Aura Minerals Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2018 and 2017
(Unaudited)

Notice to Reader – From Aura Minerals

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, 2018 and December 31, 2017, the condensed interim consolidated statements of income, comprehensive (loss) income and cash flows for the three months ended March 31, 2018 and 2017 and the condensed interim consolidated statements of changes in equity for the three months ended March 31, 2018 and 2017 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.

Expressed in thousands of United States dollars

For the Three months ended March 31	**Note**	**2018**	**2017**
Revenue		**$ 45,023**	$ 34,902
Cost of goods sold	16	**37,211**	29,589
Gross margin		**7,812**	5,313
General and administrative expenses	17	**3,009**	2,863
Care-and-maintenance expenses	18	**1,000**	938
Exploration expenses	19	**1,002**	262
Operating income		**2,801**	1,250
Gain on acquisition of Rio Novo Gold Inc.	5	**21,898**	-
Currency translation adjustment reversal	4	**(15,827)**	-
Gain on Sale of Mineracao Vale Verde Ltda (Serrote)	4	**3,945**	-
Finance costs	20	**(985)**	(1,150)
Other gains (losses)	21	**479**	(3,881)
Income (Loss) before income taxes		**12,311**	(3,781)
Income tax expense	12	**(1,031)**	(1,242)
Income (Loss) for the period		**$ 11,280**	$ (5,023)
Income (Loss) per share:			
Basic		**$ 0.31**	$ (0.15)
Diluted		**$ 0.30**	$ (0.15)
Weighted average number of common shares outstanding:			
Basic		**36,838,886**	33,420,194
Diluted		**37,496,515**	33,420,194

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

Expressed in thousands of United States dollars

For the Three months ended March 31	2018	2017
Income (Loss) for the period	**$ 11,280**	$ (5,023)
Other comprehensive loss		
Foreign currency translation realized in net income (Loss) (Note 4)	**15,827**	-
Gain (loss) on foreign exchange translation of subsidiaries	**110**	(76)
Actuarial gain (Loss) on post-employment benefit, net of tax	**55**	26
Other comprehensive loss, net of tax	**15,992**	(50)
Total comprehensive income (loss)	**$ 27,272**	$ (5,073)

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

Expressed in thousands of United States dollars

For the Three months ended March 31	Note	2018	2017
Cash flows from operating activities			
Income (Loss) for the period		**$ 11,280**	$ (5,023)
Items not affecting cash	22(a)	**(5,719)**	7,319
Changes in working capital	22(b)	**1,559**	(3,786)
Other assets and liabilities		**(1,381)**	477
Net cash generated by (used in) operating activities		**5,739**	(1,013)
Cash flows from investing activities			
Purchase of property, plant and equipment (net)		**(5,189)**	(2,234)
Proceeds on sale of plant and equipment		**744**	-
Proceeds on the sale of Mineracao Vale Verde Ltda (Serrote)	4	**30,000**	-
Net cash generated by (used in) investing activities		**25,555**	(2,234)
Cash flows from financing activities			
Proceeds received from debts		**-**	12,162
Proceeds from exercise of stock options and restricted share units		**15**	-
Repayment of gold loan		**-**	(6,869)
Repayment of short term loans	11(a)(b)	**(9,658)**	(344)
Repayment of other liabilities		**(343)**	(512)
Interest paid on debts	20	**(667)**	(583)
Net cash generated by (used in) financing activities		**(10,653)**	3,854
Increase in cash and cash equivalents		**20,641**	607
Cash and cash equivalents, beginning of the period		**11,789**	10,713
Cash and cash equivalents, end of the period		**$ 32,430**	$ 11,320

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

Aura Minerals Inc.

Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2018 and December 31, 2017

Expressed in thousands of United States dollars

(Unaudited)

	Note	**March 31, 2018**	December 31, 2017
ASSETS			
Current			
Cash and cash equivalents		**$ 32,430**	$ 11,789
Value added taxes and other receivables	6	**14,554**	13,161
Inventory	7	**37,138**	38,489
Assets held for resale	4	**-**	24,463
Other current assets	9	**4,713**	2,988
		88,835	90,890
Other long-term assets	8	**14,440**	14,685
Property, plant and equipment	9	**132,299**	80,700
		$ 235,574	$ 186,275
LIABILITIES			
Current			
Trade and other payables	10	**$ 40,428**	$ 35,811
Derivative Financial Instrument	23	**347**	**895**
Current portion of debts	11	**13,536**	18,052
Current income tax liabilities		**6,025**	5,047
Current portion of other liabilities		**1,617**	1,976
		61,953	61,781
Debts	11	**6,631**	7,964
Deferred income tax liabilities	12	**3,595**	1,810
Provision for mine closure and restoration		**21,473**	21,309
Other provisions	13	**7,735**	7,467
Other liabilities	14	**1,400**	1,362
		102,787	101,693
SHAREHOLDERS' EQUITY			
Share capital	15	**569,044**	548,217
Contributed surplus		**54,787**	54,681
Accumulated other comprehensive loss		**5,953**	(10,039)
Deficit		**(496,997)**	(508,277)
		132,787	84,582
		$ 235,574	$ 186,275

Approved on behalf of the Board of Directors:

"Stephen Keith" *"Rodrigo Barbosa"*

Stephen Keith, Director (Lead) **Rodrigo Barbosa, President & CEO**

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

Aura Minerals Inc.

Condensed Interim Consolidated Statements of Changes in Equity

As at March 31, 2018 and December 31, 2017

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, 2017		**33,565,194**	**$ 548,217**	**$ 54,681**	**$ (10,039)**	**$ (508,277)**	**$ 84,582**
Exercise of options		**19,000**	**22**	**(7)**	**-**	**-**	**15**
Shares and Options issued on merger with Rio Novo	**5**	**9,788,142**	**20,805**	**113**	**-**	**-**	**20,918**
Income for the period		**-**	**-**	**-**	**-**	**11,280**	**11,280**
Loss on translation of subsidiaries		**-**	**-**	**-**	**15,937**	**-**	**15,937**
Actuarial gain on severance liability, net of tax		**-**	**-**	**-**	**55**	**-**	**55**
At March 31, 2018		**43,372,336**	**$ 569,044**	**$ 54,787**	**$ 5,953**	**$ (496,997)**	**$ 132,787**

	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

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

1 CORPORATE INFORMATION

Aura Minerals Inc. ("Aura Minerals" or 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 7th St, 7115, Miami Florida 33130, United States of America.

The Company is focused on the operation and development of mining properties in the Americas. Our properties are located in Honduras, Brazil, Mexico and Colombia. We sell our gold production into the world market.

Aura Minerals is a public company listed on the Toronto Stock Exchange.

The Company's majority shareholder is Northwestern Enterprises Ltd, ("Northwestern") a company beneficially owned, controlled or directed by the Chairman of the Board of Directors of the Company.

2 SIGNIFICANT ACCOUNTING POLICIES

A) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These interim financial statements should be read in conjunction with the Company's most recently issued Annual Report which includes information necessary or useful to understanding the Company's business and financial statement presentation.

In particular, the Company's significant accounting policies were presented in Note 3 of the Annual Consolidated Financial Statements for the year ended December 31, 2017 ("2017 Annual Financial Statements"), and have been consistently applied in the preparation of these interim financial statements, except as otherwise noted in Note 2(b).

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on May 15, 2018.

B) New Accounting Standards Effective in 2018

IFRS 9 - Financial instruments

The Company has adopted all the requirements of IFRS 9 as of January 1, 2018. IFRS 9 replaced IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to the measurement of financial liabilities is unchanged.

The adoption of IFRS 9 was applied retrospectively and did not have an impact on previously reported financial statements. The new accounting policy under IFRS 9 is as follows:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL. The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash and cash equivalents	FVTPL	FVPL
Restricted cash	FVTPL	FVPL
Trade and other receivables	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost
Loans	Amortized cost	Amortized cost
Call options	FVTPL	FVTPL

(ii) Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for trade receivables.

The Company recognizes in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. The loss allowance was $nil as at March 31, 2018 and December 31, 2017.

IFRS 15 - Revenue recognition

The Company has adopted all the requirements of IFRS 15 as of January 1, 2018. IFRS 15 replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations on revenue. The Company has used the modified retrospective transition method, which had no impact on the Company's consolidated financial statements. The following is the Company's new accounting policy for revenue recognition under IFRS 15:

Revenue from the sales of gold and silver is recognized based on the identification of contracts with a customer, the determination of performance obligation under the contract and the related transaction price, and the point at which the Company satisfies its performance obligation. The Company currently enters into gold and silver sales agreements with Auramet International LLC ("Auramet") whereby the Company will sell its refined gold and silver bullion to Auramet at market prices for those metals. The Company recognizes revenue from gold and silver when it has transferred the metals to Auramet, fulfilling its performance obligations under the sales agreement, and the resulting revenue can be measured at the contract price on the delivery date.

When the Company sells a portion of its future production for upfront proceeds, the Company records a corresponding amount of unearned revenue and recognizes revenue as it delivers the physical metal to settle those sales in fulfillment of its performance obligation under that contract. The Company applies the practical expedient under IFRS15 where the consideration for these transactions is not adjusted for the effects of a significant financing component, as all physical deliveries are expected to be made within one year of the receipt of proceeds.

IFRS 2 - Share-based payments

IFRS 2 was amended to address (i) certain issues related to the accounting for cash settled awards, and (ii) the accounting for equity settled awards that include a "net settlement" feature in respect of employee withholding taxes effective for years beginning on or after January 1, 2018. There is no impact to the financial statements on adoption of this standard.

C) New Accounting Standards Issued But Not Yet Effective

Recently issued but not adopted accounting guidance includes IFRS 16 *Leases* and IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*.

- **IFRS 16 – Leases ("IFRS 16")** was issued by the IASB on January 13, 2016, and will replace IAS 17, *Leases*. IFRS 16 will bring most leases on-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 reporting periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

- **IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments ("IFRIC 23")** was issued by the IASB on June 7, 2017. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual period beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its consolidated financial statements for the annual period beginning on January 1, 2019. The Company is currently in the process of assessing the impact of IFRIC 23 on its consolidated financial statements.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the condensed interim 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.

Please refer to Note 4 of the 2017 Annual Financial Statements for the 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.

4 DIVESTITURE – MINERACAO VALE VERDE LTDA (MVV-SERROTE)

On December 1, 2017, the Company announced that it had entered into a purchase and sale to sell MVV which owns the Serrote Project for an aggregate consideration of $40 million. As a result, as of December 31, 2017, the Company considered Serrote as an asset held for sale and recorded a reversal of the impairment charge previously made to Serrote in December 31, 2015. This resulted in an increase of the property value by $9.6 million (mineral property $4.1 million and land and building $5.5 million). Following the impairment reversal, the book value of the Serrote Project was $24.5 million and was reflected as an asset held for sale in the balance sheet as of December 31, 2017. The transaction closed on March 22, 2018.

The aggregate consideration of $40 million is made up of a cash payment of $30 million (paid), as well the delivery by the purchasers of a subordinated unsecured note in the principal amount of $10 million, payable from 75% of excess cash from the project after the project has repaid project financing and operating cash requirements (contingent consideration). Since the project is in an early stage of development, management has assessed the fair value of the contingent consideration at initial recognition as $NIL and will reassess the fair value at each reporting date. Any adjustments will be recognized through the Company's results from operations.

On completion of the transaction, the Company transferred the accumulated foreign currency adjustments related to Serrotte to the income statement ($15,827).

5 ACQUISITION OF RIO NOVO GOLD INC.

On December 18, 2017 the Company and Rio Novo Gold Inc. ("Rio Novo") entered into an agreement to combine and create a portfolio of mining properties with a long-term production life ("The Merger").

On February 22, 2018 the Company and Rio Novo announced, in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), that the combination of the Company and Rio Novo was approved by their respective shareholders at Special Meetings of the respective shareholders. On March 2, 2018, the Company and Rio Novo announced the completion of the combination under section 170 of the BVI Business Companies Act, 2004 under which the Company combined with Rio Novo and the separate corporate existence of Rio Novo ceased.

Upon consummation of the agreement, all of the shares in Rio Novo were automatically converted into the relevant number of shares of the Company where holders of Rio Novo Shares received 0.053 of the Company's common share for every Rio Novo Share held (being 9,473,956 shares of the company). As part of the agreement, the Company issued (i) 314,186 common shares to holders of Rio Novo deferred share units outstanding as of December 18, 2017 and (ii) options to acquire 100,700 Company common shares to holders of Rio Novo options (which were cancelled).

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

The common shares issued under the agreement in exchange for Rio Novo Shares represent approximately 22.0% of the post transaction issued and outstanding common shares of the Company.

The companies were under common control and as such the transaction is outside the scope of IFRS 3 - *Business combination*, however management has concluded that the activities of Rio Novo constitute a business. Consequently, management has elected to apply IFRS 3 by analogy to account for the combination of business under common control whereby the company was the acquiror.

The approval of the transaction was conducted in accordance with MI 61-101 because of Northwestern's shareholdings in each of the Company and Rio Novo.

The consideration paid by the Company has been allocated on a preliminary basis to assets acquired and liabilities assumed, as follows:

Value of 9,788,142 common shares issued as consideration	$ 20,805
Value of 100,700 Stock Options issued as consideration	113
Total purchase consideration	**20,918**
Other assets	53
Property, plant and equipment	50,478
Accounts payable and accrued liabilities	(2,201)
Future income tax liabilities	(1,938)
Debts	(3,576)
Total net assets acquired	**42,816**
Gain on acquisition, net of tax	**$ 21,898**

The identified assets and liabilities, which included other assets, property, plant and equipment, accrued payables and debt 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 $15,631 (before tax) associated with the acquisition. The gain on acquisition is included in the consolidated statements of income (loss).

The Company anticipates that the transaction will benefit the Company in a variety of ways, including those set forth in the joint management proxy circular dated January 23, 2018.

The preliminary allocation of the purchase price was based on the information available as March 2, 2018. The allocation of the purchase price has not been finalized and is subject to adjustments, which may be material. The Company has until March 1, 2019 to finalize the purchase price allocation.

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

6 VALUE ADDED TAXES AND OTHER RECEIVABLES

	March 31, 2018	December 31, 2017
Value added taxes receivable	$ 26,422	$ 25,364
Other receivables	2,572	2,482
Total trade and other receivables	28,994	27,846
Less: non-current portion of receivables	(14,440)	(14,685)
Trade and other receivables recorded as current assets	$ 14,554	$ 13,161

Due to their short-term maturities, the fair value of trade and other receivables approximate their carrying value. As of March 31, 2018 and December 31, 2017, there was no allowance for doubtful accounts.

7 INVENTORY

	March 31, 2018	December 31, 2017
Finished product	$ 11,534	$ 14,693
Work-in-process	8,433	7,845
Parts and supplies	17,171	15,951
Total inventory	$ 37,138	$ 38,489

During the period ended March 31, 2018 the cost of inventories recognized as an expense (note 16) was $37,211 (March 31, 2017: $29,589). For the three months ended March 31, 2018 and 2017, there were no write-downs of inventory to bring finished product and work-in-process inventories to net realizable value.

8 OTHER LONG TERM ASSETS

	March 31, 2018	December 31, 2017
Long-term receivables and deposits	$ 893	$ 895
Value added taxes receivable	13,547	13,790
	$ 14,440	$ 14,685

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

9 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment movements for the three months ended March 31, 2018 and for the year ended December 31, 2017 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	$ 41,244	$ 25,456	$ 955	$ 9,004	$ 4,042	$ 80,700
Additions	3,008	1,760	155	117	148	5,189
Disposals	-	-	-	-	-	-
Acquisition of Rio Novo Gold Inc	44,798	-	5,680	-	-	50,478
Reclassifications and adjustments	-	690	-	-	(690)	-
Depletion and amortization	(2,624)	(693)	(68)	(683)	-	(4,068)
Net book value at March 31, 2018	$ 86,426	$ 27,213	$ 6,722	$ 8,438	$ 3,500	$ 132,299
Consisting of:						
Cost	$ 217,119	$ 66,472	$ 18,252	$ 95,771	$ 3,500	$ 401,115
Accumulated depletion and amortization	(130,694)	(39,259)	(11,530)	(87,333)	-	(268,816)
	$ 86,426	$ 27,213	$ 6,722	$ 8,438	$ 3,500	$ 132,299

	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	4,890	270	622	349	2,676	8,807
Disposals	-	-	(83)	-	(63)	(147)
Reversal of impairment	4,123	5,537	-	-	-	9,660
Asset held for sale	(15,286)	(9,177)	-	-	-	(24,463)
Reclassifications and adjustments	(770)	-	-	-	-	(770)
Depletion and amortization	(9,831)	(2,479)	(726)	(2,109)	-	(15,145)
Net book value at December 31, 2017	$ 41,244	$ 25,456	$ 955	$ 9,004	$ 4,042	$ 80,700
Consisting of:						
Cost	$ 169,313	$ 64,022	$ 12,417	$ 96,397	$ 4,042	$ 346,191
Accumulated depletion and amortization	(128,070)	(38,566)	(11,462)	(87,393)	-	(265,491)
	$ 41,244	$ 25,456	$ 955	$ 9,004	$ 4,042	$ 80,700

For the three months ended March 31, 2018 and 2017, depletion and amortization expenses of $4,062 and $2,774 respectively, have been charged to cost of goods sold, and $6 and $4 respectively, have been charged to general and administrative expenses.

Effective January 1, 2017 and August 1, 2017, the Company commenced commercial production at its Lavrinha Mine and PPQ Mine respectively. As a result depreciation expense related to the mines are no longer capitalized and are recognized in the consolidated statement of income (loss).

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

For the period ended March 31, 2018, the Company has not identified any impairment indicators related with the assets detailed above.

10 TRADE AND OTHER PAYABLES

	March 31, 2018	December 31, 2017
Trade accounts payable	**$ 23,336**	$ 20,592
Other payables	**8,320**	7,662
Accrued liabilities	**5,660**	4,528
Deferred revenue	**3,112**	3,029
	$ 40,428	$ 35,811

11 DEBTS

	March 31, 2018	**December 31, 2017**
Term loans (note 11(a))	**$ 15,555**	$ 16,637
Working capital facility payable to Yamana (note 11 (b))	**4,612**	9,379
	20,167	26,016
Less: current portion	**(13,536)**	(18,052)
Non-current portion	**$ 6,631**	$ 7,964

a) Term loans

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

On December 4, 2014, the Company, through 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 twelve 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, 2018, the outstanding balance on the First Promissory Note was $801 (December 31, 2017: $1,145).

For the three months ended March 31, 2018 and 2017, the company incurred interest expense of $18 and $43 respectively which recorded as a finance cost.

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. As at March 31, 2018, the outstanding balance on the Second Promissory Note was $1,517 (December 31, 2017: $1,730).

For the three months ended March 31, 2018 and 2017, the Company incurred interest expense of $29 and $32 respectively which was recorded as a finance cost.

ii) 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, 2018, the outstanding balance of the loan from ABC Bank was $3,162 (December 31, 2017 - $3,162).

For the three months ended March 31, 2018 and 2017, the Company incurred interest expense of $42 and $30 respectively which was recorded as a finance cost.

iii) Banco Atlántida S.A ("Banco Atlantida")

During the second quarter of 2017, the Company through Minosa entered into a $7,000 loan agreement with Banco Atlántida for investment capital for the development of the phase 6 heap leach project and drew down $4,000 on the loan agreement. In May 2017, the Company drew down balance of $4,000 and later in October 2017, drew down the remaining balance of $3,000. 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. As at March 31, 2018, the outstanding balance of the loan from Banco Atlantida was $7,000 (December 31, 2017 - $7,000).

For the three months ended March 31, 2018 and 2017, the Company incurred interest expense of $128 and $Nil respectively which was recorded as a finance cost.

iv) Louis Dreyfus Company Metals ("LDC Metals")

On March 8, 2018 the Company entered into a US$20,000 loan facility (the "Facility") and an off-take agreement (the "Off-Take Agreement") with LDC Metals for the re-start of operations and copper concentrates to be produced from its wholly-owned Aranzazu mine (the "Project") located within the Municipality of Concepción del Oro in the north eastern region of the State of Zacatecas, Mexico.

The Facility includes a 12-month grace period and is subject to customary conditions, including but not limited to, the repayment of the Company's outstanding loan with Auramet International LLC which was repaid in full in March 2018. The Facility will be guaranteed by the Company and its interests in the Project and the San Andres mine. The Off-Take Agreement covers 100% of the copper concentrates to be produced from the Project.

As at March 31, 2018 no amount was drawn on the Facility. Subsequent to March 31, 2018 and as at the date of these Financial Statements, $8,000 has been drawdown on the Facility.

v) Promissory Notes of Rio Novo

On completion of the Merger with Rio Novo, the Company assumed the obligations of the demand promissory notes issued by Rio Novo in favor of Northwestern which, as at March 31, 2018, totalled $3,576. On April 16, 2018, the Company entered into a payment schedule with Northwestern pursuant to which the Company agreed to repay the notes with quarterly repayment terms as follows: (i) $1,430 on April 16, 2018 (paid); (ii) $729 on July 13, 2018; (iii) $743 on October 13, 2018; and (iv) $758 on January 13, 2019. The quarterly repayment terms are inclusive of 8% interest.

b) Working Capital Facility - EPP

On March 28, 2018, Apoena and the Company entered into an agreement with Yamana Gold Inc. ("Yamana") and Serra da Borda Mineracao e Metalurgia S.A., a company affiliated with Yamana, with respect to the repayment of the working capital facility provided to Apoena in connection with the acquisition of the EPP project. Pursuant to the agreement, Apoena and the Company acknowledged debt of $9,638 with repayment terms as follows: (i) $5,000 on March 28, 2018 (paid); (ii) $1,000 on each of June 30, 2018 and September 30, 2018; (iii) $1,400 on December 31, 2018; and (iv) $1,461 on March 30, 2019.

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

12 INCOME TAXES

a) Income tax expenses

Income tax expense included in the consolidated statements of income (loss) and comprehensive income (loss) For the three months ended March 31, 2018 and 2017 are as follows:

For the Three months ended March 31	2018	2017
Current income tax expense in respect of the current year	**$ 1,157**	$ 1,498
Adjustment to current income tax expense in respect of prior periods	**-**	-
Current income tax expense	**1,157**	1,498
Deferred income tax expense	**(127)**	(256)
Income tax expense	**$ 1,031**	$ 1,242

b) Deferred income tax assets and liabilities

Deferred tax liabilities on the consolidated statements of financial position consist of:

Net deferred income tax assets (liabilities) are classified as follows:	2018	2017
Deferred income tax assets	**$ –**	$ –
Deferred income tax liabilities	**(3,595)**	(1,810)
	$ (3,595)	$ (1,810)

The movement in the net deferred income tax liability account was as follows:

	2018	2017
Balance, January 1	**$ (1,810)**	$ (4,487)
Recovered from (charged to) the statement of income	**127**	256
Recorded on purchase of business	**(1,938)**	-
Recorded through other comprehensive income	**18**	(1)
Foreign exchange difference	**8**	(924)
Balance, March 31	**$ (3,595)**	$ (5,156)

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

13 OTHER PROVISIONS

	Long-term employee benefits	Provision for judicial contingencies	Total
At December 31, 2016	**$ 5,637**	**$ 1,104**	**$ 6,741**
Periodic service and finance cost	575	-	$ 575
Additional provision for the year	-	384	$ 384
Settlement during the year	(135)	-	$ (135)
Actuarial gain	(82)	-	$ (82)
Impact of currency translation	14	(31)	$ (17)
At December 31, 2017	**$ 6,010**	**$ 1,457**	**$ 7,467**
Periodic service and finance cost	258	-	$ 258
Additional provision for the year	-	19	19
Settlement during the year	(9)	-	(9)
At March 31, 2018	**$ 6,259**	**$ 1,476**	**$ 7,735**

Long term employee benefits liability exists as a result of a legal requirement in Honduras that the Company is obligated to pay a severance payment based on the years of service provided by an employee without regard to the cause of the termination.

14 OTHER LIABILITIES

	March 31, 2018	December 31, 2017
Balance, beginning of year	**$ 3,338**	$ 4,940
Accretion expense	**25**	196
Royalty payments	**(343)**	(1,756)
Change in estimate	**(3)**	(42)
Balance, end of period	**3,017**	3,338
Less: current portion	**(1,617)**	(1,976)
	$ 1,400	$ 1,362

In March 2011, the Company completed a restructuring of certain of its contractual obligations owing from the purchase of the San Andres, Sao Francsico and Sao Vicente Mines, which resulted in the settlement of the deferred purchase consideration and the granting of a NSR Royalty (commencing on March 1, 2013) equal to 1.5% on the net sales from the San Andres Mine, the Sao Francisco Mine, and the Company's former Sao Vincente Mine, up to a cumulative royalty of $16,000. The liability has been recorded at its net present value using a discount rate of 5% (2015: 5%). The liability is re-measured at each reporting date, with the accretion expense and change in estimate being recorded within finance costs and other gains, respectively. The total undiscounted amount of the estimated obligation at March 31, 2018 is approximately $3,029 and is expected to be incurred through 2019 (2017: $3,497).

For the three months ended March 31, 2018, the Company recorded accretion expenses of $189 (2017: $343) within finance costs.

Subsequent to March 31, 2018, the Company made a royalty payment of $372.

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

15 SHARE CAPITAL

a) Authorized

Unlimited number of common shares.

b) Issued shares

On March 2, 2018, the company completed the combination with Rio Novo and issued 9,788,142 common shares as consideration (see Note 5). The total outstanding common shares after the combination was 43,372,336.

c) Stock options

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

	Number of options	Weighted average price C$
Balance, December 31, 2016	**1,136,044**	**$ 2.94**
Granted	-	-
Exercised	(145,000)	1.00
Forfeited / Expired	(277,144)	7.11
Balance, December 31, 2017	**713,900**	**1.71**
Granted (see Note 5)	100,700	1.71
Exercised	(19,000)	0.91
Forfeited / Expired	(242,300)	3.01
Balance, March 31, 2018	**553,300**	**$ 1.17**

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 twelve months ended March 31, 2018, share-based payment expense recognized in general and administrative expense was $31 related to a 2017 unrecognized balance (2017: $Nil).

During the three months ended March 31, 2018 the Company granted 154,230 options at an exercie price of C$1.71 in relation to the Rio Novo agreement (see Note 5) (2017: NIL options were granted).

16 COST OF GOODS SOLD BY NATURE

For the Three months ended March 31	2018	2017
Direct mine and mill costs	**$ 33,149**	$ 26,700
Net smelter royalty	**-**	115
Depletion and amortization (note 9)	**4,062**	2,774
	$ 37,211	$ 29,589

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

17 GENERAL AND ADMINISTRATIVE EXPENSES

For the Three months ended March 31	2018	2017
Salaries, wages and benefits	**$ 681**	$ 629
Professional and consulting fees	**1,562**	1,561
Legal, Filing, listing and transfer agent fees	**112**	47
Insurance	**170**	95
Directors' fees	**43**	48
Occupancy cost	**67**	83
Travel expenses	**85**	44
Other	**289**	355
	$ 3,009	$ 2,863

In 2018, general and administrative expenses included, among other items, additional professional and consulting fees related to technical work used to support the proposed restart of mining at Aranzazu (see also note 11(a)(iv)).

18 CARE AND MAINTENANCE EXPENSES

For the Three months ended March 31	2018	2017
Aranzazu Mine	**$ 459**	$ 479
Serrote Project	**$ 421**	$ 223
Brazilian projects	**$ 120**	$ 236
	$ 1,000	$ 938

19 EXPLORATION EXPENSES

For the Three months ended March 31	2018	2017
San Andres Mine	**$ 156**	$ 99
Brazilian projects	**846**	163
	$ 1,002	**$ 262**

20 FINANCE COSTS

For the Three months ended March 31	2018	2017
Accretion expense	**$ 189**	$ 343
Interest expense on debts (note 11)	**667**	342
Finance cost on post-employment benefit	**116**	129
Other interest and finance costs	**13**	336
	$ 985	$ 1,150

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

21 OTHER GAIN & (LOSS)

For the Three months ended March 31	2018	2017
Net loss on call options and fixed price contracts	**$ (985)**	$ (1,369)
Changes in fair value of gold loans (note 11(b))	**-**	(427)
Gain on disposal of assets	**744**	579
Foreign exchange (loss) gain	**1,369**	(2,645)
Other items	**(649)**	(19)
	$ 479	$ (3,881)

22 CASH FLOW INFORMATION

a) Items not affecting cash

For the Three months ended March 31	2018	2017
Deferred and current income tax expense	**$ 1,031**	$ 1,242
Depletion and amortization	**4,068**	2,778
Change in fair value of gold loans	**-**	427
Accretion expense	**189**	343
Currency translation adjustment reversal	**15,827**	-
Gain on acquisition of Rio Novo Gold Inc.	**(21,898)**	-
Gain on sale of Serrotte	**(3,945)**	-
Periodic service, past service and finance costs on post-employment benefit	**258**	279
Foreign exchange loss (gain)	**(206)**	2,130
(Gain) on disposal of assets	**(744)**	(579)
Unrealized (gain) loss on call option and fixed price contracts	**(548)**	616
Other non-cash items	**249**	83
	$ (5,719)	$ 7,319

b) Changes in working capital

For the Three months ended March 31	2018	2017
(Increase) in trade and other receivables	**$ (1,393)**	$ (1,880)
(Increase) decrease in inventory	**1,351**	(1,227)
Increase (decrease) in trade and other payables	**1,601**	(679)
	$ 1,559	$ (3,786)

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

c) Debt reconciliation

	Terms Loans	Working Capital Facility Payable	Gold Loan	Total
Balance as at January 1, 2017	**$ 4,321**	**$ 9,270**	**$ 6,442**	**$ 20,033**
Changes from Financing cash flows:				
Proceeds received from debt	19,162	-	-	19,162
Repayment of gold loan	-	-	(6,869)	(6,869)
Repayment of short terms loans	(6,846)	-	-	(6,846)
Interest paid on debts	(1,308)	(129)	-	(1,437)
	15,329	**9,141**	**(427)**	**24,043**
Other Changes:				
Interest Expenses on Debts	1,308	129	-	1,437
Other Non-Cash Movements	-	109	427	536
Balance as at December 31, 2017	**16,637**	**9,379**	**-**	**26,016**
Changes from Financing cash flows:				
Repayment of short terms loans	(4,658)	(4,812)	-	(9,470)
Interest paid on debts	(434)	(188)	-	(622)
	11,545	**4,379**	**-**	**15,924**
Other Changes:				
Interest Expenses on Debts	434	233	-	667
Promissory Note of Rio Novo	3,576	-	-	3,576
Balance as at March 31, 2018	**$ 15,555**	**$ 4,612**	**$ –**	**$ 20,167**

23 FINANCIAL INSTRUMENTS

The Company's financial instruments as at March 31, 2018 and December 31, 2017 are cash, restricted cash, accounts payable, accrued liabilities, call option derivative liabilities, and certain current and non-current loans.

Fair values of cash and restricted cash are based on quoted prices in active markets for identical assets, resulting in a level-one valuation. Call option derivative liabilities are classified as level two. The carrying amount of the Company's financial instruments approximates fair value due to their short-term nature.

a) Fixed price contracts

During the three months ended March 31, 2018, the Company entered into fixed price contracts to hedge 30,800 ounces of gold expiring between April 30, 2018 and July 31, 2018 at an average price of $1,332 per ounce of gold. For the three months ended March 31, 2018, the Company has recorded a realized losses of $1,499.

At March 31, 2018, the Company had 26,485 ounces of outstanding fixed price contracts at an average price of $1,316 per ounce of gold. As at March 31, 2018, the Company recorded a derivative liability on these outstanding fixed price contracts of $346 (March 31, 2017: $616).

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.

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.

b) Call option contracts

During the quarter ended March 31, 2018, the Company has not entered into zero cost put/call collars. As at March 31, 2018, there was no derivative liability related to outstanding call options.

The Company entered into a call option program on 8,000 ounces of gold expiring between December 27, 2017 to June 29, 2018 with a strike price of $1,325. As at March 31, 2018, there were 2,400 ounces not expired and no call options contract outstanding.

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

c) Credit risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial contract. The Company’s credit risk is limited to trade receivables and derivative contracts in the ordinary course of business. As of March 31, 2018, the Company considers the credit risk with these financial contracts to be low.

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

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (refer to note 1). The Company manages its liquidity risk through a rigorous planning and budgeting process, which is reviewed and updated on a regular basis, to help determine the funding requirements to support the Company's current operations and expansion and development plans and by managing its capital structure as described in note 25.

The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for a minimum of twelve months. In the normal course of business, the Company enters into contracts that give rise to commitments for future payments as disclosed in the following table:

					March 31, 2018	**December 31, 2017**
	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	**Total**	Total
Trade and other payables	$ 40,428	$ –	$ –	$ –	**$ 40,428**	$ 35,811
Short-term loans and gold loan repayment	13,536	6,631	-	-	**20,167**	30,125
Provision for mine closure and restoration	-	-	-	21,473	**21,473**	21,309
Other liabilities	1,617	1,400	-	-	**3,017**	4,550
	$ 55,581	**$ 8,031**	**$ –**	**$ 21,473**	**$ 85,085**	$ 91,795

e) Currency

The Company's operations are located in Honduras, Brazil, and Mexico; therefore foreign exchange risk exposures arise from transactions denominated in foreign currencies. Although the Company's sales are denominated in United States dollars, certain of the Company's operating expenses are denominated in foreign currencies, primarily the Honduran lempira, Brazilian real, Mexican peso and Canadian dollar.

Financial instruments that impact the Company's net losses or other comprehensive losses due to currency fluctuations include: cash and cash equivalents, accounts receivable, other long-term assets, accounts payable and accrued liabilities, short term loans and other provisions denominated in foreign currencies.

f) Interest rate risk

The Company is exposed to interest rate risk on its cash and cash equivalents. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk.

g) Commodity price risk

The Company is subject to price risk from fluctuations in market prices of gold, copper and other metals. Gold, copper and other metal prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control.

The profitability of the Company's operations is highly correlated to the market prices of these metals, as is the ability of the Company to develop its other properties.

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

h) 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, 2018 and December 31, 2017 are summarized in the following table:

	Level	Financial instrument Classification	March 31, 2018		December 31, 2017	
			Carrying value	**Fair value**	Carrying value	Fair value
Assets						
Cash and cash equivalents	N/A	Amortized Cost	**$ 32,430**	**$ 32,430**	$ 11,789	$ 11,789
Value added taxes	N/A	Amortized Cost	**26,422**	**26,422**	25,364	25,364
Other receivable	N/A	Amortized Cost	**2,572**	**2,572**	2,482	2,482
Other assets	N/A	Amortized Cost	**893**	**893**	895	895
			62,317	**62,317**	40,530	40,530
Financial Liabilities						
At fair value through profit and loss						
Derivative liabilities	2	Amortized Cost	**347**	**347**	895	895
Other financial liabilities						
Accounts payable and accrued liabilities	N/A	Amortized Cost	**40,428**	**40,428**	35,811	35,811
Short-term loans	N/A	Amortized Cost	**15,555**	**15,555**	16,637	16,637
Working capital facility payable to Yamana	N/A	Amortized Cost	**4,612**	**4,612**	9,379	9,379
Other provisions	3	Amortized Cost	**6,259**	**6,259**	6,009	6,009
Other liability	3	Amortized Cost	**3,017**	**3,017**	3,338	3,338
			70,219	**70,219**	72,069	72,069

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.

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

24 CAPITAL MANAGEMENT

The Company's objectives in managing capital are to ensure sufficient liquidity is maintained in order to properly develop and operate its current projects and to pursue strategic growth initiatives, to ensure that externally imposed capital requirements related to any debt obligations are complied with, and to provide returns for shareholders and benefits to other stakeholders. In assessing the capital structure of the Company, management includes in its assessment the components of shareholders' equity and long-term debt. The Company manages its capital structure considering changes in economic conditions, the risk characteristics of the underlying assets, and the Company's liquidity requirements. To maintain or adjust the capital structure, the Company may be required to issue common shares or debt, re-pay existing debt, acquire or dispose of assets, or adjust amounts of certain investments.

In order to facilitate management of capital, the Company prepares annual budgets which are updated periodically if changes in the Company's business are considered to be significant. The Company's board of directors reviews and approves all operating and capital budgets as well as the entering into of any material debt obligations, and any material transactions out of the ordinary course of business, including dispositions, acquisitions and other investments or divestitures. In order to maximize ongoing development efforts, the Company does not pay out dividends.

25 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 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, 2018, the Company paid consulting fees and termination benefits to Acumen of $NIL (2017: $124). As at March 31, 2018, the Company owed $476 (December 31, 2017: $579) to Acumen, mainly related to termination benefits.

Total compensation paid to key management personnel, remuneration of directors and other members of key executive management personnel for the three months ended March 31, 2018 and 2017 are as follows:

For the Three months ended March 31	**2018**	2017
Salaries and short-term employee benefits	**$ 425**	$ 513
Termination benefits	**-**	124
	$ 425	$ 637

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 de 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 months ended March 31, 2018, the Company spent $279 (2017: $236) maintaining the property which was primarily related to security.

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

As part consideration for the acquisition of the EPP Project, the Company granted to SBMM pursuant to a royalty agreement a net smelter return royalty ("NSR Royalty") as to 2% 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. The Company has been provided notice that pursuant to the royalty agreement, a company beneficially owned by Paulo de Brito has acquired the NSR Royalty from SBMM. The Company was not a party to the negotiations between the entities and the transaction is not a related party however the Company is providing disclosure in the MD&A with respect to the royalty payments.

Please also see Note 5 – Merger with Rio Novo Gold Inc.

26 SEGMENTED INFORMATION

The reportable operating segments have been identified as the San Andres Mine, the Brazilian Mines, the Aranzazu Mine, the Serrote Project (disposed of in Q1 2018), Corporate and Rio Novo Projects (acquired in Q1 2018). 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, 2018 and 2017, segmented information is as follows:

For the three months ended March 31, 2018	San Andres Mine	Brazilian Mines	Aranzazu Mine	Serrote Project	Corporate	Rio Novo Projects	Total
Sales to external customers	$ 25,122	$ 19,901	$ –	$ –	$ –	$ –	$ 45,023
Cost of production	18,608	14,541	-	-	-	-	33,149
Depletion and amortization	2,130	1,932	-	-	-	-	4,062
Gross margin	4,384	3,428	-	-	-	-	7,812
Care-and-maintenance expenses	-	(120)	(459)	(421)	-	-	(1,000)
Realized loss on fixed price contracts	961	538	-	-	-	-	1,499
Other expenses	(1,116)	(1,612)	579	-	(3,870)	3	(6,016)
Income (Loss) before income taxes	$ 4,229	$ 2,234	$ 120	$ (421)	$ (3,870)	$ 3	$ 2,295
Property, plant and equipment	$ 45,998	$ 30,745	$ 4,394	-	$ 684	$ 50,478	$ 132,299
Total assets	$ 79,405	$ 69,026	$ 7,638	$ –	$28,979	$ 50,526	$ 235,574
Capital expenditures	$ 3,129	$ 2,602	$ 148	-	-	-	$ 5,879

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

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

Revenues for the San Andres Mine and the Brazilian mines relate to the sale of refined gold.

27 COMMITMENTS AND CONTINGENCIES

a) Operating commitments

The Company has the following commitments for future minimum payments under operating leases:

	March 31, 2018	December 31, 2017
Within one year	**$ 271**	$ 271
Two to Four Years	**130**	166
	$ 402	$ 437

b) Contingencies

Certain conditions may exist as of the date of these financial statements which may result in a loss to the Company in the future when certain events occur or fail to occur. The Company assesses at each reporting date its loss contingencies related to ongoing legal proceedings by evaluating the likelihood of such proceedings, as well as the amounts claimed or expected to be claimed.

Included in other provisions as of March 31, 2018 is a provision of $1,476 (2017: $1,457) for loss contingencies related to ongoing legal claims.