Management’s Discussion and Analysis

For the years ended December 31, 2018 and 2017

Dated as of March 27, 2019

AURA MINERALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

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This management's discussion and analysis ("MD&A") should be read in conjunction with Aura Minerals Inc.'s (the "Company" or "Aura Minerals") unaudited condensed consolidated financial statements for the years ended December 31, 2018 and 2017 and related notes thereto (the "Financial Statements") which have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS"). In addition, this MD&A should be read in conjunction with the most recent Annual Information Form ("AIF") as well as other information relating to Aura Minerals as filed on the Company's profile on SEDAR at *www.sedar.com*. This MD&A has been prepared as at the date written on the cover page and provides information that management believes is relevant to assessing and understanding the financial condition of the Company and the results of operations and cash flows for the three and twelve months ended December 31, 2018.

Unless otherwise noted, references herein to "$" are to thousands of United States dollars. References to "C$" are to thousands of Canadian dollars. Tables are expressed in thousands of United States dollars, except where otherwise noted.

Statements herein are subject to the risks and uncertainties identified in the Risk Factors and Cautionary Note regarding Forward-Looking Information sections of this MD&A.

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

Additional information relating to the Company, including the AIF, is available on the Company's profile on SEDAR at www.sedar.com

1. BACKGROUND AND CORE BUSINESS

Aura Minerals is a mid-tier gold and copper production company focused on the operation and development of gold and base metal projects in the Americas. The Company is listed on the Toronto Stock Exchange under the symbol ORA. Aura Minerals is focused on responsible, sustainable growth and strives to operate to the highest environmental and safety standards and in a socially responsible manner at all of its operations.

The Company has the following mineral properties (with either a 100% interest in, or 100% effective control over):

- *The San Andres Gold Mine ("San Andres")* – an open-pit heap leach gold mine located in the highlands of western Honduras, in the municipality of La Union, Department of Copan, approximately 150 km southwest of the city of San Pedro Sula.

- *The Ernesto/Pau-a-Pique Project ("EPP Project", "EPP")* – located in the southwest of Mato Grosso state, near Pontes e Lacerda in Brazil which consists of the following gold deposits: the Lavrinha open-pit ("Lavrinha"), the Ernesto open pit mine, the Pau-a-Pique underground mine ("Pau-a-Pique" or "PPQ") and the near mine open-pit prospects of Nosde, Japones and Pombinhas.

- *The Aranzazu Copper Mine ("Aranzazu")* – an underground mine operation in the state of Zacatecas, Mexico. On December 11, 2018 the Company declared commercial production.

- *The Sao Francisco Gold Mine ("Sao Francisco")* – an open-pit heap leach gold mine located in the southwest of the state of Mato Grosso, Brazil, approximately 560 km west of Cuiaba, the state capital. Mining at Sao Francisco was suspended in October 2016 and from January to September of 2017, the mine operated a fines recovery project to recovery the remaining gold from the heap leach piles. In 2018 the Company conducted a drill program at Sao Francisco and is considering its further options.

- *The Almas Gold Project* ("Almas") – a permitted for construction gold project located in the state of Tocantins, Brazil. The Almas Gold Project consists of three deposits (Paiol, Vira Saia and Cata Funda) and several exploration targets including: Nova Prata/Espinheiro, Jacobina and Morro do Carneiro. Of these, only the three deposits have seen significant exploration work.

- *The Matupa Gold* Project ("Matupa") – a gold project located in the state of Mato Grosso, Brazil. The Matupa Gold Project consists of one deposit (the X1 deposit) and several exploration targets (the Matupa, Guaranta Ridge, V4, V5, V6, and Fucao targets).

- *The Tolda Fria Gold Project ("Tolda Fria")* – located in Caldas State, Colombia.

1. A cautionary note regarding non-GAAP measures is included in Section 18 of this MD&A

2. FOURTH QUARTER AND YEAR END 2018 FINANCIAL AND OPERATING HIGHLIGHTS[1]

	Three months ended December 31, 2018	Three months ended December 31, 2017	**Year ended December 31, 2018**	Year ended December 31, 2017
FINANCIAL DATA				
IFRS Measures				
Revenue	**$ 34,165**	$ 38,734	**$ 157,702**	$ 157,711
Cost of goods sold	**32,694**	34,630	**140,427**	131,301
Depreciation (included in cost of goods sold)	**3,766**	5,870	**15,719**	13,971
Gross Margin	**1,471**	4,104	**17,275**	26,410
Gross Margin (excluding depreciation)	**5,237**	9,974	**32,994**	40,381
Net income (loss)	**$ 45,179**	$ 6,368	**$ 51,966**	$ 10,181
Income (loss) per share - Basic and diluted	**$ 10.42**	$ 1.91	**$ 12.54**	$ 3.04
OPERATING DATA				
Gold ore processed (tonnes)	**1,455,534**	2,069,335	**7,444,275**	8,147,723
Gold produced (ounces)	**26,724**	32,794	**121,734**	136,168
Gold sold (ounces)	**26,424**	30,204	**125,455**	131,585
Copper ore processed (tonnes)	**146,151**	-	**146,151**	-
Copper concentrate produced (dry metric tonnes "DMT")	**6,289**	-	**6,289**	-

- Income of $45,179 or $10.42 per share for the three months ended December 31, 2018 (fourth quarter) compared to income of $6,368 or $1.91 per share for the fourth quarter of 2017. The increase is primarily attributable to the impairment reversal of the Aranzazu Mine. The unlawful occupation of a mining area at the San Andres mine in Honduras negatively impacted the results during the second semester where the operation was interrupted several times and management decided to suspend it in December 2018 (See Section 4 Review of Mining Operations for further details).

- Net sales revenue in the fourth quarter of 2018 decreased by 11.8% over the fourth quarter of 2017. Details are as follows:

	Three months ended December 31, 2018	Three months ended December 31, 2017	**Year ended December 31, 2018**	Year ended December 31, 2017
Gold revenue	**31,816**	38,734	**155,353**	157,711
Copper concentrate revenue	**2,349**	-	**2,349**	-
Revenue	**34,165**	38,734	**157,702**	157,711
Ounces sold				
San Andres	**11,118**	17,926	**66,145**	80,341
Brazilian Mines	**15,306**	12,278	**59,310**	51,244
Total ounces sold	**26,424**	30,204	**125,455**	131,585
Gold sales revenues, net of local sales taxes	**$ 31,816**	$ 38,734	**$ 155,353**	$ 157,711
Average gold market price per oz (London PM Fix)	**$ 1,283**	$ 1,278	**$ 1,282**	$ 1,251
Realized average gold price per ounce sold, gross [1]	**$ 1,231**	$ 1,353	**$ 1,277**	$ 1,239
Realized average gold price per ounce sold, net of local sales taxes and hedging1	**$ 1,191**	$ 1,266	**$ 1,229**	$ 1,185

- In the fourth quarter of 2018 the gold production was 18.5% lower than the same period of 2017. The lower production is due to the unlawful occupation of a mining area at the San Andres mine in Honduras resulting in lower recovery ore being mined and the suspension of activities (October 2017) of the Sao Francisco mine in Brazil.

- Gold production and cash operating costs per ounce produced[1] for the three and twelve months ended December 31, 2018 and 2017 were as follows:

Years ended, December 31	2018			2017		
		Cash Operating			Cash Operating	
	Oz Produced	**Costs**		Oz Produced	Costs	
San Andres	**63,604**	**$**	**959**	82,269	$	849
Brazilian Mines	**58,131**	**$**	**815**	53,899	$	908
Total / Average	**121,734**	**$**	**890**	136,168	$	872

Three months ended, December 31	2018			2017		
		Cash Operating			Cash Operating	
	Oz Produced	**Costs**		Oz Produced	Costs	
San Andres	**11,017**	**$**	**1,062**	19,454	$	874
Brazilian Mines	**15,708**	**$**	**722**	13,340	$	939
Total / Average	**26,724**	**$**	**862**	32,794	$	900

3. OUTLOOK AND STRATEGY

On December 10, 2018, Aranzazu declared commercial production.

The Company's updated gold and copper production and cash cost per ounce[1] guidance for 2019 is detailed below:

	Ounces produced Oz		**Cash operating costs per ounce produced[1]**				**Capital expenditures (in thousands)**			
Gold Mines	**Low**	**High**		**Low**		**High**		**Low**		**High**
San Andres	58,000	70,000	$	900	$	1,000	$	5,000	$	7,000
Brazilian Mines	55,000	68,000		775		860		4,000		5,800
Total	**113,000**	**138,000**	**$**	**839**	**$**	**931**	**$**	**9,000**	**$**	**12,800**

	Copper production '000 lb		**Gold Production Oz**		**Cash Operating costs USD/lb Cu Equivalent**				**Capital Expenditures (in thousands)**			
Copper mine	**Low**	**High**	**Low**	**High**		**Low**		**High**		**Low**		**High**
Aranzazu	23,000	29,000	15,000	19,000	$	1.49	$	1.70	$	17,700	$	22,100

Strategy

The Company's strategy is to generate value through a reduction of cash costs, a continuous performance improvement of our operating assets to gain efficiencies and unlocking value from projects and care-and-maintenance assets. The Company has taken considerable steps to following through on the Company's strategy including but not limited to: (i) obtaining in-country debt in the areas that we operate to reduce cost and gain efficiencies; (ii) focusing on continual improvement; and (iii) ensuring that each operating entity is self-funded and not reliant on any other entity (other than with respect to a start-up / pre-commercial production phase). With the new assets from Rio Novo (Almas, Matupa and Tolda Fria), Aura is currently analyzing the opportunities to optimize the returns including alternatives to reduce Capex.

Key Factors

The Company's future profitability, operating cash flows and financial position will be closely related to the prevailing prices of gold and copper. Key factors influencing the price of gold and copper include, but are not limited to, the supply of and demand for gold and copper, the relative strength of currencies (particularly the United States dollar) and macroeconomic factors such as current and future expectations for inflation and interest rates. Management believes that the short-to-medium term economic environment is likely to remain relatively supportive for commodity prices but with continued volatility.

To decrease risks associated with commodity prices and currency volatility, the Company will continue to evaluate and implement available protection programs. For additional information on this, please refer to the AIF.

1. A cautionary note regarding non-GAAP measures is included in Section 18 of this MD&A

Other key factors influencing profitability and operating cash flows are production levels (impacted by grades, ore quantities, process recoveries, labor, country stability, plant and equipment availabilities) and production and processing costs (impacted by production levels, prices and usage of key consumables, labor, inflation, and exchange rates).

4. REVIEW OF MINING OPERATIONS

San Andres, Honduras

The table below sets out selected operating information for San Andres for the three and twelve months ended December 31, 2018 and 2017:

	Three months ended December 31, 2018	Three months ended December 31, 2017	**Year ended December 31, 2018**	Year ended December 31, 2017
Ore mined (tonnes)	**1,101,262**	1,795,520	**6,042,075**	6,693,329
Waste mined (tonnes)	**756,572**	1,159,631	**4,109,579**	4,983,524
Total mined (tonnes)	**1,857,833**	2,955,151	**10,151,653**	11,676,853
Waste to ore ratio	**0.69**	0.65	**0.68**	0.74
Ore plant feed (tonnes)	**1,107,947**	1,754,560	**6,065,192**	6,699,350
Grade (g/tonne)	**0.41**	0.40	**0.42**	0.39
Recovery (%)	**73.1%**	86.3%	**76.5%**	96.8%
Production (ounces)	**11,017**	19,454	**63,604**	82,269
Sales (ounces)	**11,118**	17,926	**66,145**	80,341
Average cash cost per ounce of gold produced[1]	**$ 1,062**	$ 874	**$ 959**	$ 849

The San Andres mine is 100% owned through the Company's wholly-owned subsidiary, Minerales de Occidente S.A. de C.V. ("Minosa").

As disclosed in public filings, during certain periods of 2018, Minosa has incurred the illegal occupation of the mine by certain individuals that were making personal demands of the mine. On December 6, 2018, the Company announced a suspension of operations at the mine and further decreased its 2018 gold production guidance because of new illegal invasion of its private property that hindered the works in the mining operation. This temporary suspension was formalized at the Ministry of Labor on December 10, 2018 and in INHGEOMIN (Honduran Institute of Geology and Mines) on December 14, 2018. On January 31, 2019, El Ministerio Publico of Santa Rosa de Copán through the Prosecutor of the case issued Criminal Requirements against 18 cases involved in crimes for damages to Minosa and dictated precautionary measures including not approaching the mining operation for the duration of the trial. Given the actions of local authorities seeking legal security for mining investment, on February 8, 2019 Minosa decided to restart its operations progressively and issue an official statement to its collaborators, suppliers, authorities and the general public

As at the date of this MD&A, no further individuals are unlawfully occupying the mine. The Company continues to work with local community leaders, Honduran law enforcement and the governmental authorities and is cautiously optimistic that all parties will abide by the terms negotiated and that operations at the San Andres mine will continue uninterrupted by further invasions. The recovery cycle is discontinued, so the return to normal production should take up to 3 months after resuming.

Results for San Andres during the fourth quarter of 2018 as compared to the same period of 2017 are as follow:

- There was a reduction of 38.7% in the ore mined caused by the illegal invasions to the pits, which led to the mining and hauling operations suspension in December, reflecting a lower production of mined ore.

1. A cautionary note regarding non-GAAP measures is included in Section 18 of this MD&A

- Like the gold ore, the waste was also affected by the unlawful occupation, reflected in the 34.8% decreased in amount of waste hauled.
- The waste to or ratio increased 6.4% due in large part to the development of new zones which could not be mined due to the work stoppages and mine operation suspension in the month of December.
- Ore plant feed decreased by 36.9% because of the low production in the mine due to the above listed reasons.
- The grade increased by 3.3% was mainly driven by "Deep East Ledge" being mined due to the limitation in mining areas where ore grade was slightly higher than average areas but with a low gold recovery.
- The recovery decreased by 13.2% because of mainly mining the at "Deep East Ledge" where despite having higher gold grades the recovery is lower due to the gold encapsulation, and other aspects such as dilution due to this zone has different lithologies and a narrow separation between them, making difficult to separate the gold ore and waste.
- The production of gold ounces decreased by 43.4% mainly driven by the impact of the interruptions and mine operation suspension that occurred during the fourth quarter of 2018
- The sales decreased by 38.0% because of the lower production in the fourth quarter.
- Average cash cost per ounce of gold produced increased by 21.5% because of the lower production. Operating costs were lower by $4.1million when compared the fourth quarter of 2017 due to the temporary suspension of operations in December 2018.

EPP Project:

The Lavrinha and Pau-a-Pique mines (discussed further below), have increased 30.14% and 75.44% in material moved, 14% and 83% increase in production for the year ended in December 2018, in comparison to same period of 2017, respectively[1].

During the fourth quarter of 2018, the Company finished of drilling campaign to add reserve in down dip, completed the construction of the emergency ladder, improved the ventilation system and utilizations of the equipment.

EPP Project: Lavrinha, Brazil

The table below sets out selected operating information for Lavrinha for the three months and years ended December 31, 2018 and 2017.

	Three months ended December 31, 2018	Three months ended December 31, 2017	**Year ended December 31, 2018**	Year ended December 31, 2017
Ore mined (tonnes)	**289,029**	257,511	**1,238,537**	1,234,667
Waste mined (tonnes)	**1,949,601**	2,086,247	**9,108,980**	6,716,389
Total mined (tonnes)	**2,238,629**	2,343,758	**10,347,517**	7,951,056
Waste to ore ratio	**6.75**	8.10	**7.35**	5.44
Ore plant feed (tonnes)	**283,949**	274,580	**1,166,750**	1,018,479
Grade (g/tonne)	**1.10**	1.16	**1.13**	1.15
Recovery (%)	**96.2%**	93.3%	**94.7%**	93.5%
Production (ounces)	**9,647**	9,550	**40,071**	35,305
Sales (ounces)	**9,496**	11,828	**41,383**	35,283
Average cash cost per ounce of gold produced[1]	**$ 797**	$ 832	**$ 824**	$ 778

Results for Lavrinha during the fourth quarter of 2018 as compared to the same period of 2017 are as follow:

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- Ore mined increased by 12.3% due to the focus on the bottom pit ahead of the rainy season to prevent interruptions.
- Waste mined decreased by 6.5% because part of the mine fleet was transferred to strip Japanese mine
- Waste to ore ratio decreased by 16.8% because there is less stripping required to mine the bottom pit and the transfer of capacity to Japanese
- Ore plant feed improved by 3.4% due to 3% increase in availability, 2% increase in utilization and 15% increase in productivity due to several improvements, such as: addition of a new cyclone circuit, improvement in the thickening system, grind out open increase of the SAG mill and pump upgrading.
- Grade decreased by 5.3% because of the additional ore mining which increases dilution and reduces the mineral ore bodies.
- Recovery improved by 3.1% due to the addition of oxygen injections in the carbon leaching process.
- Production improved by 1.02% mainly due to the additional ore processed by the plant and the improvements in recovery.
- Gold sales in the fourth quarter of 2017 are higher in comparison with the same period in 2018 due to the accumulated inventory
- Average cash cost per ounce of gold produced improved by 5% due to higher ore production and a local currency devaluation.

***EPP Project*: Pau-a-Pique Mine**

The table below sets out selected operating information for Pau-a-Pique for the three months and years ended December 31, 2018 and 2017.

	Three months ended December 31, 2018	Three months ended December 31, 2017	**Year ended December 31, 2018**	Year ended December 31, 2017
Ore mined (tonnes)	**65,119**	39,923	**213,731**	131,134
Waste mined (tonnes)	**20,961**	16,541	**99,543**	47,431
Total mined (tonnes)	**86,080**	56,465	**313,274**	178,565
Waste to ore ratio	**0.32**	0.41	**0.47**	0.36
Ore plant feed (tonnes)	**63,638**	40,195	**212,333**	127,225
Grade (g/tonne)	**3.09**	3.00	**2.80**	2.58
Recovery (%)	**95.9%**	93.3%	**94.3%**	93.4%
Production (ounces)	**6,060**	3,612	**18,059**	9,855
Sales (ounces)	**5,810**	-	**17,927**	6,582
Average cash cost per ounce of gold produced[1]	**$ 602**	$ 954	**$ 794**	$ 1,317

Results for Pau-a-Pique during the fourth quarter of 2018 as compared to the same period of 2017 are as follow:

- Ore mined improved by 55.7% due to productivity increases and better utilization of the equipment after adjustments in the operational cycle and addition of more work fronts.
- Waste mined increased by 26.7% due to the higher mine development.
- Waste to ore ratio decreased by 18.6% due to lower stripping ratio because of higher ore body thickness.
- Ore plant feed increased by the 62.0% due to the additional ore mined and the capacity improvements at the plant.
- Ore grade improved by 3.1%.
- Recovery improved by 2.6% due to the addition of oxygen injections in the carbon leaching process.
- Production improved by 67.8% mainly due to the additional ore processed, the higher grade, and better recovery.

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- Gold sales increased because of the additional production in 2018 and the 2017 production was accumulated in the inventory.
- Average cash cost per ounce of gold produced improved by 36.8% due to higher ore production and the exchange rate was higher.

During the fourth quarter of 2018, the Company finished of drilling campaign to add reserve in down dip, completed the construction of the emergency ladder, improved the ventilation system and utilizations of the equipment.

Aranzazu

The table below sets out selected operating information for Aranzazu for the three months and years ended December 31, 2018 and 2017. The information below includes pre-commercial production from the Aranzazu Mine:

	Three months ended December 31, 2018	Three months ended December 31, 2017	**Year ended December 31, 2018**	Year ended December 31, 2017
Ore mined (tonnes)	**153,129**		**153,129**	
Ore milled (tonnes)	**146,151**		**146,151**	
Copper grade (%)	**1.30%**		**1.30%**	
Gold grade (g/tonne)	**0.66**		**0.66**	
Silver grade (g/tonne)	**15.48**		**15.48**	
Cooper recovery	**86.4%**		**86.4%**	
Gold recovery	**69.6%**		**69.6%**	
Silver recovery	**56.5%**		**56.5%**	
Concentrate production:				
Cooper concentrate produced (DMT)	**6,289**		**6,289**	
Cooper contained in concentrate (%)	**26.3%**		**26.3%**	
Gold contained in concentrate (g/DMT)	**9.3**		**9.3**	
Silver contained in concentrate (g/DMT)	**225.2**		**225.2**	
Average cash cost per payable pound of copper produced, net of gold and silver credits [1]	**$ 2.09**		**$ 2.09**	

[1] Recoveries based on a mixture of sulphide and oxide ores, not primary sulphide ores

On December 10, 2018, the Company declared commercial production at the Aranzazu mine. As a result, both revenue and operating costs for Aranzazu are recognized in the consolidated statements of loss and comprehensive loss. In addition, the mine development related to Aranzazu was reclassified to property, plant and equipment and depletion commences. Commercial production was achieved ahead of schedule and below budget. An excellent safety record has been attained during ramp-up period and throughout the completion of various infrastructure projects. The Company continues to further progress on the underground mine development and operational improvements to the plant in order to reach full production. Construction of the new tailings disposal facility (TD5) is close to completion while the operation continues to store tailings in the historic TD1 and TD2 dams, which have sufficient capacity to support the operational activities for the next months.

On October 16, 2018, the Company announced the first shipment of concentrate from Aranzazu.

On July 16, 2018, the Company announced the results of the NI 43-101 Feasibility Study for the restart of operations which study was subsequently filed on SEDAR.

On March 8, 2018, Aranzazu Holding entered into the Facility and Off-Take Agreement with IXM S.A. (formerly Louis Dreyfus). As at the date of this MD&A, $20,000 has been drawdown on the Facility. The Facility includes a 12-month

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grace period and is guaranteed by the Company and its interests in Aranzazu and the San Andres mine. The Off-Take Agreement covers 100% of the copper concentrates to be produced from Aranzazu.

Almas Project

The Company has commenced a Pre-Feasibility Study which will incorporate a newly defined project execution strategy aiming at reducing Capital Expenditure requirements and optimizing project cashflows. The Company expects to generate a new mineral reserve estimate as part of the Study by the end of 2019.

Matupa

The Company maintains its views about the relevance and importance of this deposit and will continue investing in exploration and development.

Tolda Fria

The Company continues to assess possible ways for further developing Tolda Fria.

5. RESULTS OF OPERATIONS

Details of revenues, cost of goods sold and gross margin are presented below:

	Three months ended December 31, 2018	Three months ended December 31, 2017	**Year ended December 31, 2018**	Year ended December 31, 2017
Revenues:				
San Andres	**$ 14,127**	$ 23,424	**$ 82,223**	$ 96,889
Brazilian Mines	**17,689**	15,310	**73,130**	60,822
Aranzazu	**2,349**	-	**2,349**	-
	$ 34,165	$ 38,734	**$ 157,702**	$ 157,711
Cost of Production:				
San Andres	**$ 15,922**	$ 17,475	**$ 70,350**	$ 69,183
Brazilian Mines	**11,605**	11,285	**52,958**	48,147
Aranzazu	**1,401**	-	**1,400**	-
	$ 28,928	$ 28,760	**$ 124,708**	$ 117,330
Depletion and Amortization:				
San Andres	**$ 1,450**	$ 4,112	**$ 7,735**	$ 8,386
Brazilian Mines	**2,034**	1,758	**7,702**	5,585
Aranzazu	**282**	-	**282**	-
	$ 3,766	$ 5,870	**$ 15,719**	$ 13,971
Gross Margin:				
San Andres	**$ (3,245)**	$ 1,837	**$ 4,138**	$ 19,320
Brazilian Mines	**4,050**	2,267	**12,470**	7,090
Aranzazu	**666**	-	**667**	-
	$ 1,471	$ 4,104	**$ 17,275**	$ 26,410

Revenues

Total sales revenue for the fourth quarter of 2018 decreased by 12% compared to the same period in 2017. The decrease in gold sales revenue is attributable to a 38% decrease in gold sales volumes in the San Andres Mine. The decrease of revenue during the quarter was partially offset by Aranzazu copper concentrate revenue of $ 2,349. Total sales revenues for the year ended December 31, 2018 were almost the same as the year ended in December 31, 2017.

Cost of Goods Sold

Total cost of goods sold from San Andres during the fourth quarter of 2018 decreased by 9% in comparison to the same period in 2017 due to lower production and mine operation. Total cost of goods sold from Brazilian Mines

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during the year ended in December 31, 2018 increased by 3% due to a higher production that generated better operational margins

Care-and-maintenance expenses

	Three months ended December 31, 2018	Three months ended December 31, 2017	**Year ended December 31, 2018**	Year ended December 31, 2017
Aranzazu mine	**$ (24)**	$ 347	**$ 697**	$ 2,125
Serrote project	**-**	-	**421**	-
Rio Novo projects	**656**	-	**950**	-
Brazilian projects	**1,072**	1,183	**3,088**	2,943
	$ 1,704	$ 1,530	**$ 5,156**	$ 5,068

The care-and-maintenance expense for other Brazilian projects, Rio Novo projects, and the Aranzazu Mine (before reaching pre-commercial stage), mainly represents costs with respect to maintaining adequate provisions for security, contracts, environmental licenses and adequate maintenance of the assets *(See Section 9, Transactions with Related Parties).*

General and administrative costs

	Three months ended December 31, 2018	Three months ended December 31, 2017	**Year ended December 31, 2018**	Year ended December 31, 2017
Salaries, wages and benefits	**$ 754**	$ 746	**$ 4,019**	$ 3,501
Professional and consulting fees	**1,213**	1,479	**4,093**	5,151
Legal, Filing, listing and transfer agent fees	**106**	329	**504**	978
Insurance	**219**	68	**809**	314
Directors' fees	**35**	120	**169**	256
Occupancy cost	**76**	75	**311**	288
Merger and acquisition	**-**	1,666	**646**	1,666
Travel expenses	**117**	336	**415**	336
Share-based payment expense	**320**	-	**473**	-
Depreciation and amortization	**9**	-	**33**	-
Other	**(650)**	10	**289**	1,574
	$ 2,199	$ 4,829	**$ 11,761**	$ 14,064

General and administrative costs include the following and comparing the fourth quarter of 2018 to 2017 primarily relate to the following items:

- Salaries, wages and benefits increased due to additional employees at Aranzazu
- Insurance fees increased due to additional coverage at Aranzazu and increased coverage at EPP
- Travel costs increased comparing the nine months 2017 to 2018 due to additional travelling of the Company's officers and consultants to EPP and Aranzazu (all flights are booked in economy class subject to limited exceptions).
- Other expenses decrease is primarily driven by the reduction of the provision for judicial contingencies due to changes in the local Brazilian laws, which lowers the estimated amount of potential claims

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

1. A cautionary note regarding non-GAAP measures is included in Section 18 of this MD&A

The increase in interest expense on debts is related to the new debts (refer to Section 7, Liquidity and Capital Resources. For further information, refer to the Financial Statements Note 11 and Note 11 (b)).

Other (losses) income

	Three months ended December 31, 2018	Three months ended December 31, 2017	**Year ended December 31, 2018**	Year ended December 31, 2017
Net loss on call options and fixed price contracts	**$ (1,657)**	$ (684)	**$ 1,036**	$ (2,679)
Changes in fair value of gold loans (note 11(b))	**-**	-	**-**	(427)
Change in estimate of provision for mine closure and restoration	**-**	(3,894)	**-**	(513)
VAT and other taxes recoveries	**-**	2,873	**-**	8,678
Gain on disposal of assets	**-**	129	**1,019**	771
Foreign exchange (loss) gain	**2**	3,585	**(153)**	(111)
Other items	**(1,184)**	(1,930)	**(3,178)**	(1,937)
	$ (2,839)	$ 79	**$ (1,276)**	$ 3,782

6. SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited interim consolidated financial information for each of the eight most recently completed quarters.

Fiscal quarter ended	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Revenue	**$ 34,165**	**$ 33,176**	**$ 45,338**	**$ 45,023**	$ 38,734	$ 39,828	$ 44,247	$ 34,902	$ 34,328	$ 40,016
Working capital	**18,374**	**32,866**	**32,718**	**26,882**	29,109	11,970	5,332	9,110	6,459	(1,442)
Property, plant and equipment	**205,197**	**142,244**	**134,768**	**132,299**	80,700	102,689	100,673	102,203	102,758	86,565
Impairment recovery (1,2)	**53,701**	-	-	-	10,007	-	-	-	-	-
Gain on acquisition of Rio Novo Project	-	-	-	**21,898**	-	-	-	-	-	-
Gain on acquisition of EPP Project	-	-	-	-	-	-	-	-	19,886	-
(Loss) Income for the period	**45,179**	**837**	**(5,330)**	**11,280**	6,368	4,594	4,242	(5,023)	20,353	734
(Loss) Income per share										
Basic	**$ 10.42**	**$ 0.20**	**$ (1.20)**	**$ 3.10**	$ 1.86	$ 1.37	$ 1.27	$ (1.50)	$ 6.17	$ 1.00
Diluted	**$ 10.26**	**$ 0.20**	**$ (1.20)**	**$ 3.10**	$ 1.86	$ 1.37	$ 1.27	$ (1.50)	$ 6.03	$ 1.00

*[1] For the quarter ended December 31, 2017 impairment reversal recorded is related to the sale of MVV and the Serrote Project.

*[2] For the quarter ended December 31, 2018 impairment reversal recorded is related to restart of Aranzazu Mine.

7. LIQUIDITY AND CAPITAL RESOURCES

Management of the Company believes that our ongoing operations and associated cash flows, will provide sufficient liquidity to continue financing our planned growth in the near term, and that we will have access to additional debt as we grow to support further expansion.

The Company will, from time to time, repay balances outstanding on its revolving credit with operating cash flow and cash flow from other sources. Also, the additional debt of US$ 20MM was raised to finance the Aranzazu restart which has been under commercial production since December 2018 and should generate enough cash in 2019 to amortize the debt according to the amortization schedule

The Company decreased its cash from $29,732 from the beginning of the fourth quarter of 2018 to $10,507 at the end of the fourth quarter of 2018.

Details are as follows:

	Three months ended December 31, 2018	Three months ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Net cash generated by (used in) operating activities	**$ 2,693**	$ 520	**$ 11,278**	$ 6,538
Net cash generated by (used in) investing activities	**(18,608)**	(473)	**(10,633)**	(7,888)
Net cash generated by (used in) financing activities	**(3,310)**	1,258	**(1,927)**	2,426
	$ (19,225)	$ 1,305	**$ (1,282)**	$ 1,076

The decrease in cash position of $19,225 during the three months ended December 31, 2018, was made up of:

- Cash flow from operating activities of $2,693 made up of: net income of $45,179, items not affecting cash of $(44,775) (see note 27(a) of the Financial Statements), changes in working capital of $(5,969) (see note 27(b) of the Financial Statements), taxes paid of $(4,296), and changes in other assets and liabilities of $616.
- Cash used in investing activities of $(18,608) made up of: purchases of property, plant and equipment $(8,460) mainly related to the ramp up of Aranzazu, and purchase of short term investment of $(10,148) made up of government and corporate bonds in active markets with maturity of less than a year.
- Cash flow used in financing activities of $(3,310) made up of: repayment of short term loans $(3,035), repayment of other liabilities of $(240), and interest paid of $(35). Total interest paid during the fourth quarter was $895, $860 was reclassify from financing activities to investing activities because of the capitalization of interest for the Aranzazu mine ramp up.

As of December 31, 2018, the Company has the following debt obligations:

Financial debt	**Total**	**Less than 1 year**	**1 - 3 years**	**4 - 5 years**	**After 5 years**
Banco Occidente	**$ 929**	$ 929	$ -	$ -	$ -
Banco Atlántida	**6,314**	1,050	5,264	-	-
Banco ABC Brasil S.A.	**1,165**	1,165	-	-	-
Yamana Loan	**1,434**	1,434	-	-	-
Northwestern	**759**	759	-	-	-
IXM S.A.	**20,000**	6,667	10,000	3,333	-
	$ 30,601	$ 12,004	$ 15,264	$ 3,333	$ -

For a detailed discussion of the above noted debts, please see Note 11 in the Financial Statements. In the ordinary course of business, the Company has trade and other payables owing and for mine closure and restoration which are discussed in the Financial Statements.

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. ("Northwestern") which, as at March 31, 2018, totaled $3,576. On April 16, 2018, the Company entered into a payment schedule with Northwestern pursuant to which the Company agreed to repay the notes of $3,576. Pursuant to the agreement, quarterly repayment terms are 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. The quarterly repayment terms are inclusive of 8% interest.

On March 28, 2018, the Company and the Company's subsidiary, Apoena, entered into an agreement with Yamana and SBMM, 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, 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; and (iv) $1,461 on March 30, 2019.

1. A cautionary note regarding non-GAAP measures is included in Section 18 of this MD&A

8. CONTRACTUAL OBLIGATIONS

Except as set forth in this MD&A, for the year ended December 31, 2018 and as at the date of this MD&A, the Company has not entered into any contractual obligations that are outside of the ordinary course of business.

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

9. RELATED PARTY TRANSACTIONS

On December 18, 2017 the Company and Rio Novo entered into an agreement to combine and create a portfolio of mining properties with a long-term production life. 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 proposed merger (the "Merger") 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 Merger under section 170 of the BVI Business Companies Act, 2004 under which the Company merged with Rio Novo and the separate corporate existence of Rio Novo ceased. Upon consummation of the Merger, 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 an aggregate of 947,396 common shares of the Company). As part of the Merger, the Company also 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 10,700 Company common shares to holders of Rio Novo options (which were cancelled). The approval of the Merger was conducted in accordance with MI 61-101 because of Northwestern shareholdings in each of the Company and Rio Novo. Northwestern is beneficially owned, controlled or directed by Paulo Brito, the Company's Chairman of the Board.

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 January 1, 2015, the Company entered into a consulting agreement for the provision of management services to the Company, including those of the President and Chief Executive Officer, with Acumen Capital, LLC ("Acumen"), a US based company which is controlled by Jim Bannantine, the Company's former President and Chief Executive Officer. The consulting agreement was terminated on January 15, 2017. For the three months ended December 31, 2018, the Company paid termination benefits to Acumen of $517 (2017: $455). As at December 31, 2018, the Company owed $62 (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

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As noted above and as result of the merge with Rio Novo, on April 16, 2018, the Company entered into a payment schedule with Northwestern pursuant to which the Company agreed to repay the notes of $3,576.

10. PROPOSED TRANSACTION

Other than as disclosed in this MD&A, the Company has not entered into a binding agreement for an asset or business acquisition or disposition. Management is committed to further analyzing and where applicable, negotiating, one or more transactions to maximize the value of its assets and increasing shareholder value.

11. CHANGES IN ACCOUNTING POLICIES

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company reviewed the new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

IFRS 16, Leases

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

IFRS 15, Revenue from Contracts and Customers

IFRS 15, Revenue from Contracts and Customers (“IFRS 15”) was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. The accounting policy on revenue recognition was adopted as at January 1, 2018 using the modified retrospective approach and replaces the Company’s previously existing accounting policy on revenue recognition of the consolidated financial statements for the year ended December 31, 2017

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

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

1. A cautionary note regarding non-GAAP measures is included in Section 18 of this MD&A

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

The accounting policy on financial instruments was adopted as at January 1, 2018 retrospectively and replaces the Company's previously existing accounting policy on financial instruments of the consolidated financial statements for the year ended December 31, 2017.

IFRS 2, Share-based Payment

In September 2016, the IASB issued amendments to IFRS 2 Share-based Payment ("IFRS 2"), covering the measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings, and accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements, and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments apply for annual periods beginning on or after January 1, 2018, with early adoption permitted. The accounting policy on shared-based payment was adopted and replaces the Company's previously existing accounting policy of the consolidated financial statements for the year ended December 31, 2017.

12. CRITICAL ACCOUNTING ESTIMATES

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

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

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.

a) Determination of Mineral Resources and Mineral Reserves

The Company determines mineral resources and reserves under the principles incorporated in the Canadian Institute of Mining, Metallurgy and Petroleum standards for mineral reserves and resources, known as the CIM Standards. The information is regularly compiled by Qualified Persons and reported under NI-43-101. Reserves and resources determined in this way are used in the calculation of depletion expense, assessment of impairment charges and the carrying values of assets, and for forecasting the timing of the payment of mine closure and restoration costs.

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

b) Impairment of assets

1. A cautionary note regarding non-GAAP measures is included in Section 18 of this MD&A

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

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

c) Valuation of work-in-process inventory

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

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

d) Deferral of stripping costs

In determining whether stripping costs incurred during the production phase of a mining property relate to mineral reserves and mineral resources that will be mined in a future period and therefore should be capitalized, the Company determines whether it is probable that the future economic benefit associated with the stripping activity will flow to the Company.

e) Provisions for mine closure and restoration

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

13. CORPORATE GOVERNANCE

The Company’s Board and its committees substantially follow the recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The current Board is comprised of four individuals, two of whom are not independent of the Company and two of whom are unrelated in that they are independent of management. Mr. Barbosa is currently not considered independent due to his role as President & CEO of the Company. Mr. Brito is not considered independent because of Northwestern. The Audit Committee is currently comprised of two directors who are independent of management.

The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual consolidated financial statements prior to their submission to the Board for approval. The Audit Committee meets with management quarterly to review the consolidated financial statements including the MD&A and to discuss other financial, operating and internal control matters. The Company also retains external auditors to audit its annual consolidated financial statements.

The Audit Committee has reviewed this MD&A pursuant to its charter and the Board has approved the disclosure contained herein. A copy of this MD&A will be provided to anyone who requests it.

14. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for designing and maintaining adequate internal controls over financial reporting (“ICFR”), under the supervision of the CEO, VP of Finance and Corporate Controller, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with IFRS. Management is also responsible for the design and effectiveness of disclosure controls and procedures (“DC&P”), under the supervision of the CEO, VP of Finance and Corporate Controller, to provide reasonable assurance that material information related to the Company is made known to the Company’s certifying officers. As at December 31, 2018, the Company’s CEO, VP of Finance and Corporate Controller have certified that DC&P are effective and that during the year end December 31, 2018, the Company did not make any material changes in the ICFR that materially affected or are reasonably likely to materially affect the Company’s ICFR.

15. NON-GAAP PERFORMANCE MEASURES

In this MD&A, the Company has included realized average gold price per ounce sold, gross, realized average gold price per ounce sold - net of local sales taxes, hedging and gold loan repayments, cash operating cost per ounce produced, cash operating costs per ounce sold and all-in costs per ounce sold which are non-GAAP performance measures. These non-GAAP measures do not have any standardized meaning within IFRS and therefore may not be comparable to similar measures presented by other companies. The Company believes that these measures provide investors with additional information which is useful in evaluating the Company’s performance and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

1. A cautionary note regarding non-GAAP measures is included in Section 18 of this MD&A

A. Reconciliation from revenue to EBITDA

	Three months ended December 31, 2018	Three months ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Revenue	**$ 34,165**	$ 38,734	**$ 157,702**	$ 157,711
Cost of goods sold	**(33,790)**	(34,630)	**(140,427)**	(131,301)
Care-and-maintenance expenses	**(1,704)**	(1,530)	**(5,156)**	(5,068)
General and administrative expenses	**(2,199)**	(4,829)	**(11,761)**	(14,064)
Exploration expenses	**(405)**	(955)	**(3,860)**	(1,782)
Impairment reversal	**53,701**	10,007	**53,701**	10,007
EBIT	**49,768**	6,797	**50,199**	15,503
Depreciation and amortization	**3,766**	5,870	**15,719**	13,971
EBITDA	**53,534**	12,667	**65,918**	29,474
Other items not included in EBITDA:				
Gain on disposal of assets	**-**	129	**1,019**	771
Other items in other (losses) gains	**1,092**	(1,930)	**104**	(1,937)
Depreciation and amortization	**(3,766)**	(5,870)	**(15,719)**	(13,971)
Net loss on call options and fixed price contracts	**(1,404)**	(684)	**284**	(2,679)
Change in estimate of provision for mine closure and restoration	**-**	(3,894)	**-**	(513)
VAT and other taxes recoveries	**-**	2,873	**-**	8,678
Finance costs	**(525)**	(548)	**(3,592)**	(3,552)
Changes in fair value of gold loans	**-**	-	**-**	(427)
Foreign exchange (loss) gain	**(374)**	3,585	**(530)**	(111)
Gain on acquisition of Rio Novo Gols Inc	**-**	-	**21,858**	-
Currency translation adjustment reversal	**131**	-	**(15,915)**	-
Gain on Sale of Mineração Vale Verde Ltda (Serrote)	**(219)**	-	**3,945**	-
(Loss) income before taxes	**48,469**	6,328	**57,372**	15,733
Taxes	**(3,290)**	40	**(5,406)**	(5,552)
Net income	**$ 45,179**	$ 6,368	**$ 51,966**	$ 10,181

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

	Three months ended December 31, 2018	Three months ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Cost of goods sold	**$ 33,790**	$ 34,630	**$ 140,427**	$ 131,301
Cost of production related to copper operation	**(1,400)**	-	**(1,400)**	-
Depreciation	**(3,766)**	(5,870)	**(15,719)**	(13,971)
Cost of production	**28,624**	28,760	**123,308**	117,330
Change in inventory	**(735)**	2,059	**(4,032)**	242
Other adjustments	**(4,848)**	(1,289)	**(10,907)**	1,196
Total operating cost of gold produced	**$ 23,041**	$ 29,530	**$ 108,369**	$ 118,768
Ounces of gold produced	**26,724**	32,794	**121,734**	136,168
Cash operating costs per ounce produced	**$ 862**	$ 900	**$ 890**	$ 872

C. Reconciliation from the consolidated financial statements to realized price per ounce sold:

	Three months ended December 31, 2018	Three months ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Gross gold revenue	**$ 32,521**	$ 40,866	**$ 160,244**	$ 163,055
Local gold sales taxes	**(705)**	(2,132)	**(4,891)**	(5,344)
Gold revenue, net of sales taxes	**31,816**	38,734	**155,353**	157,711
Realized gain (loss) from fixed price contracts	**(341)**	(491)	**(1,169)**	(1,784)
Gold revenue, net of local sales taxes and hedging	**$ 31,475**	$ 38,243	**$ 154,184**	$ 155,927
Ounces of gold sold	**26,424**	30,204	**125,455**	131,585
Realized average gold price per ounce sold, gross [1]	**$ 1,231**	$ 1,353	**$ 1,277**	$ 1,239
Realized average gold price per ounce sold, net of local sales taxes [1]	**1,204**	1,282	**1,238**	1,199
Realized average gold price per ounce sold, net of local sales taxes and hedging [1]	**$ 1,191**	$ 1,266	**$ 1,229**	$ 1,185

16. RISK FACTORS

The operations of the Company contain significant risk due to the nature of mining, exploration and development activities. For details of these risks, please refer to the risk factors set forth in the Company's AIF which could

1. A cautionary note regarding non-GAAP measures is included in Section 18 of this MD&A

materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

17. DISCLOSURE OF SHARE DATA

As at December 31, 2018, the Company had the following outstanding: 4,337,733 common shares, 218,791 stock options, and 12,653 deferred share units.

18. CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A, and the documents incorporated by reference, contain certain "forward-looking information" and "forward-looking statements", as defined in applicable securities laws (collectively, "forward-looking statements"). All statements other than statements of historical fact are forward-looking statements. Forward-looking statements relate to future events or future performance and reflect the Company's current estimates, predictions, expectations or beliefs regarding future events and include, without limitation, statements with respect to: the economic viability of a project; strategic plans, including the Company's plans with respect to its properties; the amount of mineral reserves and mineral resources; the amount of future production over any period; the amount of waste tonnes mined; the amount of mining and haulage costs; cash costs; operating costs; strip ratios and mining rates; expected grades and ounces of metals and minerals; expected processing recoveries; expected time frames; prices of metals and minerals; mine life; and gold hedge programs. Often, but not always, forward-looking statements may be identified by the use of words such as "expects", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements in this MD&A are based upon, without limitation, the following estimates and assumptions: the presence of and continuity of metals at the Company's projects at modeled grades; gold and copper price volatility; the capacities of various machinery and equipment; the availability of personnel, machinery and equipment at estimated prices; exchange rates; metals and minerals sales prices; appropriate discount rates; tax rates and royalty rates applicable to the mining operations; cash costs; anticipated mining losses and dilution; metals recovery rates, reasonable contingency requirements; our expected ability to develop adequate infrastructure and that the cost of doing so will be reasonable; our expected ability to develop our projects including financing such projects; and receipt of regulatory approvals on acceptable terms.

Known and unknown risks, uncertainties and other factors, many of which are beyond the Company's ability to predict or control could cause actual results to differ materially from those contained in the forward-looking statements. Specific reference is made to the Company's most recent AIF for a discussion of some of the factors underlying forward-looking statements, which include, without limitation, gold and copper or certain other commodity price volatility, changes in debt and equity markets, the uncertainties involved in interpreting geological data, increases in costs, environmental compliance and changes in environmental legislation and regulation, interest rate and exchange rate fluctuations, general economic conditions, political stability and other risks involved in the mineral exploration and development industry. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

1. A cautionary note regarding non-GAAP measures is included in Section 18 of this MD&A