements for the six months ended June 30, 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	2,661	75	–	377	125	3,238
Disposals	–	–	–	(53)	(7)	(60)
Reclassifications and adjustments	252	–	595	(137)	(847)	(137)
Depletion and amortization	(1,554)	(1,342)	(243)	(1,987)	–	(5,126)
Net book value at June 30, 2017	\$ 59,477	\$ 30,038	\$ 1,494	\$ 8,964	\$ 700	\$ 100,673
Consisting of:						
Cost	179,270	67,467	12,473	96,235	700	356,145
Accumulated depletion and amortization	(119,793)	(37,429)	(10,979)	(87,271)	–	(255,472)
	\$ 59,477	\$ 30,038	\$ 1,494	\$ 8,964	\$ 700	\$ 100,673

	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 and six months ended June 30, 2017, depletion and amortization expenses of \$2,798 and \$5,572 (2016: \$1,530 and \$3,646) have been charged to cost of goods sold, and \$6 and \$3 (2016: \$17 and \$63) 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 six months ended June 30, 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.

# Aura Minerals Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2017 and 2016

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

(Unaudited)

### 8 TRADE AND OTHER PAYABLES

	June 30, 2017	December 31, 2016
Trade accounts payable	\$ 18,778	\$ 19,326
Other payables	4,314	4,305
Accrued liabilities	4,394	5,511
Deferred revenue	151	5,413
Derivative liabilities	-	-
	\$ 27,637	\$ 34,555

### 9 DEBTS

	June 30, 2017	December 31, 2016
Term loans (note 9(a),(b)(ii))	\$ 18,295	\$ 4,321
Working capital facility payable to Yamana (note 3)	10,232	9,270
Gold loan (note 9(b)(i))	-	6,442
	\$ 28,527	\$ 20,033
Less: current portion	(21,155)	(7,818)
Non-current portion	\$ 7,371	\$ 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 June 30, 2017, the outstanding balance on the First Promissory Note was \$1,833 (December 31, 2016: \$2,521).

For the three and six months ended June 30, 2017 the company incurred \$69 and \$144, respectively, of interest expense which recorded as a finance cost (2016 – \$65 and \$86 respectively). Prior to the completion of the power line project in February 2016, interest expense for the three and six months ended June 30, 2016 of \$nil and \$21, respectively was capitalized to power line qualifying asset.

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. For the three and six months ended June 30, 2017, the Company incurred an interest expense of \$32 and \$64, respectively, on the Second Promissory Note.

##### ii) Itau Bridge Loan

For the three and six months ended June 30, 2016, the Company recorded an interest expense of \$nil and \$242, respectively.

# Aura Minerals Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2017 and 2016

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(Unaudited)

### **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 June 30, 2017, the outstanding balance of the loan from ABC Bank was \$3,162. During the three and six months ended June 30, 2017, the Company incurred an interest expense of \$45 and \$76, respectively, on the Promissory note.

### **iv) Banco Atlántida**

During the second quarter of 2017, the Company through its wholly-owned Honduran subsidiary, Minerales de Occidente, S.A. de C.V. (“Minosa”), entered into a \$7.0 loan agreement with Banco Atlántida for working capital requirements and drew down \$4.0 on the Loan agreement. The loan bears an annual interest rate of 7.3% with a grace period of one year and a maturity date on July 15, 2023. During the three and six months ended June 30, 2017, the Company incurred an interest expense of \$73 and \$73, respectively, on the loan.

### **b) Debts with Auramet International LLC (“Auramet”)**

#### **i) Gold Loan**

	June 30, 2017	December 31, 2016
<b>Balance, beginning of period</b>	\$ 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
<b>Balance, end of period</b>	\$ (0)	\$ 6,442

During the three and six months ended June 30, 2016, \$18 and \$179 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 \$1,551 and \$2,519 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 and six months ended June 30, 2017, the Company recorded an interest expense related to the Auramet Facility of \$226 and \$370, respectively. 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 June 30, 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.

# Aura Minerals Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2017 and 2016

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(Unaudited)

### 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.

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

	Number of options	Weighted average price C\$
<b>Balance, December 31, 2016</b>	<b>1,136,044</b>	<b>2.94</b>
Exercised	(100,000)	1.01
Forfeited / Expired	(106,944)	14.21
<b>Balance, June 30, 2017</b>	<b>929,100</b>	<b>1.85</b>

### d) Share-based payment expense

Share-based payment expense is measured at fair value and recognized over the vesting period from the date of grant. For the three and six months ended June 30, 2017, share-based payment expense recognized in general and administrative expense was \$5 and \$5 respectively) (2016: \$152 and \$191).

There were no stock options granted during the three and six months ended June 30, 2017 (2016: the Company granted nil and 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,	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Direct mine and mill costs	\$ 32,402	\$ 26,761	\$ 59,102	\$ 52,567
Write-down of inventory to net realizable value	-	47	-	47
Depletion and amortization (note 7)	2,798	1,530	5,572	3,646
Net smelter royalty	-	-	115	-
	<b>\$ 35,200</b>	<b>\$ 28,338</b>	<b>\$ 64,789</b>	<b>\$ 56,260</b>

## 12 GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Salaries, wages and benefits	\$ 1,322	\$ 721	\$ 1,951	\$ 1,968
Professional and consulting fees	1,294	278	2,855	817
Legal provision and settlements	172	591	219	591
Insurance	85	-	180	52
Directors' fees	41	185	89	228
Occupancy cost	63	-	146	42
Share-based payment expense (note 10(d))	5	152	5	191
Other	(39)	614	360	969
	<b>\$ 2,942</b>	<b>\$ 2,541</b>	<b>\$ 5,805</b>	<b>\$ 4,857</b>

# Aura Minerals Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

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

(Unaudited)

### 13 CARE-AND-MAINTENANCE EXPENSES

	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
<b>For the three months ended March 31,</b>				
Aranzazu Mine	634	416	\$ 1,113	\$ 830
Brazilian projects	849	1,400	1,308	1,705
	<b>\$ 1,483</b>	<b>\$ 1,816</b>	<b>\$ 2,421</b>	<b>\$ 2,535</b>

### 14 FINANCE COSTS

	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
<b>For the three month ended March 31,</b>				
Accretion expense	\$ 109	\$ 289	\$ 452	\$ 604
Interest expense on debts (note 9)	334	109	676	351
Finance cost on post-employment benefit	151	114	280	228
Other interest and finance costs	53	92	389	271
	<b>\$ 647</b>	<b>\$ 604</b>	<b>\$ 1,797</b>	<b>\$ 1,454</b>

### 15 OTHER (LOSSES) GAINS

	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
<b>For the three months ended March 31,</b>				
Net loss on call options and fixed price contracts	\$ 177	\$ (1,104)	\$ (1,192)	\$ (5,818)
Changes in fair value of gold loans (note 9(b))	-	(1,551)	(427)	(2,519)
Gain on disposal of assets	(41)	-	537	1,533
Foreign exchange (loss) gain	3,114	(1,116)	469	39
Other items	124	(159)	105	156
	<b>\$ 3,374</b>	<b>\$ (3,930)</b>	<b>\$ (507)</b>	<b>\$ (6,609)</b>

# Aura Minerals Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2017 and 2016

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

(Unaudited)

### 16 CASH FLOW INFORMATION

#### a) Items not affecting cash

b) C h a n	For the six	For the six
	months ended	months ended
	June 30, 2017	June 30, 2016
Deferred and current income tax expense	\$ 4,213	\$ 2,013
Depletion and amortization	5,578	3,709
Change in fair value of gold loans (note 9(b))	427	2,519
Accretion expense	452	604
Periodic service, past service and finance costs on post-employment benefit	560	532
Share-based payment expense (note 10(d))	5	191
Foreign exchange loss (gain)	1,051	(436)
Gain on disposal of assets	(537)	(1,533)
Unrealized loss on call option and fixed price contracts	-	1,114
Other non-cash items	165	42
-	\$ 11,913	\$ 8,755

#### c

#### cash working capital

	For the six	For the six
	months ended	months ended
	June 30, 2017	June 30, 2016
(Increase) decrease in VAT and other receivables	\$ (3,271)	\$ 3,823
Increase in inventory	1,817	2,065
(Decrease) in trade and other payables	(7,141)	(717)
	\$ (8,595)	\$ 5,171

### 17 FINANCIAL INSTRUMENTS

#### a) Fixed price contracts

During the six months ended June 30, 2017, the Company entered into fixed price contracts to hedge 63,700 ounces of gold expiring between January 31, 2017 and September 29, 2017 at an average price of \$1,223 per ounce of gold. At June 30, 2017, the Company had 11,293 ounces of outstanding fixed price contracts at an average price of \$1,269 per ounce of gold. For the three and six months ended June 30, 2017, the Company has recorded a realized losses of \$991 and \$1,533.

As at June 30, 2017, the Company recorded a derivative asset on these outstanding fixed price contracts of \$341 (December 31, 2016: \$nil).

During the six months ended June 30, 2016, the Company entered into fixed price contracts to hedge 44,500 ounces of gold expiring between January 31, 2016 and August 31, 2016 at an average price of \$1,193 per ounce of gold. At June 30, 2016, the Company had 13,500 ounces of outstanding fixed price contracts at an average price of \$1,253 per ounce

# Aura Minerals Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

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of gold. For the three and six months ended June 30, 2016, the Company has recorded a realized loss of \$474 and \$1,753, respectively on the expired fixed price contracts, and an unrealized loss of \$318 and \$915, respectively, on the outstanding fixed price contracts.

As at June 30, 2016, the Company recorded a derivative liability on these outstanding fixed price contracts of \$915.

### **b) Call option contracts**

During the six months ended June 30, 2017, the Company entered into a zero cost put/call collars with a floor price between \$1,200 and \$1,210 and ceiling price between \$1,255 and \$1,315 per ounce of gold expiring between April 26, 2017 to December 27, 2017. As at June 30, 2017, there was no derivative liability related to the outstanding call options.

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.

During the six months ended June 30, 2016, the Company also entered into a call option program on 52,500 ounces of gold expiring between March 29, 2016 and November 28, 2016 with strike prices of between \$1,140 and \$1,350 per ounce of gold and advanced \$2,000 to Auramet as a margin deposit. During the three and six months ended June 30, 2016, the Company recorded realized losses of \$2,498 and \$2,951, respectively, as a result of the call of 30,000 options and utilized the margin deposit to settle these call options. For the three and six months ended June 30, 2016, the Company has recorded an unrealized gain of \$2,186 and an unrealized loss of \$199, respectively, on the outstanding 22,500 ounces of call options.

As at June 30, 2016, the Company has recorded a derivative liability of \$199 on the 22,500 ounces of 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.



# Aura Minerals Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited)

### 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 June 30, 2017 and December 31, 2016 are summarized in the following table:

	Level	June 30, 2017		December 31, 2016	
		Carrying value	Fair value	Carrying value	Fair value
<b>Financial Assets</b>					
<i>Loans and receivables, measured at amortized cost</i>					
Other receivable	N/A	\$ 1,911	\$ 1,911	\$ 2,300	\$ 2,300
Other assets	N/A	901	901	1,614	1,614
		\$ 2,812	\$ 2,812	\$ 3,914	\$ 3,914
<b>Financial Liabilities</b>					
<i>At fair value through profit and loss</i>					
Gold loan	2	\$ -	\$ -	\$ 6,442	\$ 6,442
Derivative liabilities	2	-	-	-	-
<i>Other financial liabilities, measured at amortized cost</i>					
Accounts payable and accrued liabilities	N/A	\$ 27,637	\$ 27,637	\$ 34,677	\$ 34,677
Short-term loans	N/A	18,295	18,295	4,321	4,321
Working capital facility payable to Yamana	N/A	10,232	10,232	9,270	9,270
Other provisions	3	5,981	5,981	5,637	5,637
Other liability	3	4,096	4,096	4,940	4,940
		\$ 66,242	\$ 66,242	\$ 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 assets and liabilities in Level 2 of the fair value hierarchy as they are valued using pricing models which require a variety of inputs such as expected gold price. The Company classified its other provision and other liability in Level 3 as there is no observable market data for the fair value inputs. The Company uses a discounted cash flow model to determine the fair value. The key inputs for level 3 are the expected gold price, expected production and discount rate.

# Aura Minerals Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited)

### 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 and six months ended June 30, 2017, the Company paid consulting fees and termination benefits to Acumen of \$124 and \$248 (2016: \$41 and \$221). As at June 30, 2017, the Company owed \$851 (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. 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 and six months ended June 30, 2017, the Company spent \$236 and \$576 (2016: \$ Nil and \$nil) maintaining the property which was primarily related to security.

### 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 and six months ended June 30, 2017 and 2016, segmented information is as follows:

	San Andres Mine	Brazilian Mines	Aranzazu Mine	Serrote Project	Corporate	Total
<b>For the three months ended June 30, 2017</b>						
Sales to external customers	\$ 29,997	\$ 14,250	\$ -	\$ -	\$ -	\$ 44,247
Cost of production	19,295	13,107	-	-	-	32,402
Depletion and amortization	1,954	844	-	-	-	2,798
Gross margin	8,748	299	-	-	-	9,047
Care-and-maintenance expenses	-	(529)	(634)	(320)	-	(1,483)
Realized loss on gold collar and fixed price contracts	(590)	(190)	-	-	-	(780)
Other (expenses) income	55	3,160	2,148	(1,301)	(3,633)	429
<b>Income (Loss) before income taxes</b>	<b>\$ 8,213</b>	<b>\$ 2,740</b>	<b>\$ 1,514</b>	<b>\$ (1,621)</b>	<b>\$ (3,633)</b>	<b>\$ 7,213</b>
Property, plant and equipment	\$ 47,308	\$ 30,824	\$ 4,140	\$ 18,395	\$ 6	\$ 100,673
Total assets	\$ 83,807	\$ 68,195	\$ 5,939	\$ 18,535	\$ 3,331	\$ 179,807
Capital expenditures	\$ 259	\$ 64	\$ -	\$ -	\$ -	\$ 323

# Aura Minerals Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2017 and 2016

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

(Unaudited)

For the three months ended June 30, 2016	San Andres Mine	Sao Francisco Mine	EPP Project	Aranzazu Mine	Serrote Project	Corporate	Total
Sales to external customers	\$ 22,269	\$ 14,146		\$ -	\$ -	\$ -	\$ 36,415
Cost of production	16,038	10,769		-	-	-	26,807
Depletion and amortization	1,515	16		-	-	-	1,531
Gross margin	4,716	3,361	-	-	-	-	8,077
Care-and-maintenance expenses	-	(520)	(586)	(417)	(293)	-	(1,816)
Realized loss on gold collar and fixed price contracts	(199)	(274)	-	-	-	(2,499)	(2,972)
Other expenses	(1,822)	(2,235)	-	91	27	(273)	(4,212)
Income (Loss) before income taxes	\$ 2,695	\$ 332	\$ (586)	\$ (326)	\$ (266)	\$ (2,772)	\$ (923)
Property, plant and equipment	\$ 51,912	\$ 2,346	\$ 13,935	\$ 3,939	\$ 15,617	\$ 52	\$ 87,801
Total assets	\$ 80,985	\$ 35,143	\$ 17,700	\$ 5,609	\$ 15,665	\$ 1,465	\$ 156,566
Capital expenditures	\$ 352	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352

For the six months ended June 30, 2017	San Andres Mine	Brazilian Mines	Aranzazu Mine	Serrote Project	Corporate	Total
Sales to external customers	\$ 54,979	\$ 24,170	\$ -	\$ -	\$ -	\$ 79,149
Cost of production	37,286	21,931	-	-	-	59,217
Depletion and amortization	4,137	1,435	-	-	-	5,572
Gross margin	\$ 13,556	\$ 804	\$ -	\$ -	\$ -	\$ 14,360
Care-and-maintenance expenses	-	(765)	(1,113)	(543)	-	(2,421)
Realized loss on fixed price contracts	(1,194)	(339)	-	-	-	(1,533)
Other expenses	(852)	(414)	535	(1,301)	(4,942)	(6,974)
Income (Loss) before income taxes	\$ 11,510	\$ (714)	\$ (578)	\$ (1,844)	\$ (4,942)	\$ 3,432
Property, plant and equipment	\$ 47,308	\$ 30,824	\$ 4,140	\$ 18,395	\$ 6	\$ 100,673
Total assets	\$ 83,807	\$ 68,195	\$ 5,939	\$ 18,535	\$ 3,331	\$ 179,807
Capital expenditures	\$ 3,000	\$ 238	\$ -	\$ -	\$ -	\$ 3,238

For the six months ended June 30, 2016	San Andres Mine	Sao Francisco Mine	EPP Project	Aranzazu Mine	Serrote Project	Corporate	Total
Sales to external customers	\$ 41,213	\$ 30,652	\$ -	\$ -	\$ -	\$ -	\$ 71,865
Cost of production	30,788	21,825	-	-	-	-	52,613
Depletion and amortization	3,583	64	-	-	-	-	3,647
Gross margin	\$ 6,842	\$ 8,763	\$ -	\$ -	\$ -	\$ -	\$ 15,605
Care and maintenance expenses	-	(520)	(586)	(830)	(599)	-	(2,535)
Realized loss on gold collar and fixed price contracts	(796)	(957)	-	-	-	(2,951)	(4,704)
Other (expenses) income	(1,412)	(2,355)	-	1,520	(242)	(5,930)	(8,419)
Income (Loss) before income taxes	\$ 4,634	\$ 4,931	\$ (586)	\$ 690	\$ (841)	\$ (8,881)	\$ (53)
Property, plant and equipment	\$ 51,912	\$ 2,346	\$ 13,935	\$ 3,939	\$ 15,617	\$ 52	\$ 87,801
Total assets	\$ 80,985	\$ 35,143	\$ 17,700	\$ 5,609	\$ 15,665	\$ 1,465	\$ 156,566
Capital expenditures	\$ 1,289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,289

Revenues for the San Andres Mine and the Sao Francisco Mine 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.