



Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

Management's Responsibility for Financial Reporting and Report on Internal Control Over Financial Reporting

The accompanying consolidated financial statements have been prepared by and are the responsibility of the Board of Directors and management of the Company. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgments based on currently available information. The Company has developed and maintains a system of internal controls in order to ensure, on a reasonable and cost effective basis, the reliability of its financial information.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and accounted for, that transactions are authorized, and to facilitate the preparation of relevant, reliable, and timely financial information. Where appropriate, management uses its best judgement, based on currently available information, to make estimates required to ensure fair and consistent presentation of this information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee. The Audit Committee consists of two directors all of whom are independent. The functions of the Audit Committee are to review the quarterly and annual consolidated financial statements and submit them to the Board of Directors for approval; review the adequacy of the system of internal controls; review any relevant accounting, financial and security regulatory matters; recommend the appointment of external auditors; and approve the scope of the external auditors' audit and non-audit work.

"Rodrigo Barbosa"
President, Chief Executive Officer

"Osmel Guzman"
Corporate Controller

Tortola, British Virgin Island
March 27, 2019



Independent auditor's report

To the Shareholders of Aura Minerals Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Aura Minerals Inc. and its subsidiaries (together, the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of income for the years ended December 31, 2018 and 2017;
- the consolidated statements of comprehensive income for the years ended December 31, 2018 and 2017;
- the consolidated statements of cash flows for the years ended December 31, 2018 and 2017;
- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of changes in equity for the years ended December 31, 2018 and 2017; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
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Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



The engagement partner on the audit resulting in this independent auditor's report is Dean Braunsteiner.

(signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 27, 2019

Aura Minerals Inc.

Consolidated Statements of Income

For the years ended December 31, 2018 and 2017

Expressed in thousands of United States dollars

	Note	2018	2017
Revenue	20	\$ 157,702	\$ 157,711
Cost of goods sold	21	140,427	131,301
Gross margin		17,275	26,410
General and administrative expenses	22	11,761	14,064
Care-and-maintenance expenses	23	5,156	5,068
Exploration expenses	24	3,860	1,782
Impairment reversal	6 & 12	(53,701)	(10,007)
Operating income		50,199	15,503
Gain on acquisition of Rio Novo Gold Inc.	7	21,858	-
Currency translation adjustment reversal related to Serrote	6	(15,915)	-
Gain on Sale of Mineracao Vale Verde Ltda (Serrote)	6	3,945	-
Finance costs	25	(3,592)	(3,552)
Other gains (losses)	26	877	3,782
Income before income taxes		57,372	15,733
Income tax expense	15	(5,406)	(5,552)
Income for the year		\$ 51,966	\$ 10,181
Income per share:			
Basic		\$ 12.54	\$ 3.04
Diluted		\$ 12.36	\$ 2.99
Weighted average number of common shares outstanding:			
Basic		4,145,091	3,349,680
Diluted		4,203,929	3,409,493

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

Aura Minerals Inc.

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

Expressed in thousands of United States dollars

	2018	2017
Income for the year	\$ 51,966	\$ 10,181
Other comprehensive loss		
Foreign currency translation realized in net income (Note 6)	15,915	-
Gain (loss) on foreign exchange translation of subsidiaries	14	(2,393)
Actuarial gain (Loss) on post-employment benefit, net of tax	537	62
Other comprehensive income (loss), net of tax	16,466	(2,331)
Total comprehensive income	\$ 68,432	\$ 7,850

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

Aura Minerals Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

Expressed in thousands of United States dollars

	Note	2018	2017
Cash flows from operating activities			
Income for the year		\$ 51,966	\$ 10,181
Items not affecting cash	27(a)	(41,941)	6,818
Changes in working capital	27(b)	4,991	(9,269)
Taxes paid		(4,296)	(3,727)
Other assets and liabilities		558	2,535
Net cash generated by operating activities		11,278	6,538
Cash flows from investing activities			
Purchase of property, plant and equipment (net)		(31,504)	(8,807)
Net purchase of short term investments		(10,148)	-
Proceeds on sale of plant and equipment		1,019	919
Proceeds on the sale of Mineracao Vale Verde Ltda (Serrote)	6	30,000	-
Net cash generated (used) in investing activities		(10,633)	(7,888)
Cash flows from financing activities			
Proceeds received from debts and service contracts		20,000	19,162
Proceeds from exercise of stock options and restricted share units		16	173
Repayment of gold loan		-	(6,869)
Repayment of short term loans	14(a)	(19,022)	(6,846)
Repayment of other liabilities		(1,350)	(1,756)
Interest paid on debts	25	(1,571)	(1,437)
Net cash generated (used) in financing activities		(1,927)	2,427
Increase in cash and cash equivalents		(1,282)	1,076
Cash and cash equivalents, beginning of the year		11,789	10,713
Cash and cash equivalents, end of the year		\$ 10,507	\$ 11,789

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

Aura Minerals Inc.

Consolidated Statements of Financial Position

As at December 31, 2018 and 2017

Expressed in thousands of United States dollars

	Note	December 31, 2018	December 31, 2017
ASSETS			
Current			
Cash and cash equivalents		\$ 10,507	\$ 11,789
Short term investments		10,148	-
Value added taxes and other receivables	8	24,375	13,161
Inventory	9	34,457	38,489
Assets held for resale	6	-	24,463
Other current assets	10	5,620	2,988
		85,107	90,890
Other long-term assets	11	10,990	14,685
Property, plant and equipment	12	205,197	80,700
		\$ 301,294	\$ 186,275
LIABILITIES			
Current			
Trade and other payables	13	\$ 50,408	\$ 35,811
Derivative Financial Instrument	28	906	895
Current portion of debts	14	12,004	18,052
Current income tax liabilities		2,069	5,047
Current portion of other liabilities		1,346	1,976
		66,733	61,781
Debts	14	18,597	7,964
Deferred income tax liabilities	15	8,539	1,810
Provision for mine closure and restoration	16	25,700	21,309
Other provisions	17	6,560	7,467
Other liabilities	18	744	1,362
		126,873	101,693
SHAREHOLDERS' EQUITY			
Share capital	19	569,052	548,217
Contributed surplus		55,253	54,681
Accumulated other comprehensive loss		6,427	(10,039)
Deficit		(456,311)	(508,277)
		174,421	84,582
		\$ 301,294	\$ 186,275

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 consolidated financial statements.

Aura Minerals Inc.

Consolidated Statements of Changes in Equity

As at December 31, 2018 and 2017

Expressed in thousands of United States dollars

	Note	Number of common shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
At December 31, 2017		3,356,519	\$ 548,217	\$ 54,681	\$ (10,039)	\$ (508,277)	\$ 84,582
Exercise of options		2,400	30	(14)	-	-	16
Shares and Options issued on merger with Rio Novo	7	978,814	20,805	113	-	-	20,918
Stock Options issued		-	-	473	-	-	473
Income for the period		-	-	-	-	51,966	51,966
Loss on translation of subsidiaries		-	-	-	15,929	-	15,929
Actuarial gain on severance liability, net of tax		-	-	-	537	-	537
At December 31, 2018		4,337,733	\$ 569,052	\$ 55,253	\$ 6,427	\$ (456,311)	\$ 174,421

	Note	Number of common shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
At December 31, 2016		3,342,019	\$ 548,044	\$ 54,738	\$ (7,708)	\$ (518,458)	\$ 76,616
Exercise of options		14,500	173	(57)	-	-	116
Income for the period		-	-	-	-	10,181	10,181
Loss on translation of subsidiaries		-	-	-	(2,393)	-	(2,393)
Actuarial gain on severance liability, net of tax		-	-	-	62	-	62
At December 31, 2017		3,356,519	\$ 548,217	\$ 54,681	\$ (10,039)	\$ (508,277)	\$ 84,582

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

Aura Minerals Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

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

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.

Aura Minerals is a public company listed on the Toronto Stock Exchange. 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 street, 7115, Miami Florida 33130, United States of America.

The Company’s majority shareholder is Northwestern Enterprises Ltd, a company beneficially owned by the Chairman of the Board of Directors of the Company.

2 BASIS OF PREPARATION

The consolidated financial statements of Aura Minerals for the years ended December 31, 2018 and 2017 have been prepared in accordance with the International Financial Reporting Standards and Interpretations (collectively, “IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements were approved for issue by the Board of Directors effective March 27, 2019.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied to all periods presented unless otherwise stated.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries (which the Company has either a 100% interest in, or 100% effective control over), after eliminating intercompany balances and transactions. The Company’s principal subsidiaries with the corresponding mining operations and projects are:

- Minerales de Occidente, S.A. (Honduras) (“Minosa”)
 - the San Andres gold mine in Honduras (the “San Andres Mine”)
- Mineracao Apoená Limitada (Brazil) (“Apoena”)
 - the Ernesto/Pau-a-Pique Project in Brazil (refer to Note 3)
 - the Sao Francisco gold mine in Brazil (the “Sao Francisco Mine”)
- Aranzazu Holding S.A. de C.V. (Mexico)
 - the Aranzazu mine in Mexico (the “Aranzazu Mine”), which produced a copper-gold-silver concentrate and is currently in commercial production (refer to note 4)
- Mineracao Vale Verde Limitada (Brazil) (“MVV”)
 - Serrote de Laje project in Brazil (the “Serrote Project”). On March 22, 2018 the Company completed the sale of the Serrote Project through the sale of MVV
- Rio Novo (Brazil)
 - The Almas Gold Project (“Almas”). Gold project located in the state of Tocantins, Brazil
 - *The Matupa Gold Project* (“Matupa”). Gold project located in the state of Mato Grosso, Brazil
 - *The Tolda Fria Gold Project* (“Tolda Fria”). Located in Caldas State, Colombia

Aura Minerals Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

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

Subsidiaries

Subsidiaries are all the entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Company, until the date on which control ceases.

The Company uses the acquisition method of accounting to account for business combinations. The fair value of the acquisition of a subsidiary is based on the fair value of the assets acquired, the liabilities assumed, and the fair value of the consideration. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. The excess, if any, of the consideration over the fair value of the identifiable net assets acquired is recorded as goodwill. In the case of a bargain purchase, where the total consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statements of income (loss).

Foreign currency translation

Functional and presentation currency

Items included in the accounts of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in United States dollars, which is the Company's functional currency and the Company's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of income (loss).

Translation of subsidiary results into the presentation currency

The results and statements of financial position of all the Company's subsidiaries with functional currencies different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- Income and expenses for each statement of income are translated at average exchange rates, unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions; and
- All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognized in a separate component of equity. When a foreign operation is sold, such exchange differences are recognized in the statement of income (loss) as part of the gain or loss on sale.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term interest-bearing securities with maturities at the date of purchase of three months or less.

Aura Minerals Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

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

Short term investments

Short term investments consist of corporate and government bonds in active markets with original maturities of more than three months but less than a year. These financial instruments can be easily converted to cash. The investments are carried at fair value.

Trade and other receivables

Trade and other receivables are amounts due from customers and others in the normal course of business. If collection is expected in one year or less, they are classified as current assets; if not, they are presented as noncurrent assets and discounted accordingly.

Inventory

Finished product inventory and work-in-process inventory, which includes leach pad and ore stockpile inventory, are valued at the lower of average cost and net realizable value. Finished product inventory consists of finished gold products and metals in concentrate. Work-in-process inventory represents inventory in-circuit at the Company's process plants and leach pads. Stockpile inventory represents ore stacked on leach pads and in stockpiles. The cost of work-in-process and finished product inventories includes mining costs, direct labor, operating materials and supplies, applicable haulage and transportation charges, and an applicable portion of operating overhead, including amortization and depletion. Net realizable value is the expected selling price for the finished product less the estimated costs to get the product into saleable form and to the selling location.

Parts and supplies inventory consists of consumables and is valued at weighted average cost after provision for slow moving and obsolete items.

For inventory which has been written down to net realizable value, if subsequent assessments conclude that the circumstances causing the write down no longer exist or when there is clear evidence of an increase in net realizable value due to a change in economic circumstances, the write down is reversed appropriately.

Mining interests

Mining interests represent capitalized expenditures related to the development of mining properties, expenditures arising from property acquisitions and related plant and equipment. Upon disposal or abandonment, the carrying amounts of mining interests are derecognized and any associated gains or losses are recognized in net income (loss).

Mineral properties

Mineral properties acquired through business combinations are recognized at fair value on the acquisition date. Expenditures for mine construction and development are capitalized once the Company can conclude that it will receive future economic benefits from an exploration property, which is generally when a feasibility study is completed and economically recoverable mineral resources for the project are determined. Development expenditures consist primarily of direct expenditures incurred to establish productive capacity and are included as part of assets under construction until the commissioning stage is completed.

When further development expenditures are incurred in respect of a mine already in production, such expenditures are capitalized when the Company can conclude that additional future economic benefits associated with the expenditure will flow to the Company. Otherwise, such expenditures are classified as a cost of production in the periods they are incurred.

Once development projects are completed, they are transferred to the appropriate classifications within mining interest and are depleted commencing on the date that the commissioning stage is completed.

Aura Minerals Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

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

Plant and equipment

Plant and equipment is originally recorded at cost at the time of construction, purchase, or acquisition, and is subsequently measured at cost less accumulated amortization and impairment. Cost includes all costs required to bring the item into its intended use by the Company.

Costs incurred for major overhauls of existing equipment are capitalized as plant and equipment and are subject to amortization once they are commissioned. The costs of routine maintenance and repairs are expensed as incurred.

Leased assets

Leases in which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under financial leases are recognized at the lower of the fair value and the present value of minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Amortization and depletion

Plant and equipment is amortized using the straight line or units of production methods over the life of the mine, or over the remaining useful life of the asset, if shorter. Land is not amortized. The following amortization rates are used by the Company:

Major class of assets	Depreciation Method	Depreciation Rate
Vehicles	Straight-line	3-5 years
Machinery and equipment	Straight-line	2-10 years
Mobile mining equipment	Straight-line	4-8 years
Furniture and fixtures	Straight-line	4-10 years
Computer equipment and software	Straight-line	2-5 years
Leasehold improvements	Straight-line	Lease term
Buildings	Straight-line	4-10 years
Plant	Straight-line	4-10 years

Residual values and useful lives are reviewed on an annual basis and adjusted, if necessary, on a prospective basis.

Once a mining operation has achieved commercial production, capitalized mineral property expenditures are depleted on unit-of-production basis using proven and probable mineral reserves and a portion of measured and indicated mineral resources that are reasonably expected to be converted into proven and probable mineral reserves.

Impairment and reversal of impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or whenever other indicators exist. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of assets is the greater of their fair value less costs of disposal ("FVLCD") and value in use ("VIU").

FVLCD is based on an estimate of the amount that the Company may obtain in a sale transaction on an arm's length basis. FVLCD for mineral properties is generally determined as the present value of estimated future cash flows expected to

Aura Minerals Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

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

arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, and discounted by an appropriate post-tax discount rate to arrive at a net present value. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

VIU is determined by applying assumptions specific to the Company's continued use and does not take into account future development discounted by an appropriate pre-tax discount rate. As such, these assumptions differ from those used in calculating FVLCD. The Company's cash generating units ("CGUs") are the lowest level of identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the CGUs carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Reversal of impairment of assets

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the CGU's recoverable amount since the last impairment loss was recognized. This reversal is recognized in the consolidated statements of income and is limited to the carrying value that would have been determined, net of any depreciation where applicable, had no impairment charge been recognized in prior years. When an impairment reversal is undertaken, the recoverable amount is assessed by reference to the higher of VIU and FVLCD. We have determined that the FVLCD is greater than the VIU amounts and therefore used as recoverable amount for impairment testing purposes.

Deferred stripping costs

At the Company's mining operations, it is necessary to remove overburden and other waste in order to access the ore body (stripping). During the pre-production phase and during the production period, stripping costs are deferred as part of the mineral property to the extent that the costs relate to anticipated future benefits and represent a betterment. Deferred stripping costs are depleted using the units of production method as the ore body accessed by the stripping activities is mined. Waste removal which relates to current production activities and does not give rise to a future benefit is accounted for as a production cost in the period in which it is incurred and is included in the cost of inventory.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Aura Minerals Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

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

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statements of financial position.

Financial instruments

The Company classifies and measures its financial instruments at fair value, with changes in fair value recognized in profit or loss as they arise. Unless restrictive criteria regarding the objective and contractual cash flows of the instrument are met then classification and measurement are at either amortized cost or fair value through other comprehensive income.

Cash and cash equivalents and trade and other receivables are classified and measured as financial assets at amortized cost. Embedded derivatives arising from subsequent adjustments in provisional sales revenue are classified and measured as financial instruments at fair value through profit or loss. Trade and other payables are classified and measured as financial liabilities at amortized cost. Loans receivable and payable are classified and measured as financial assets at fair value through profit or loss and as financial liabilities at fair value through profit or loss, respectively. Investment in equity instruments are classified and measured as financial assets at fair value through other comprehensive income.

Provisions

Provisions are recognized when the Company or its subsidiaries has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are recognized in the consolidated financial statements, if estimable and probable, and are disclosed in notes to the financial information unless their occurrence is remote.

Contingent assets are not recognized in the consolidated financial statements, but are disclosed in the notes if their recovery is deemed probable.

Mine closure and restoration

Provisions for mine closure and restoration are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include such costs as dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs. The provision is discounted using a pre-tax rate and the accretion is included in finance costs. At the time of establishing the provision, the net present value of the obligation is capitalized as part of the cost of mineral properties. The provision is reviewed on an annual basis for changes in cost estimates, discount rates, inflation and operating lives. The net present value of changes in cost estimates of the mine closure and restoration obligations are capitalized to mineral properties.

Restoration activities will occur primarily upon closure of a mine, but can occur from time to time throughout the life of the mine. As restoration projects are undertaken, their costs are charged against the provision as the costs are incurred.

Long-term employee benefits

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Certain long-term employee benefits are specifically payable when employment is terminated. The expected costs of these benefits are accrued in the period of employment. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive loss in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Leases

Assets held under financial leases are recognized as discussed in mining interest. The corresponding liability is recognized as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation to achieve a constant rate of interest on the remaining liability. Finance charges are recognized as an expense in the consolidated statements of income (loss).

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Share capital

Common shares issued by the Company are classified as equity. Incremental costs directly attributable to the issuance of common from treasury shares are recognized in equity, net of tax, as a deduction from the share proceeds.

Share-based payments

The fair value of the employee services received in exchange for the grant of stock options or other share-based payments plans is recognized as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by calculating the fair value of the options or other share-based payment plans at the date of grant. The Company uses the Black-Scholes option pricing model to calculate the fair value of options granted.

The total amount to be expensed is determined with reference to the fair value of the options granted:

- Including any market performance conditions; and
- Excluding the impact of any service and non-market performance vesting conditions, such as profitability, sales growth targets, and remaining an employee of the entity over a specific time period.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. This estimate is revised at each statement of financial position date and the difference is charged or credited to the consolidated statements of income (loss) with the corresponding adjustment to equity.

When the options are duly exercised, the Company issues common shares from treasury. The fair value and any proceeds received, net of any directly attributable transaction costs, are credited to equity.

Taxation

Tax expense comprises both current and deferred tax expense for the period. Tax expense is recognized in the consolidated statements of income (loss), except to the extent that it relates to items recognized in other comprehensive loss or directly in equity.

Current income tax expense is the tax expected to be payable on the taxable income for the year calculated using rates (and laws) that have been enacted or substantively enacted at the consolidated statements of financial position date in the countries where the Company operates. It includes adjustments for tax expected to be payable or recoverable in respect of previous periods.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business

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combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the consolidated statements of financial position date and are expected to apply when the related deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that they will be realized in the future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to become ready for its intended use) are capitalized as part of the cost of the asset. Capitalization of borrowing costs begins when costs are incurred and activities are undertaken to prepare the asset for its intended use and ceases when the asset is substantially complete or commissioned for use. Once the identified asset is substantially complete, the attributable borrowing costs are amortized over the useful life of the related asset. All other borrowing costs are expensed in the period they occur.

Revenue recognition

The Company applies the following five-step approach in recognizing revenue from contracts with customers:

- Identify the enforceable contract with the customer
- Identify the separate performance obligations in the contract from transferring the distinct good or service
- Determine the transaction price for consideration of transferring the good or service
- Allocate the transaction price to the separate performance obligations identified
- Recognize revenue when each separate performance obligation is satisfied

The Company's gold sales are recognized at the date that title passes to the buyer, which is generally when gold is settled from the refinery. However, title could pass at any stage during the refining process for certain of the Company's gold sales. Gold revenues are shown net of local taxes calculated on gross revenues. The Company's copper concentrate sales are recognized at the time of delivery based on forward prices for the expected date of final settlement. The final sale prices are determined by quoted market prices in a period subsequent to the date of sale. In these circumstances.

Exploration expenses

Exploration activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration expenditures, which include costs associated with researching and analyzing historical data, gathering data, exploration drilling and sampling, determining infrastructural requirements and preparing financial viability studies, are expensed until the Company concludes that it is more likely than not that economically recoverable mineral resources exist.

Income per share

Basic income per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, all outstanding options are excluded from the calculation of diluted loss per share, as they are anti-dilutive.

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Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and include items that are not included in net profits such as foreign currency exchange gains or losses related to foreign subsidiaries whose functional currency is different from the functional currency of the Company and actuarial gains and losses of postemployment benefits.

The Company's comprehensive income (loss) is presented in the consolidated statements of comprehensive income (loss) and the consolidated statements of changes in equity.

Segment reporting

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (iii) for which discrete financial information is available. The Company's operating segments are identified as the San Andres Mine, the Sao Francisco Mine, the EPP Project, the Aranzazu Mine, the Serrote Project, the Rio Novo projects and Corporate. EPP and the Sao Francisco Mine are referred to as the "Brazilian Mines".

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Purchase price allocation

Business combinations require judgement and estimates to be made at the date of acquisition in relation to identifying the acquirer, determining assets and liability fair values. The estimate of reserves and resources is subject to assumptions relating to life of the mine and may change when new information becomes available.

Changes in reserves and resources as a result of factors such as production costs, recovery rates, grade or reserves or commodity prices could impact depreciation rates, asset carrying values and decommissioning provision. Changes in assumptions over long-term commodity prices, market demand and supply, and economic and regulatory climates could also impact the carrying value of assets.

Determination of ore reserves

The Company determines mineral resources and reserves under the principles incorporated in the Canadian Institute of Mining, Metallurgy and Petroleum standards for mineral reserves and resources, known as the CIM Standards. The information is regularly compiled by Qualified Persons and reported under National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI-43-101"). Mineral reserves and resources determined in this way are used in the

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calculation of depletion expense, assessment of impairment charges and the carrying values of assets, and for forecasting the timing of the payment of mine closure and restoration costs.

There are numerous uncertainties inherent in estimating mineral resources and reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and resources and may, ultimately, result in reserves and resources being restated.

Impairment of assets

In accordance with the Company's accounting policy, each asset or CGU is evaluated at each reporting date to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or CGU is measured at the higher of FVLCD or VIU.

The determination of FVLCD and VIU requires management to make estimates and assumptions about expected production and sales volumes, metals prices, reserves, operating costs, mine closure and restoration costs, future capital expenditures and appropriate discount rates for future cash flows. The estimates and assumptions are subject to risk and uncertainty, and as such there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the consolidated statements of income (loss).

If, after the Company has previously recognized an impairment loss, circumstances indicate that the recoverable amount of the impaired assets is greater than the carrying amount, the Company reverses the impairment loss by the amount the revised fair value exceeds its carrying amount, to a maximum of the previous impairment loss. In no case shall the revised carrying amount exceed the original carrying amount, after depreciation or amortization, that would have been determined if no impairment loss had been recognized.

Valuation of work-in-process inventory

Leach pad inventory is comprised of ore that has been extracted from the mine and placed on the heap leach pad for further processing. Costs are added to leach pad inventory based on current mining costs and are removed from leach pad inventory as gold ounces are recovered in the plant, based on the average cost per recoverable ounce on the heap leach pad. The quantity of recoverable gold in process is an engineering estimate which is based on the expected grade and recovery of gold from the ore placed on the leach pad. The nature of the leaching process inherently limits the ability to precisely monitor inventory levels. However, the estimate of recoverable gold placed on the leach pad is reconciled to actual gold production and the engineering estimates are refined based on actual results over time. The ultimate recovery of gold from each heap leach pad will not be known until the leaching process is concluded.

Ore in stockpiles is comprised of ore extracted from the mine and available for further processing. Costs are added to ore in stockpiles at the current mining cost and are removed at the accumulated average cost per tonne.

Provisions for mine closure and restoration

The amounts recorded for mine closure and restoration obligations are based on estimates prepared by third party environmental specialists, if available, in the jurisdictions in which the Company operates or by environmental specialists within the Company. These estimates are based on remediation activities that are required by environmental laws, the expected timing of cash flows, and the pre-tax risk-free interest rates on which the estimated cash flows have been discounted. These estimates also include an assumption on the rate at which the costs may inflate in future periods. Actual results could differ from these estimates. The estimates on which these fair values are calculated require extensive

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judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices.

Income Taxes

Preparation of the consolidated financial statements requires an estimate of income taxes in each of the jurisdictions in which the Company operates. The process involves an estimate of the Company's current tax exposure and an assessment of temporary differences resulting from differing treatment of items, such as depletion and amortization, for tax and accounting purposes, and when they might reverse.

These differences result in deferred tax assets and liabilities that are included in the Company's consolidated statements of financial position. An assessment is also made to determine the likelihood that the Company's future tax assets will be recovered from future taxable income. To the extent that recovery is not considered likely, the related tax benefits are not recognized.

Judgment is required to continually assess changing tax interpretations, regulations and legislation, to ensure liabilities are complete and to ensure assets, net of valuation allowances, are realizable. The impact of different interpretations and applications could be material.

5 CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following new and revised standards, effective January 1, 2018. These changes were made in accordance with the applicable transitional provisions.

IFRS 9 Financial instruments - The standard was issued in its final version by the IASB in July 2014 bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, "Financial instruments: recognition and measurement" ("IAS 39"). The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted. The adoption of IFRS 9 did not result in any changes to the classification or measurement of the Company's existing financial instruments on transition date. The accounting policy on financial instruments summarized in Note 3 was adopted as at January 1, 2018 retrospectively and replaces the Company's previously existing accounting policy on financial instruments summarized in Note 3 of the consolidated financial statements for the year ended December 31, 2018.

IFRS 15 Revenue from Contracts with Customers - The final standard on revenue from contracts with customers was issued in May 2014 and is effective for annual reporting periods beginning on or after January 1, 2018 for public entities with early adoption permitted. The standard covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the guidance. The adoption of IFRS 15 did not impact the revenue recognition process of the Company's existing provisional pricing arrangements on concentrate sales except for disaggregating the Company's revenue for note disclosure purposes. The accounting policy on revenue recognition summarized in Note 3 was adopted as at January 1, 2018 using the modified retrospective approach and replaces the Company's previously existing accounting policy on revenue recognition summarized in Note 3 of the consolidated financial statements for the year ended December 31, 2017.

IFRS 2 Share-based payments 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 will be no impact to the financial statements on adoption of this standard.

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IFRIC 23 Uncertainty over income tax treatments clarifies how the recognition and measurement requirements of IAS 12, Income Taxes, are applied where there is uncertainty over income tax treatments effective for years beginning on or after January 1, 2019. The Company is still assessing the impact of this standard.

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

IFRS 16 Leases - The standard on leases was issued in January 2016 and is effective for annual reporting periods beginning on or after January 1, 2019 for public entities with early adoption permitted, provided IFRS 15 has been applied or is applied at the same date as IFRS 16. The standard requires lessees to recognize assets and liabilities for most leases. The Company is finalizing its assessment and quantifying the impact of this standard and expect increases to assets, liabilities, depreciation and amortization, with decreases to cost of sales on adoption.

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

On December 1, 2017, the Company announced that it had entered into a purchase and sale agreement 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 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. As result, a net gain of \$3,945 was recognized on the income statement for the year ended in December 31, 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 and at December 31, 2018 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 Serrote to the income statement (\$15,915).

7 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 0.0053 of the Company's common share for every Rio Novo Share held (being 947,396 shares of the company). As part of the agreement, the Company issued (i) 31,418 common shares to holders of Rio Novo deferred share units outstanding as of December 18, 2017 and (ii) options to acquire 10,070 company common shares to holders of Rio Novo options (which were cancelled).

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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 978,814 common shares issued as consideration	\$ 20,805
Value of 10,070 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	(1,978)
Debts	(3,576)
Total net assets acquired	42,776
Gain on acquisition, net of tax	\$ 21,858

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 associated with the acquisition. The gain on acquisition is included in the consolidated statements of income (loss).

8 VALUE ADDED TAXES AND OTHER RECEIVABLES

	December 31, 2018	December 31, 2017
Value added taxes receivable	\$ 30,488	\$ 25,364
Other receivables	4,010	2,482
Total trade and other receivables	34,498	27,846
Less: non-current portion of receivables	(10,123)	(14,685)
Trade and other receivables recorded as current assets	\$ 24,375	\$ 13,161

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

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9 INVENTORY

	December 31, 2018	December 31, 2017
Finished product	\$ 10,358	\$ 14,693
Work-in-process	5,747	7,845
Parts and supplies	18,352	15,951
Total inventory	\$ 34,457	\$ 38,489

During the year ended December 31, 2018 the cost of inventories recognized as an expense (note 21) was \$140,427 (2017: \$131,301).

10 OTHER CURRENT ASSETS

	December 31, 2018	December 31, 2017
Prepays expenses	\$ 4,934	\$ 2,988
Deposits	686	-
	\$ 5,620	\$ 2,988

11 OTHER LONG TERM ASSETS

	December 31, 2018	December 31, 2017
Long-term receivables and deposits	\$ 867	\$ 895
Non-current portion of receivables	10,123	13,790
	\$ 10,990	\$ 14,685

12 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment movements for the years ended December 31, 2018 and 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, 2018	\$ 41,244	\$ 25,456	\$ 955	\$ 9,004	\$ 4,042	\$ 80,700
Additions	12,566	7,279	335	8,170	8,882	37,233
Disposals	-	-	-	-	(1,579)	(1,579)
Reclassifications and adjustments	-	171	-	-	(171)	-
Depletion and amortization	(6,746)	(4,959)	(227)	(3,403)	-	(15,335)
Impairment Reversal Aranzazu	32,535	8,443	-	12,723	-	53,701
Acquisition of Rio Novo Gold Inc	44,798	-	5,680	-	-	50,478
Net book value at December 31, 2018	\$ 124,397	\$ 36,390	\$ 6,742	\$ 26,494	\$ 11,174	\$ 205,197
Consisting of:						
Cost	\$ 259,213	\$ 79,915	\$ 18,432	\$ 117,290	\$ 11,174	\$ 486,023
Accumulated depletion and amortization	(134,815)	(43,525)	(11,690)	(90,796)	-	(280,826)
	\$ 124,398	\$ 36,390	\$ 6,742	\$ 26,494	\$ 11,174	\$ 205,197

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	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 years ended December 31, 2018 and 2017, depletion and amortization expenses of \$15,720 and \$15,138 respectively, have been charged to cost of goods sold, and \$33 and \$7 respectively, have been charged to general and administrative expenses.

On December 31, 2018, the Company conducted an impairment reversal analysis whereby the carrying values of the property, plant and equipment, including mineral properties, of the Aranzazu Mine were compared to the mine's fair value less cost to dispose using the value-in-use methodology, which was determined to be higher than the carrying values. The estimated future cash flows utilized in the value-in-use cash flow models incorporated the Company's best estimates of future metals production based on new mine plans developed, consensus metal pricing, estimates of operating costs, capital expenditures and residual values and fluctuations in the exchange rates between the United States dollar and the Mexican peso. The Company utilized a mill recovery for copper of 88%, consensus copper prices ranging from \$2.95 per pound in 2019 to \$3.10 for the remaining five (5) years, and gold prices of \$1,300 per ounce over the remaining six (6) economic years of the Aranzazu life-of-mine and discounted these cash flows using a 15% discount rate, which was based on the Company's tax effected weighted average cost of capital, in order to obtain the estimated fair value of the Aranzazu Mine. The Company's estimate of future cash flows is subject to risks and uncertainties and therefore could change in the future if the underlying assumptions change. Such changes could be material.

The Company's analysis concluded that certain assets of the Aranzazu Mine were no longer impaired as at December 31, 2018 and, as a result, the Company recorded an impairment reversal of \$53,701 on the property, plant and equipment of Aranzazu. This impairment reversal resulted in an increase in the value of mineral properties of \$32,536, land and buildings of \$8,443, and plant and machinery of \$12,722.

Effective December 10, 2018, the Company commenced commercial production at its Aranzazu Mine. As a result, both revenue and operating costs for Aranzazu are recognized in the consolidated statements of income and comprehensive income. In addition, the mine development cost related to Aranzazu was reclassified to property, plant and equipment and depletion commences. As part of the commercial production ramp-up, the Company capitalized interest of \$860 for 2018 (2017 - \$nil) to mineral property.

On March 22, 2018, the Company closed the sale of MVV which owns the Serrote Project. The impact on the property, plant, and equipment are summarized in Note 6.

On March 2, 2018, the Company and Rio Novo announced the completion of the the Merger. The impact on the property, plant, and equipment are summarized in Note 7.

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Effective January 1, 2017 and August 1, 2017, the Company commenced commercial production at its Lavrinha Mine and Pau-a-Pique 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). As a result, both revenue and operating costs for Lavrinha Mine and Pau-a-Pique Mine are recognized in the consolidated statements of income and comprehensive income. In addition, the mine development cost related to Lavrinha Mine and Pau-a-Pique Mine was reclassified to property, plant and equipment and depletion commences.

13 TRADE AND OTHER PAYABLES

	December 31, 2018	December 31, 2017
Trade accounts payable	\$ 31,494	\$ 20,592
Other payables	5,415	7,662
Accrued liabilities	9,845	4,528
Deferred revenue	3,653	3,029
Accounts Payable	\$ 50,407	\$ 35,811

14 DEBTS

	December 31, 2018	December 31, 2017
Term loans (note 14 (a))	\$ 29,167	\$ 16,637
Working capital facility payable to Yamana (note 14 (b))	1,434	9,379
Total long term debt	30,601	26,016
Less: current portion	(12,004)	(18,052)
Non-current portion	\$ 18,597	\$ 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 December 31, 2018, the outstanding balance on the First Promissory Note was \$-0- (December 31, 2017: \$1,145). For the year ended December 31, 2018 the company incurred \$37 of interest expense (December 2017: \$136) which was 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 December 31, 2018, the outstanding balance on the Second Promissory Note was \$929 (December 31, 2017: \$1,730). For the year ended December 31, 2018, the Company incurred \$93 of interest expense (December 2017: \$126) which was recorded as a finance cost.

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

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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 December 31, 2018, the outstanding balance of the loan from ABC Bank was \$1,165 (December 31, 2017: \$3,162). For the year ended December 31, 2018, the Company incurred \$128 of interest expense (December 2017: \$165) which was recorded as a finance cost.

iii) Banco Atlántida

During the second quarter of 2017, the Company 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 a balance of \$4,000 and later on 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 December 31, 2018, the outstanding balance of the loan from Banco Atlántida was \$6,314 (December 2017: \$7,000). For the year ended December 31, 2018, the Company incurred \$516 of interest expense (December 2017: \$183) which was recorded as a finance cost.

iv) IXM S.A. (formerly Louis Dreyfus) ("IXM")

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 IXM 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 is 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 December 31, 2018, the outstanding balance of the loan from IXM S.A. was \$20,000 (December 31, 2017: \$nil). For the year ended December 31, 2018, the Company incurred \$928 of interest of which it capitalized \$860 for the ramp-up of Aranzazu and expensed \$69 (2017: \$nil).

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 December 31, 2018, totaled \$758. On April 16, 2018, the Company entered 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 (paid); (iii) \$743 on October 13, 2018 (paid); and (iv) \$758 on January 13, 2019 (paid). 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 (paid); and September 30, 2018 (paid); (iii) \$1,400 on December 31, 2018 (paid); and (iv) \$1,461 on March 30, 2019.

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As at December 31, 2018, the outstanding balance of the working capital facility was \$1,434 (December 31, 2017: \$nil). For the year ended December 31, 2018, the company incurred interest expense of 455 (2017: \$nil and \$nil) which recorded as a finance cost.

15 INCOME TAXES

a) Income tax expenses

Income tax expense included in the consolidated statements of income for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Current income tax expense in respect of the current year	\$ 2,055	\$ 8,668
Adjustment to current income tax expense in respect of prior periods	(1,128)	-
Current income tax expense	927	8,668
Deferred income tax (recovery)/expense	4,479	(3,116)
Income tax expense	\$ 5,406	\$ 5,552

The reconciliation of income taxes calculated at the applicable statutory tax rate to the income tax expense shown in these financial statements is as follows:

	2018	2017
(Income) before income taxes	\$ (57,372)	\$ (15,733)
Difference in statutory tax rates in foreign jurisdictions	15,542	6,539
Non-deductible expenses	23,364	1,981
Deferred tax assets not recognized	(36,034)	(17,370)
Decrease of attributes on migration	-	19,206
Effect of foreign exchange on income taxes	6,230	(203)
Withholdings taxes on distribution	468	1,365
Mexican royalty regime	4,028	-
Indexation of losses and other	(8,192)	(5,966)
Income tax expense	\$ 5,406	\$ 5,552

The statutory tax rate in 2018 and 2017 reflects the rate in the British Virgin Islands of 0%.

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:	December 31, 2018	December 31, 2017
Deferred income tax liabilities	\$ (8,539)	\$ (1,810)
	\$ (8,539)	\$ (1,810)

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

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	2018	2017
Balance, January 1	\$ (1,810)	\$ (4,479)
Recovered from (charged to) the statement of income	(4,479)	3,116
Recorded on purchase of business	(1,978)	-
Recorded through other comprehensive income	(155)	(20)
Exchange differences	(117)	(427)
Balance, December 31	\$ (8,539)	\$ (1,810)

The following temporary differences and tax losses give rise to deferred income tax assets and liabilities as at:

	2018	2017
Property, plant and equipment	\$ (4,907)	\$ (1,114)
Other deductible (taxable) temporary differences	(3,632)	(696)
Net deferred income tax assets (liabilities)	\$ (8,539)	\$ (1,810)

Temporary differences and tax losses arising in Canada and Brazil and Mexico have not been recognized as deferred tax assets due to the fact that management has determined it is not probable that sufficient future taxable profits will be earned in these jurisdictions to recover such assets. The unrecognized deferred tax assets are summarized as follows:

	2018	2017
Tax losses carried forward	\$ 32,010	\$ 43,838
Provision for mine closure and restoration	7,852	4,303
Property, plant and equipment	-	11,228
Other deductible (taxable) temporary differences	16,840	16,753
Unrecognized deferred income tax assets	\$ 56,702	\$ 76,122

Management assesses these temporary differences regularly and adjusts the unrecognized deferred tax asset in the period when management determines it is probable that some portion of the assets will be realized.

16 PROVISION FOR MINE CLOSURE AND RESTORATION

	December 31, 2018	December 31, 2017
Balance, beginning of year	\$ 21,309	\$ 19,744
Accretion expense	674	1,105
Change in estimate	3,717	355
Impact of currency translation	-	105
Balance, end of period	25,700	21,309
Less: current portion	-	-
	\$ 25,700	\$ 21,309

Provision for mine closure and restoration is related to the closure costs and environmental restoration associated with mining operations. The provisions have been recorded at their net present values, using discount rates of between 7.3% to 9.5% (2017: 7.3% to 9.5%). The provisions have been re-measured at each reporting date, with the accretion expense being recorded as a finance cost. The change in estimate increase during 2018 was primarily driven by the ramp-up in commercial production of the Aranzazu Mine.

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17 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	576	-	576
Change in provision for the year	-	384	384
Settlement during the year	(135)	-	(135)
Actuarial changes	(82)	-	(82)
Impact of currency translation	14	(31)	(17)
At December 31, 2017	\$ 6,010	\$ 1,457	\$ 7,467
Periodic service and finance cost	1,120	-	1,120
Change in provision for the year	-	(946)	(946)
Actuarial changes	(711)	-	(711)
Settlement during the year	(296)	-	(296)
Impact of currency translation	(74)	-	(74)
At December 31, 2018	\$ 6,049	\$ 511	\$ 6,560

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.

The most recent actuarial valuation for the long-term employee benefits provision was performed at December 31, 2018. The principal assumptions used for the purpose of the actuarial valuation were as follows:

	2018	2017
Discount rates	10.00%	9.75%
Salary increase rate (administrative)	7.50%	7.50%
Salary increase rate (operation)	7.50%	7.50%
Long term inflation	5.00%	5.50%

18 OTHER LIABILITIES

	December 31, 2018	December 31, 2017
Balance, beginning of year	\$ 3,338	\$ 4,940
Accretion expense	71	196
Royalty payments	(1,350)	(1,756)
Change in estimate	31	(42)
Balance, end of year	2,090	3,338
Less: current portion	(1,346)	(1,976)
	\$ 744	\$ 1,362

In 2011, the Company completed a restructuring of its contractual obligations, which resulted in the settlement of the deferred purchase consideration and the granting of a NSR Royalty equal to 1.5% on the net sales from the San Andres Mine, the Sao Francisco Mine, and the Company's former Sao Vicente Mine, commencing on March 1, 2013 and up to a cumulative royalty amount of \$16,000. The liability has been recorded at its net present value using a discount rate of 5% (2017: 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 December 31, 2018 is approximately \$2,145 and is expected to be incurred through 2019 (2017: \$3,497).

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For the year ended December 31, 2018, the Company recorded accretion expenses of \$71 (2017: \$196) within finance costs and a change in estimate gain of \$31 (2017: a change in estimate loss of \$42), within other (losses) gains on the consolidated statements of income.

Subsequent to December 31, 2018, the Company made a royalty payment of \$174.

19 SHARE CAPITAL

a) **Authorized** – Unlimited number of common shares

b) Share consolidation

On December 31, 2018, 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 4,337,733.

All information in these consolidated financial statements is presented on a post-Share Consolidation basis. As a result of the Share Consolidation, the number, exchange basis or exercise price of all stock options and warrants have been adjusted, to reflect the ten-for-one Share Consolidation.

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	113,604	\$ 29.40
Granted	-	-
Exercised	(14,500)	10.01
Forfeited / Expired	(27,714)	71.13
Balance, December 31, 2017	71,390	17.12
Granted	177,981	22.78
Exercised	(2,400)	9.05
Forfeited / Expired	(28,180)	29.47
Balance, December 31, 2018	218,791	\$ 20.23

As at December 31, 2018, the company had 218,791 options issued and outstanding as follows:

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Exercise price C\$	Options outstanding	Options Exercisable	Remaining contractual life (years)	Expiry dates
8.50	14,350	14,350	2.10	February 5, 2021
10.00	11,400	11,400	1.00	January 1, 2020
10.00	4,000	4,000	1.42	June 1, 2020
12.00	10,060	10,060	0.06	January 22, 2019
14.15	6,625	6,625	2.06	January 21, 2021
15.00	1,000	1,000	0.38	May 20, 2019
19.81	1,325	1,325	1.75	September 29, 2020
20.30	19,750	19,750	7.66	October 26, 2026
23.50	134,455	-	7.45	June 12, 2026
23.50	7,200	-	7.61	October 5, 2026
23.50	6,506	-	9.46	June 13, 2028
24.53	2,120	2,120	2.22	March 21, 2021
	218,791	70,630		

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 December 31, 2018, share-based payment expense recognized in general and administrative expense was \$473 (2017: \$5).

During the twelve months ended December 31, 2018, the Company granted 177,981 stock options (2017: the Company granted nil stock options).

20 REVENUE

	2018	2017
Gold Revenue	\$ 155,353	\$ 157,711
Copper Revenue (Aranzazu)	2,349	-
	\$ 157,702	\$ 157,711

21 COST OF GOODS SOLD BY NATURE

	2018	2017
Direct mine and mill costs	\$ 124,707	\$ 117,330
Depletion and amortization	15,720	13,971
	\$ 140,427	\$ 131,301

The direct mine and mill costs include employee benefits for 2018 and 2017.

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22 GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
Salaries, wages and benefits	\$ 4,019	\$ 3,501
Professional and consulting fees	4,093	5,151
Legal, Filing, listing and transfer agent fees	504	978
Insurance	809	314
Directors' fees	169	256
Occupancy cost	311	288
Merger and acquisition	646	1,666
Travel expenses	415	336
Share-based payment expense	473	5
Depreciation and amortization	33	7
Other	289	1,562
	\$ 11,761	\$ 14,064

In 2018, general and administration expenses included, among other merger items and acquisition fees connected with the transaction with Rio Novo Gold (see also note 7) and the sale of Serrote (see also note 6).

23 CARE AND MAINTENANCE EXPENSES

	2018	2017
Aranzazu mine	\$ 697	\$ 2,125
Rio Novo projects	950	
Brazilian projects	3,509	2,943
	\$ 5,156	\$ 5,068

24 EXPLORATION EXPENSES

	2018	2017
San Andres mine	\$ 800	\$ 1,043
Brazilian projects	2,997	739
Aranzazu mine	63	-
	\$ 3,860	\$ 1,782

25 FINANCE COSTS

	2018	2017
Accretion expense	\$ 745	\$ 1,301
Interest expense on debts (note 14)	1,602	1,437
Finance cost on post-employment benefit	560	60
Other interest and finance costs	685	754
	\$ 3,592	\$ 3,552

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26 OTHER GAINS (LOSSES)

	2018	2017
Net loss on call options and fixed price contracts	\$ 284	\$ (2,679)
Changes in fair value of gold loans	-	(427)
Change in estimate of provision for mine closure and restoration	-	(513)
VAT and other taxes recoveries	-	8,678
Gain on disposal of assets	1,019	771
Foreign exchange (loss) gain	(530)	(111)
Other items	104	(1,937)
	\$ 877	\$ 3,782

During the twelve months ended December 31, 2017, the Company recovered taxes in Brazil and Honduras of \$3,939 and \$4,753, respectively. The recovery of the taxes was through the application of existing and new tax programs (VAT, PIS COFINS and similar) offered by the Honduran and Brazilian governments.

27 CASH FLOW INFORMATION

a) Items not affecting cash

	2018	2017
Deferred and current income tax expense	\$ 5,868	\$ 5,552
Impairment charges reversal (Serrote note 6)	-	(9,660)
Impairment charges reversal (Aranzazu note 12)	(53,701)	-
Depletion and amortization	15,335	15,914
Change in fair value of gold loans	-	427
Accretion expense	745	1,301
Currency translation adjustment reversal related to Serrote	15,915	-
Gain on acquisition of Rio Novo Gold Inc.	(21,858)	-
Gain on sale of Serrote	(3,945)	-
Periodic service, past service and finance costs on post-employment benefit	1,120	575
Share-based payment expense (note 19(d))	473	(57)
Change in estimate of provision for mine closure and restoration	(2,011)	460
Foreign exchange loss (gain)	431	82
(Gain) on disposal of assets	560	(771)
Unrealized (gain) loss on call option and fixed price contracts	11	895
VAT and other taxes recoveries	-	(8,692)
Other non-cash items	(884)	792
	\$ (41,941)	\$ 6,818

b) Changes in working capital

	2018	2017
(Increase) in trade and other receivables	\$ (11,214)	\$ (6,055)
(Increase) decrease in inventory	4,032	358
Increase (decrease) in trade and other payables	12,173	(3,572)
	\$ 4,991	\$ (9,269)

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c) Supplementary cash flow information

	2018	2017
Changes in other assets and liabilities consists of:		
Increase in long term asset	\$ 3,748	\$ 2,333
(Increase) decrease in prepaid expenses	(2,632)	357
Other items	(558)	(154)
	\$ 558	\$ 2,536

d) Non-cash investing and financing activities consist of:

	2018	2017
Non-cash addition to property, plant and equipment	\$ –	\$ –

e) Debt reconciliation

	Working Capital			
	Terms Loans	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	(11,077)	(7,945)	-	(19,022)
IXM S.A. (formerly Louis Dreyfus) Loan	20,000	-	-	20,000
Interest paid on debts	(1,976)	(455)	-	(2,431)
	23,584	979	-	24,563
Other Changes:				
Interest Expenses on Debts	2,007	455	-	2,462
Promissory Note of Rio Novo	3,576	-	-	3,576
Balance as at December 31, 2018	\$ 29,167	\$ 1,434	\$ -	\$ 30,601

28 FINANCIAL INSTRUMENTS

a) Fixed price contracts

During the twelve months ended December 31, 2018, the Company entered into fixed price contracts to hedge 124,545.53 ounces of gold expiring between January 31, 2018 and December 31, 2018 at an average price of \$1,275 per ounce of gold. For the twelve months ended December 31, 2018, the Company has recorded a realized losses of \$1,168.

At December 31, 2018, the Company had 14,800 ounces of outstanding fixed price contracts at an average price of \$1,215 per ounce of gold. As at December 31, 2018, the Company recorded a derivative liability on these outstanding fixed price contracts of \$906 (December 31, 2017: \$895).

During the twelve months ended December 31, 2017, the Company entered into fixed price contracts to hedge 144,300 ounces of gold expiring between January 31, 2017 and December 31, 2017 at an average price of \$1,220 per ounce of gold. For the twelve months ended December 31, 2017, the Company has recorded a realized losses of \$1,784.

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b) Put/Call option contracts

During the year ended December 31, 2018, the Company has entered zero cost put/call collars intermediated by Goldman Sachs, in a total of 26,000 ounces with floor prices between \$1,230 and \$1,320 and ceiling prices between \$1,309 and \$1,480 per ounce of gold expiring between July 31, 2018 and October 31, 2018. As at December 31, 2018, there were no outstanding zero cost put/call collars.

During the year ended December 31, 2017, the Company entered into a zero cost put/call collars on 25,000 ounces of gold 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 December 31, 2017, there was no derivative liability related to the outstanding call options.

Under the Facility agreement (note 14 (b)), 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 December 31, 2017, there were no call options contract outstanding.

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, derivative contracts, and the short term investments in bonds in the ordinary course of business. As of December 31, 2018, the Company considers the credit risk with these financial contracts to be low.

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 29.

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:

	Within 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
Trade and other payables	50,407	-	-	-	50,407
Short-term loans and gold loan repayment	12,004	18,597	-	-	30,601
Provision for mine closure and restoration	-	-	-	25,700	25,700
Other liabilities	1,346	744	-	-	2,090
	\$ 63,757	\$ 19,341	\$ -	\$ 25,700	\$ 108,798

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

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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.

At December 31, 2018, the Company had cash and cash equivalents of \$10,507, of which, \$4,234 in United States dollars, \$1,686 in Brazilian reais, \$2,504 in Honduran lempiras, and \$2,083 in Mexican pesos. An increase or decrease of 10% in the United States dollar exchange rate to the currencies listed above would have increased or decreased the Company's income for the year by \$627, respectively.

f) Interest rate risk

The Company is exposed to interest rate risk on its cash, cash equivalents and short-term investments. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk. For the year ended December 31, 2018, an increase or decrease in interest rates of 100 basis points (1 percent) would have increased consolidated income and comprehensive income for the year by \$162 and a decrease in interest rates of 100 basis points (1 percent) would have decreased the income and comprehensive income for the year by \$162.

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.

A 10% change in the average commodity price for gold and copper for the year, with all other variables held constant, would result in an impact on the Company's 2018 consolidated income and comprehensive income of \$13,789 and \$234 respectively.

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

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	Level	Financial instrument Classification	December 31, 2018		December 31, 2017	
			Carrying value	Fair value	Carrying value	Fair value
Assets						
Cash and cash equivalents	N/A	Amortized Cost	\$ 10,507	\$ 10,507	\$ 11,789	\$ 11,789
Value added taxes	N/A	Amortized Cost	30,488	30,488	2,482	2,482
Short term investments	1	Fair Value	10,148	10,148	-	-
Other receivable	N/A	Amortized Cost	4,010	4,010	27,846	27,846
Derivative assets	2	Fair Value	-	-	-	-
Other assets	N/A	Amortized Cost	867	867	895	895
			56,020	56,020	43,012	43,012
Financial Liabilities						
<i>At fair value through profit and loss</i>						
Derivative liabilities	2	Fair Value	906	906	895	895
<i>Other financial liabilities</i>						
Accounts payable and accrued liabilities	N/A	Amortized Cost	50,408	50,408	35,811	35,811
Short-term loans	N/A	Amortized Cost	29,167	29,167	16,637	16,637
Working capital facility payable to Yamana	N/A	Amortized Cost	1,434	1,434	9,379	9,379
Other provisions	3	Fair Value	6,560	6,560	6,010	6,010
Other liability	3	Fair Value	2,090	2,090	3,338	3,338
			\$ 90,565	\$ 90,565	\$ 72,070	\$ 72,070

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.

29 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.

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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.

30 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 year ended December 31, 2018, the Company paid consulting fees and termination benefits to Acumen of \$517 (2017: \$455). As at December 31, 2018, the Company owed \$62 (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 year ended December 31, 2018 and 2017 are as follows:

	2018	2017
Salaries and short-term employee benefits	\$ 2,536	\$1,768
Termination benefits	-	1,035
	\$ 2,536	\$2,803

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 year ended December 31, 2018, the Company spent \$1,701 (2017: \$576) maintaining the property which was primarily related to security.

As part consideration for the acquisition of the EPP Project, the Company granted to SBMM (Yamana's wholly-controlled subsidiary) a net smelter return royalty (the "EPP 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 or controlled by Paulo de Brito has acquired the EPP NSR Royalty from SBMM. The Company was not a party to the negotiations between the entities and the transaction was not a related party.

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 Enterprises Ltd (Note 14).

31 SEGMENTED INFORMATION

The reportable operating segments have been identified as the San Andres Mine, the Brazilian Mines, the Aranzazu Mine, the Serrote Project, Corporate and Rio Novo Projects. 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

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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 year ended December 31, 2018 and 2017, segmented information is as follows:

For the year ended December 31, 2018	San Andres Mine	Brazilian Mines	Aranzazu Mine	Serrote Project	Corporate	Rio Novo Projects	Total
Sales to external customers	\$ 82,223	\$ 73,130	\$ 2,349	\$ -	\$ -	\$ -	\$ 157,702
Cost of production	70,350	52,958	1,400	-	-	-	124,708
Depletion and amortization	7,735	7,702	282	-	-	-	15,719
Gross margin	4,138	12,470	667	-	-	-	17,275
Care-and-maintenance expenses	-	(3,088)	(697)	(421)	-	(950)	(5,156)
Realized loss on fixed price contracts	(882)	(287)	-	-	2,217	-	1,048
Other expenses	(3,489)	(5,339)	52,986	-	(30)	77	44,205
Income (Loss) before income taxes	\$ (233)	\$ 3,756	\$ 52,956	\$ (421)	\$ 2,187	\$ (873)	\$ 57,372
Property, plant and equipment	\$ 43,516	\$ 29,442	\$ 80,075	\$ -	\$ -	\$ 52,164	\$ 205,197
Total assets	\$ 73,874	\$ 65,185	\$ 95,553	\$ -	\$ 14,460	\$ 52,222	\$ 301,294
Capital expenditures	\$ 7,135	\$ 5,933	\$ 17,296	\$ -	\$ -	\$ 1,140	\$ 31,504

For the year ended December 31, 2017	San Andres Mine	Brazilian Mines	Aranzazu Mine	Serrote Project	Corporate	Rio Novo Projects	Total
Sales to external customers	\$ 96,889	\$ 60,822	\$ -	\$ -	\$ -	\$ -	\$ 157,711
Cost of production	69,183	48,147	-	-	-	-	117,330
Depletion and amortization	8,386	5,585	-	-	-	-	13,971
Gross margin	19,320	7,090	-	-	-	-	26,410
Care-and-maintenance expenses	-	(1,663)	(2,125)	(1,280)	-	-	(5,068)
Realized loss on fixed price contracts	(1,317)	(467)	-	-	-	-	(1,784)
Other expenses	(1,128)	(3,019)	950	10,108	(10,736)	-	(3,825)
Income (Loss) before income taxes	\$ 16,875	\$ 1,941	\$ (1,175)	\$ 8,828	\$ (10,736)	\$ -	\$ 15,733
Property, plant and equipment	\$ 45,867	\$ 30,257	\$ 4,246	\$ -	\$ 330	\$ -	\$ 80,700
Total assets	\$ 81,713	\$ 95,598	\$ 5,933	\$ 26	\$ 3,005	\$ -	\$ 186,275
Capital expenditures	\$ 5,805	\$ 2,725	\$ 276	\$ -	\$ -	\$ -	\$ 8,806

Revenues for the San Andres Mine and the Brazilian mines relate to the sale of refined gold. Revenue for the Aranzazu mine relate to the sale of copper concentrate.

32 COMMITMENTS AND CONTINGENCIES

a) Operating commitments

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

	2018	2017
Within one year	\$ 204	\$ 271
Two to Four Years	47	166
	\$ 251	\$ 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 December 31, 2018 is a provision of \$511 (2017: \$1,457) for loss contingencies related to ongoing legal claims.