BrioGold

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(UNAUDITED)

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS)/INCOME

	For the three months ended September 30,		For the nine months ended September 30,	
(In thousands of United States Dollars, except share and per share amounts), (unaudited)	**2017**	**2016**	**2017**	**2016**
Revenue from mining operations	**$ 54,126**	$ 60,559	**$ 166,478**	$ 172,846
Cost of sales excluding depletion, depreciation and amortization	**(39,685)**	(39,073)	**(117,108)**	(100,048)
Gross margin excluding depletion, depreciation and amortization	**14,441**	21,486	**49,370**	72,798
Depletion, depreciation and amortization	**(10,442)**	(13,936)	**(35,348)**	(40,494)
Mine operating earnings	**3,999**	7,550	**14,022**	32,304
Expenses				
General and administrative	**(5,470)**	(5,509)	**(17,041)**	(16,426)
Other operating expense *(Note 12)*	**(53)**	(3,859)	**(4,651)**	(14,123)
Operating (loss)/earnings	**(1,524)**	(1,818)	**(7,670)**	1,755
Foreign exchange loss	**(2,563)**	(4,171)	**(2,558)**	(7,188)
Unrealized loss on foreign exchange hedges	**(1,800)**	—	**(2,328)**	—
Finance expense *(Note 13)*	**(2,887)**	(2,481)	**(7,889)**	(4,370)
Loss before income taxes	**(8,774)**	(8,470)	**(20,445)**	(9,803)
Income tax (expense)/recovery *(Note 14)*	**(1,229)**	(7,064)	**5,458**	15,058
Net (loss)/earnings	**(10,003)**	(15,534)	**(14,987)**	5,255
Other comprehensive (loss)/income				
Items that may be reclassified subsequently to profit or loss:				
Change in fair value of hedging instruments, net of tax *(Note 16)*	9,894	—	12,753	—
Total comprehensive (loss)/income	**$ (109)**	$ (15,534)	**$ (2,234)**	$ 5,255
Net (loss)/earnings per share				
Net (loss)/earnings per share (basic) *(Note 15)*	**$ (0.09)**	$ (0.63)	**$ (0.13)**	$ 0.22
Net (loss)/earnings per share (diluted) *(Note 15)*	**$ (0.09)**	$ (0.63)	**$ (0.13)**	$ 0.21
Weighted average number of shares outstanding *(Note 15)*				
Basic	**112,527,429**	24,467,689	**112,527,429**	23,824,918
Diluted	**112,527,429**	24,467,689	**112,527,429**	25,341,058

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

BRIO GOLD INC.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

(In thousands of United States Dollars)	As at September 30, 2017 *(unaudited)*	As at December 31, 2016
Assets		
Current assets:		
Cash	**$ 9,698**	$ 7,014
Trade and other receivables	**8,587**	154
Inventories *(Note 5)*	**39,675**	29,620
Derivative related assets *(Note 7)*	**14,926**	1,328
Other current assets *(Note 6)*	**17,027**	12,777
	89,913	50,893
Non-current assets:		
Property, plant and equipment *(Note 8)*	**495,566**	481,746
Non-current derivative related assets *(Note 7)*	**1,540**	—
Deferred tax assets	**10,125**	6,167
Other non-current assets *(Note 6)*	**9,695**	2,893
Total assets	**$ 606,839**	$ 541,699
Liabilities		
Current liabilities:		
Trade and other payables *(Note 9)*	**$ 45,945**	$ 56,066
Income taxes payable	**6,165**	2,998
Short-term debt *(Note 17c)*	**1,503**	—
Other financial liabilities	**1,892**	1,414
Other provisions and liabilities *(Note 10)*	**3,964**	5,243
	59,469	65,721
Non-current liabilities:		
Long-term debt *(Note 11)*	**60,166**	—
Decommissioning, restoration and similar liabilities	**41,315**	36,871
Deferred income tax liabilities	**10,816**	11,413
Other non-current provisions and liabilities *(Note 10)*	**8,882**	4,902
Total liabilities	**180,648**	118,907
Equity		
Share capital	**427,858**	427,858
Reserves	**89,062**	70,675
Deficit	**(90,729)**	(75,741)
Total equity	**426,191**	422,792
Total equity and liabilities	**$ 606,839**	$ 541,699

Contractual commitments, contingencies *(Notes 19 and 20).*

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

BRIO GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

	For the three months ended September 30,		For the nine months ended September 30,	
(In thousands of United States Dollars), (unaudited)	**2017**	**2016**	**2017**	**2016**
Operating activities				
Loss before income tax expense	**$ (8,774)**	$ (8,470)	**$ (20,445)**	$ (9,803)
Adjustments to reconcile loss before income taxes to operating cash flows:				
Depletion, depreciation and amortization	**10,442**	13,936	**35,348**	40,494
Foreign exchange loss	**2,563**	4,171	**2,558**	7,188
Unrealized loss on foreign exchange hedges	**1,800**	—	**2,328**	—
Finance expense	**2,887**	2,481	**7,889**	4,370
Other non-cash operating expenses *(Note 17b)*	**2,242**	4,380	**4,225**	12,256
Decommissioning, restoration and similar liabilities paid	**(258)**	(790)	**(1,199)**	(1,441)
Income taxes paid	**—**	(202)	**(88)**	(2,618)
Cash flows from operating activities before net change in working capital	**$ 10,902**	$ 15,506	**$ 30,616**	$ 50,446
Net change in working capital *(Note 17a)*	**(4,332)**	(1,508)	**(30,290)**	(11,586)
Cash flows from operating activities	**$ 6,570**	$ 13,998	**$ 326**	$ 38,860
Investing activities				
Property, plant and equipment expenditures	**(21,370)**	(16,224)	**(55,915)**	(40,350)
Acquisition of Mineração Riacho dos Machados Ltda	**—**	—	**—**	(50,225)
Cash flows used in investing activities	**$ (21,370)**	$ (16,224)	**$ (55,915)**	$ (90,575)
Financing activities				
Proceeds from debt *(Note 17c)*	**$ 14,003**	$ —	**$ 64,003**	$ —
Related party financing	**—**	—	**—**	51,361
Cost of debt *(Note 17c)*	**(293)**	—	**(3,442)**	—
Interest and other finance expenses paid *(Note 17c)*	**(836)**	—	**(1,643)**	—
Cash flows from financing activities	**$ 12,874**	$ —	**$ 58,918**	$ 51,361
Effect of foreign exchange on cash	**112**	162	**(645)**	919
(Decrease)/increase in cash	**$ (1,814)**	$ (2,064)	**$ 2,684**	$ 565
Cash, beginning of period	**$ 11,512**	$ 6,595	**$ 7,014**	$ 3,966
Cash, end of period	**$ 9,698**	$ 4,531	**$ 9,698**	$ 4,531

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

BRIO GOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(In thousands of United States Dollars), (unaudited)	Equity Reserves	Hedging Reserves	Total Reserves	Share capital	Deficit	Total equity
Balance as at January 1, 2016	$ 63,399	$ —	**$ 63,399**	**$ 367,750**	**$ (58,882)**	**$ 372,267**
Net income	—	—	**—**	**—**	5,255	**5,255**
Transactions with owners:						
Issued on settlement of related party loan	—	—	**—**	60,108	—	**60,108**
Restricted share units	5,226	—	**5,226**	—	—	**5,226**
Balance as at September 30, 2016	$ 68,625	$ —	**$ 68,625**	**$ 427,858**	**$ (53,627)**	**$ 442,856**
Balance as at January 1, 2017	$ 70,367	$ 308	**$ 70,675**	**$ 427,858**	**$ (75,741)**	**$ 422,792**
Net loss	—	—	**—**	**—**	(14,987)	**(14,987)**
Change in fair value of hedging instruments, net of tax	—	12,753	**12,753**	—	—	**12,753**
Transactions with owners:						
Restricted share units and restricted shares	5,314	—	**5,314**	—	—	**5,314**
Share options	59	—	**59**	—	—	**59**
Deferred share units	260	—	**260**	—	—	**260**
Balance as at September 30, 2017	$ 76,000	$ 13,061	**$ 89,061**	**$ 427,858**	**$ (90,728)**	**$ 426,191**

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

1. BASIS OF PREPARATION AND PRESENTATION

These Condensed Consolidated Interim Financial Statements of Brio Gold Inc. (the "Company" or "Brio"), including comparative figures, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using the accounting principles consistent with International Financial Reporting Standards ("IFRS"). These Condensed Consolidated Interim Financial Statements do not include all disclosures required by IFRS for annual consolidated financial statements and accordingly should be read in conjunction with the Company's Annual Audited Consolidated Financial Statements for the year ended December 31, 2016 prepared in accordance with IFRS. These Condensed Consolidated Interim Financial Statements were authorized for issuance by the Board of Directors of the Company on October 30, 2017.

These Condensed Consolidated Interim Financial Statements have been prepared on the basis of and using the accounting policies, methods of computation and presentation consistent with those applied and disclosed in *Notes 3* and *5* to the Company's Annual Audited Consolidated Financial Statements for the year ended December 31, 2016.

In preparing the Condensed Consolidated Interim Financial Statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period end. Critical accounting estimates represent estimates that are uncertain and for which changes in those estimates could materially impact the Company's Condensed Consolidated Financial Statements. Actual future outcomes may differ from present estimates. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

The critical judgments and key sources of estimation uncertainties in the application of accounting policies during the three months ended September 30, 2017 are the same as those disclosed in *Note 4* to the Company's Annual Audited Consolidated Financial Statements for the year ended December 31, 2016.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements have been issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after January 1, 2017. The Company has adopted the narrow scope amendments to IFRS 12 **-** *Disclosure of Interests in Other Entities*, IAS 7 **-** *Statement of Cash Flows* and IAS 12 **-** *Income Taxes* which are effective for annual periods beginning on or after January 1, 2017. The amendments did not have an impact on the Company's Condensed Consolidated Interim Financial Statements. Pronouncements that are not applicable to the Company have been excluded from this note.

The following pronouncements have been issued but are not yet effective:

(a) IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") **-** The Standard is effective for annual reporting periods beginning on or after January 1, 2018 for all entities. The Company has completed a preliminary assessment of the impact of adopting IFRS 15. The Company generates revenue mainly from selling precious metals. Typical for the mining industry, each metal sale transaction is stand-alone and without multiple element arrangements. The point in the sales transactions where revenue is recognized are concluded to be essentially the same for precious metal sales under IFRS 15 and IAS 18 *Revenue*. In general, no significant impact from the adoption of IFRS 15 is expected. The Company is currently assessing the two transition methods allowed by the new Standard, namely, the full retrospective method in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* and the modified retrospective method with the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings or other component of equity as appropriate.

(b) IFRS 16 *Leases* **-** The standard is effective for annual reporting periods beginning January 1, 2019 for public entities. Early application is permitted for companies that also apply IFRS 15. The Company is assessing the impact of the adoption of this Standard.

(c) IFRS 9 *Financial Instruments* ("IFRS 9") **-** The Standard provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. It is effective for annual reporting periods beginning January 1, 2018 for public entities. The Company has completed a preliminary assessment of the impact of adopting IFRS 9 and it is not expected to have a significant impact on the Company's financial position nor its results of operations.

(d) IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22") **-** On December 8, 2016, the IASB issued IFRIC 22, which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The Standard provides guidance on how to determine the date of the transaction for the purpose of determining the spot exchange rate used to translate the asset, expense or income on initial recognition that relates to, and is recognized on the de-recognition of, a non-monetary prepayment asset or a non-monetary deferred income liability. It is effective January 1, 2018. The Company is currently assessing the impact on the adoption of this Standard.

3. FAIR VALUE MEASUREMENT

Fair Value of Financial Instruments

The Company’s financial instruments include cash and cash equivalents, trade and other receivables, advances and deposits, trade and other payables, long-term debt and derivative assets. The carrying values of cash and cash equivalents, trade and other receivables, advances and deposits, and trade and other payables approximate their fair values due to the relatively short-term nature of these instruments. Fair values of derivatives were based on market closing prices at period end, on published and observable market prices for similar instruments and on inputs derived principally from or collaborated by observable market data or other means.

There were no material differences between the carrying value and fair value of non-current financial assets and liabilities, including long-term debt. The debt is subject to a floating interest rate, and therefore the carrying value of $60.2 million approximates the fair value. The debt is comprised of a revolving credit facility that is scheduled to mature in December 2019. See *Note 11* for a summary of the debt's terms.

The Company assesses its financial instruments and non-financial contracts on a regular basis to determine the existence of any embedded derivatives which would be required to be accounted for separately at fair value and to ensure that any embedded derivatives are accounted for in accordance with the Company’s policy. As at September 30, 2017, there were no embedded derivatives requiring separate accounting.

The Company’s sales are predominantly denominated in United States Dollars. The Company is primarily exposed to currency fluctuations relative to the United States Dollar as most of the Company’s operating costs and capital expenditures are denominated in foreign currencies; predominately the Brazilian Real and the Canadian Dollar. Monetary assets denominated in foreign currencies are also exposed to foreign currency fluctuations. These potential currency fluctuations could have a significant impact on production costs and affect the Company's earnings and financial condition.

Valuation Techniques

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The derivative related assets are the Company's only financial assets that are measured at fair value on a recurring basis which uses Level 2 inputs. The fair value of derivative instruments is determined using either present value techniques or option pricing models that utilize a variety of inputs that are a combination of quoted prices and market-corroborated inputs. The Company continues to monitor the potential impact of financial markets fluctuations, and will adjust its derivative contracts for credit risk based upon the credit default swap spread for each of the counterparties as warranted. See *Note 7* for a summary of the fair value of the derivative related assets.

4. TRADE AND OTHER RECEIVABLES

	As at September 30, 2017	As at December 31, 2016
Trade receivable	**$ 7,088**	$ 154
Currency hedge contracts receivable	**1,499**	—
	$ 8,587	$ 154

There is no provision of doubtful accounts in the periods presented.

5. INVENTORIES

	As at September 30, 2017	As at December 31, 2016
Product inventories	**$ 5,664**	$ 3,518
Metal in circuit and gold in process	**4,749**	4,923
Ore stockpiles	**6,621**	1,369
Materials and supplies	**22,641**	19,810
	$ 39,675	$ 29,620

The amount of inventories recognized as an expense for the three and nine months ended September 30, 2017 was $37.8 million and $116.1 million respectively (2016 - $39.4 million and $100.1 million) and is included in cost of sales excluding depletion, depreciation and amortization. The provisions to adjust inventory to net realizable value for the three and nine months ended September 30, 2017 were $1.9 million and $1.0 million respectively (2016 - recoveries of $0.3 million and $0.1 million) and are included in cost of sales excluding depletion, depreciation and amortization.

6. OTHER ASSETS

	As at, September 30, 2017	As at, December 31, 2016
Tax credits receivable *(i)*	**$ 16,521**	$ 7,096
Advances to suppliers	**7,532**	6,360
Income taxes recoverable	**1,134**	—
Other long-term advances	**1,535**	2,214
	$ 26,722	$ 15,670
Current	**$ 17,027**	$ 12,777
Non-current	**9,695**	2,893
	$ 26,722	$ 15,670

(i) During the three months ended September 30, 2017, the Company sold certain tax credits for $4.4 million that is to be paid through installments over the next 19 months. The company has recognized a recovery of $4.4 million reflected in other operating expenses.

7. DERIVATIVE RELATED ASSETS

i. Currency hedge and forward contracts

On November 3 and 4, 2016, the Company entered into (a) zero-cost collar foreign exchange contracts of $28.0 million Reais ("R$") per month for two years (January 2017 through December 2018), totaling R$672 million, with average call and put strike prices of US$1 = R$3.30 and US$1 = $3.897 respectively, and (b) forward contracts of R$28 million per month for two years (January 2017 through December 2018) totaling R$672 million, at a fixed exchange rate averaging 1US$ =R$3.553. This is to manage the foreign exchange exposure of the operating and capital expenditures associated with its Brazilian operations.

The Company tests the hedge's effectiveness quarterly. Effective unrealized changes in fair value are recorded in OCI ("Other Comprehensive Income") along with the related tax impact. Ineffective changes in fair value and changes in time value of options are recorded in earnings. At settlement, the realized changes are accounted for at trade date and recorded as described below:

Amounts related to hedging of operating expenditures are included in cost of sales to offset the foreign exchange effect recorded by the mines. Amounts related to hedging of capital expenditures are included in capitalized purchases of goods or services to offset the foreign exchange recorded by the mines or development projects.

ii. Gold price hedge

On September 20, 2017, the Company entered into a zero-cost collar contract, where gold puts will be purchased and gold calls will be sold with average put and call strike prices of US $1,300 and $1,340 per ounce respectively for 2,000 ounces per month. These purchases and sales will be made from October 2017 to December 2018 and total 30,000 ounces. The hedge was entered into in order to manage the commodity price exposure of the sales generated from the operating mines.

Similar to the currency hedging contracts, the Company tests the hedge's effectiveness quarterly and recognizes the effective unrealized changes in fair value within OCI and the ineffective changes in fair value within earnings along with the related tax impact. At settlement, the realized changes are accounted for at trade date. However, the settlement gain or loss is allocated to the operating mines' revenue in proportion to the number of ounces sold at each mine.

The following table summarizes the fair value of derivative related assets:

	As at September 30, 2017	As at December 31, 2016
Currency contracts		
Forward	**$ 10,843**	$ 309
Collar	**4,997**	1,019
Commodity contract		
Collar	**626**	—
	$ 16,466	$ 1,328
Current	**$ 14,926**	$ 1,328
Non-current	**1,540**	—
	$ 16,466	$ 1,328

8. PROPERTY, PLANT AND EQUIPMENT

	Mining property costs subject to depletion	Mining property costs not subject to depletion *(ii)*	Land, building, plant & equipment *(i)(ii)*	Total
Cost, January 1, 2016	$ 345,024	$ 610,771	$ 251,209	$ 1,207,004
Additions	46,601	43,658	29,084	119,343
Transfers, reclassification and other non-cash movements	6,046	2,289	(2,449)	5,886
Change in decommissioning, restoration & similar liabilities	6,202	1,893	—	8,095
Disposals	—	(110)	(2,016)	(2,126)
Cost, December 31, 2016	**$ 403,873**	**$ 658,501**	**$ 275,828**	**$ 1,338,202**
Additions	8,148	25,675	22,092	55,915
Transfers, reclassifications and other non-cash movements	(601)	374	(5,210)	(5,437)
Disposals	—	—	(1,338)	(1,338)
Cost, September 30, 2017	**$ 411,420**	**$ 684,550**	**$ 291,372**	**$ 1,387,342**
Accumulated depreciation and impairment, January 1, 2016	$ 133,563	$ 587,419	$ 57,893	$ 778,875
Depreciation for the period	36,779	—	26,357	63,136
Impairment charges / (reversals)	107,573	(92,913)	—	14,660
Transfers, reclassifications and other non-cash movements	—	581	(635)	(54)
Disposal	—	(2)	(159)	(161)
Accumulated depreciation and impairment, December 31, 2016	**$ 277,915**	**$ 495,085**	**$ 83,456**	**$ 856,456**
Depreciation for the period	11,267	5,848	19,030	36,145
Disposals	—	—	(825)	(825)
Accumulated depreciation and impairment, September 30, 2017	**$ 289,182**	**$ 500,933**	**$ 101,661**	**$ 891,776**
Carrying value, December 31, 2016	$ 125,958	$ 163,416	$ 192,372	$ 481,746
Carrying value, September 30, 2017	**$ 122,238**	**$ 183,617**	**$ 189,711**	**$ 495,566**

(i) Included in land, building, plant and equipment is $3.1 million of land which is not subject to depreciation (as at December 31, 2016 - $6.5 million).

(ii) Balance includes amounts related to C1 Santa Luz for $140.1 million (as at December 31, 2016 - $135.3 million) which are not subject to depreciation as the mine is currently in development for recommissioning.

9. TRADE AND OTHER PAYABLES

		As at September 30, 2017		As at December 31, 2016
Trade payables	**$**	**28,011**	$	43,459
Salary and other employee related payables		**17,167**		11,719
Other payables		**767**		888
	$	**45,945**	$	56,066

10. OTHER PROVISIONS AND LIABILITIES

		As at September 30, 2017		As at December 31, 2016
Current portion of decommissioning, restoration and similar liabilities	**$**	**2,045**	$	1,893
Legal provisions		**7,436**		5,062
Other taxes payable		**3,365**		3,190
	$	**12,846**	$	10,145
Current	**$**	**3,964**	$	5,243
Non-current		**8,882**		4,902
	$	**12,846**	$	10,145

11. LONG-TERM DEBT

The Company has a $75 million senior debt credit facility, on a revolving basis. During the nine months ended September 30, 2017, Brio Gold drew down $62.5 million, which is the principal balance outstanding as at September 30, 2017. The interest charged on the debt credit facility is based on a pricing grid that varies with the company's leverage and is currently at a rate of LIBOR + 4%. The Company incurred $2.9 million of deferred financing fees and $0.6 million of amortization of these deferred financing fees since inception. The deferred financing fees are classified as a reduction to long-term debt on the balance sheet and amortized to finance expense over the term of the loan. The Company will, from time to time, repay balances outstanding on its revolving credit and intends to renew the credit facility prior to its maturity in 2019.

12. OTHER OPERATING EXPENSES

	For the three months ended September 30,				For the nine months ended September 30,			
		2017		**2016**		**2017**		**2016**
Legal provisions	**$**	**1,112**	$	631	**$**	**1,590**	$	921
Provisions on indirect tax credits		**1,672**		1,117		**555**		5,452
Care and maintenance of RDM *(i)*		**1,620**		—		**3,065**		—
Care and maintenance of Santa Luz		**—**		948		**2,312**		2,199
Business transaction costs		**—**		618		**848**		4,481
(Gain)/loss on sale of indirect tax credits		**(4,365)**		890		**(4,376)**		657
Other expenses/(income)		**14**		(345)		**657**		413
Other operating expenses	**$**	**53**	$	3,859	**$**	**4,651**	$	14,123

(i) During the three and nine months ended September 30, 2017 the RDM mine was put on care and maintenance for 51 days and 92 days respectively, due to a lack of water. Fixed overhead costs allocated to production during this time have been reclassified out of cost of sales and included in other operating expenses shown above.

13. FINANCE EXPENSE

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Unwinding of discounts on provisions	**$ 1,153**	$ 828	**$ 4,242**	$ 2,174
Bank, financing fees and other	**898**	320	**2,123**	863
Interest expense on long-term debt	**836**	—	**1,524**	—
Interest on loan with Yamana	**—**	1,333	**—**	1,333
Finance expense	**$ 2,887**	$ 2,481	**$ 7,889**	$ 4,370

14. INCOME TAXES

The following table reconciles income taxes calculated at statutory rates with the income tax expense in the Condensed Consolidated Interim Statements of Operations:

	For the three months ended September 30,		For the nine months ended September 30,	
(In thousands of United States Dollars)	**2017**	**2016**	**2017**	**2016**
Loss before income taxes	**$ (8,774)**	$ (8,471)	**$ (20,445)**	$ (9,803)
Canadian statutory tax rate	**26.5%**	26.5%	**26.5%**	26.5%
Expected income tax (recovery)	**$ (2,325)**	$ (2,245)	**$ (5,418)**	$ (2,598)
Impact of lower foreign tax rates *(i)*	**(3,497)**	(2,639)	**(10,718)**	(12,418)
Permanent differences	**482**	9,231	**1,717**	8,517
Unrecognized deferred tax assets	**4,066**	—	**12,181**	—
Tax effect of translation in foreign operations	**2,942**	901	**6,378**	18,749
Unrealized foreign exchange on non-monetary assets	**(1,587)**	1,120	**(4,849)**	(28,161)
Planned distribution of foreign earnings	**—**	—	**(5,595)**	—
True-up of tax provisions with respect to prior years	**236**	—	**(850)**	—
Withholding taxes	**1,414**	76	**2,068**	417
Other	**(502)**	620	**(372)**	436
Income tax expense/(recovery)	**$ 1,229**	$ 7,064	**$ (5,458)**	$ (15,058)
Income tax expense/(recovery) is represented by:				
Current income tax expense/(recovery)	**$ 2,422**	$ (1,256)	**$ 4,094**	$ 4,188
Deferred income tax (recovery)/expense	**(1,193)**	8,320	**(9,552)**	(19,246)
Total income tax expense/(recovery)	**$ 1,229**	$ 7,064	**$ (5,458)**	$ (15,058)

(i) The Company operates in multiple foreign tax jurisdictions that have tax rates that differ from the statutory rate.

15. (LOSS)/EARNINGS PER SHARE

(In thousands of United States Dollars, except per share and number of shares are shown in full)	For the three months ended September 30,		For the nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Weighted average number of common shares - basic	**112,527,429**	24,467,689	**112,527,429**	23,824,918
Weighted average number of dilutive Restricted Share Units *(i)(ii)*	**—**	—	**—**	1,516,140
Weighted average number of common shares - diluted	**112,527,429**	24,467,689	**112,527,429**	25,341,058
Net (loss)/earnings attributable to Brio Gold equity holders	**$ (10,003)**	$ (15,534)	**$ (14,987)**	$ 5,255
Net (loss)/earnings per share attributable to Brio Gold equity holders - basic	**$ (0.09)**	$ (0.63)	**$ (0.13)**	$ 0.22
Net (loss)/earnings per share attributable to Brio Gold equity holders - diluted	**$ (0.09)**	$ (0.63)	**$ (0.13)**	$ 0.21

(i) On August 4, 2017, 4,264,197 restricted share units were converted to an equivalent number of restricted shares. As at September 30 2017, the number of outstanding share options; restricted share units; restricted shares; and deferred share units were 1,124,171; 2,056,873; 5,028,671; and 121,808 respectively,

(ii) The following securities were anti-dilutive for the three and nine months ended September 30, 2017:

Potential number of common shares attributable to:	**For the three months ended September 30, 2017**	**For the nine months ended September 30, 2017**
Share options	181,723	61,240
Restricted share units	2,270,018	4,691,624
Restricted shares	2,819,604	950,196
Deferred share units	121,808	53,988

16. OTHER COMPREHENSIVE INCOME

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Net change in fair value of hedging instruments				
Change in fair value - currency hedge	**$ 17,248**	$ —	**$ 28,833**	$ —
Change in fair value - gold price hedge	**223**	—	**223**	—
Reclassification of realized gains from currency hedge recorded in cost of sales	**(2,809)**	—	**(8,532)**	—
Reclassification of realized gains from currency hedge capitalized to property, plant and equipment	**(1,201)**	—	**(3,061)**	—
Tax impact	**(3,567)**	—	**(4,710)**	—
Other comprehensive income	**$ 9,894**	$ —	**$ 12,753**	$ —

17. SUPPLEMENTARY CASH FLOW INFORMATION

(a) Net Change in Non-Cash Working Capital

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Net (increase)/decrease in:				
Trade and other receivables	$ **(7,935)**	$ 5,841	$ **(8,521)**	$ 1,775
Inventories	**(5,460)**	679	**(8,712)**	(59)
Other assets	**462**	3,627	**(3,939)**	(4,317)
Net increase/(decrease) in:				
Trade payable and other payables	**7,407**	(3,005)	**(9,192)**	5,740
Other current liabilities	**1,194**	(8,650)	**74**	(14,725)
Net change in non-cash working capital	$ **(4,332)**	$ (1,508)	$ **(30,290)**	$ (11,586)

(b) Other Non-Cash Operating Expenses

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Provisions on indirect tax credits	$ **1,672**	$ 1,117	$ **555**	$ 5,452
Legal provisions	**1,112**	631	**1,590**	921
Provisions/(recoveries) to adjust inventory to net realizable value	**1,863**	(347)	**1,049**	(108)
Share based payments	**1,888**	1,742	**5,632**	5,226
(Gain)/loss on sale of indirect tax credits	**(4,365)**	890	**(4,376)**	657
Others	**72**	347	**(225)**	108
Other non-cash operating expenses	$ **2,242**	$ 4,380	$ **4,225**	$ 12,256

(c) Change in Liabilities Arising from Financing Activities

	Long-term debt	Short-term debt	Trade and other payables
Balance as at December 31, 2016	$ —	$ —	$ **56,066**
Cash flows: Proceeds from long-term debt	62,500	—	—
Cash flows: Proceeds from the Advance on Export Exchange Contracts *(i)*	—	1,503	—
Cash flows: Interest and other financing fees paid	—	—	(1,643)
Cash flows: Cost of debt	(2,902)	—	(540)
Non-cash: Interest accruals	—	—	81
Non-cash: Amortization cost of debt	568	—	—
Non-cash: Reclassification and other	—	—	(8,019)
Balance as at September 30, 2017	$ **60,166**	$ **1,503**	$ **45,945**

(i) As at October 31, 2017, Brio Gold has obtained a total of $22 million of available financing through credit facilities with Brazilian banks as part of an Advance on Export Exchange Contracts program ("ACC"). This arrangement is subject to an average interest rate of 4% per annum. As at September 30, 2017, the company has $1.5 million outstanding on this credit facility.

18. OPERATING SEGMENTS

The Company, which produces primarily gold, and to a lesser extent silver, bases its operating segments on the way information is reported and used by the Chief Operating Decision Makers ("CODM"). The Company has four reportable operating segments as shown below. Property, plant and equipment referred to below consist of land, buildings, equipment, mining properties subject to depletion and mining properties not subject to depletion which include assets under construction and exploration and evaluation costs.

As at September 30, 2017	Fazenda Brasileiro	C1 Santa Luz	Pilar	Mineração Riacho dos Machados *(i)*	Corporate and Others	Total
Property, plant and equipment	**$ 65,077**	**$ 140,124**	**$ 215,519**	**$ 73,997**	**$ 849**	**$ 495,566**
Non-current assets	**$ 75,251**	**$ 140,308**	**$ 224,811**	**$ 74,166**	**$ 2,390**	**$ 516,926**
Total assets	**$ 91,663**	**$ 151,212**	**$ 244,223**	**$ 90,554**	**$ 29,187**	**$ 606,839**
Total liabilities	**$ 45,615**	**$ 24,124**	**$ 28,662**	**$ 15,935**	**$ 66,312**	**$ 180,648**

As at December 31, 2016	Fazenda Brasileiro	C1 Santa Luz	Pilar	Mineração Riacho dos Machados *(i)*	Corporate and Others	Total
Property, plant and equipment	$ 67,976	$ 135,308	$ 212,753	$ 65,660	$ 49	$ 481,746
Non-current assets	$ 79,573	$ 129,967	$ 215,459	$ 65,729	$ 78	$ 490,806
Total assets	$ 91,626	$ 138,182	$ 231,500	$ 78,584	$ 1,807	$ 541,699
Total liabilities	$ 40,115	$ 23,562	$ 21,954	$ 24,194	$ 9,082	$ 118,907

Segment Operating Earnings

For the three months ended September 30, 2017	Fazenda Brasileiro	C1 Santa Luz	Pilar	Mineração Riacho dos Machados	Corporate and Others	Total
Total segment revenue	**$ 20,976**	**$ —**	**$ 23,445**	**$ 9,705**	**$ —**	**$ 54,126**
Cost of sales excluding depletion, depreciation, and amortization	**(15,840)**	**—**	**(16,480)**	**(7,365)**	**—**	**(39,685)**
Depletion, depreciation and amortization	**(3,356)**	**—**	**(5,868)**	**(1,132)**	**(86)**	**(10,442)**
Mine operating earnings	**$ 1,780**	**$ —**	**$ 1,097**	**$ 1,208**	**$ (86)**	**$ 3,999**
Other expenses *(ii)*						**(12,773)**
Loss before income taxes						**$ (8,774)**
Capital expenditures	**$ (4,799)**	**$ (4,702)**	**$ (7,504)**	**$ (3,935)**	**$ (430)**	**$ (21,370)**

For the three months ended September 30, 2016	Fazenda Brasileiro	C1 Santa Luz	Pilar	Mineração Riacho dos Machados *(i)*	Corporate and Others	Total
Total segment revenue	$ 21,751	$ —	$ 26,586	$ 12,222	$ —	$ 60,559
Cost of sales excluding depletion, depreciation, and amortization	(13,280)	—	(14,492)	(11,301)	—	(39,073)
Depletion, depreciation and amortization	(3,792)	—	(9,295)	(849)	—	(13,936)
Mine operating earnings	$ 4,679	$ —	$ 2,799	$ 72	$ —	$ 7,550
Other expenses *(ii)*						(16,020)
Loss before income taxes						$ (8,470)
Capital expenditures	$ (5,918)	$ (222)	$ (7,594)	$ (2,490)	$ —	$ (16,224)

(i) Mineração Riacho dos Machados was acquired April 29, 2016 and therefore comparative segment financial information relates to the period subsequent to the acquisition.

(ii) Other expenses for the three months ended September 30, 2017 are comprised of general and administrative expense of $5.4 million (2016 - $5.5 million), exploration and evaluation expense of $0.3 million (2016 - $nil), other operating income of $0.2 million (2016 - expense of $3.8 million), foreign exchange loss of $2.6 million (2016 - $4.2 million), and finance expense of $4.7 million (2016 - $2.5 million).

For the nine months ended September 30, 2017		Fazenda Brasileiro	C1 Santa Luz	Pilar	Mineração Riacho dos Machados	Corporate and Others	Total
Total segment revenue	$	**53,348 $**	**— $**	**72,489 $**	**40,641 $**	**— $**	**166,478**
Cost of sales excluding depletion, depreciation, and amortization		**(37,136)**	**—**	**(48,786)**	**(31,186)**	**—**	**(117,108)**
Depletion, depreciation and amortization		**(13,136)**	**—**	**(17,150)**	**(4,976)**	**(86)**	**(35,348)**
Mine operating earnings/(loss)	**$**	**3,076 $**	**— $**	**6,553 $**	**4,479 $**	**(86)$**	**14,022**
Other expenses *(ii)*							**(34,467)**
Loss before income taxes						**$**	**(20,445)**
Capital expenditures	**$**	**(11,985)$**	**(6,513)$**	**(21,184)$**	**(14,618)$**	**(1,614)$**	**(55,914)**

For the nine months ended September 30, 2016		Fazenda Brasileiro	C1 Santa Luz	Pilar	Mineração Riacho dos Machados *(i)*	Corporate and Others	Total
Total segment revenue	$	65,452 $	— $	78,288 $	29,106 $	— $	172,846
Cost of sales excluding depletion, depreciation, and amortization		(36,176)	—	(40,132)	(23,740)	—	(100,048)
Depletion, depreciation and amortization		(12,822)	—	(25,605)	(2,067)	—	(40,494)
Mine operating earnings	$	16,454 $	— $	12,551 $	3,299 $	— $	32,304
Other expenses *(ii)*							(42,107)
Loss before income taxes						$	(9,803)
Capital expenditures	$	(14,590)$	(2,457)$	(18,719)$	(4,584)$	— $	(40,350)

(i) Mineração Riacho dos Machados was acquired April 29, 2016 and therefore comparative segment financial information relates to the period subsequent to the acquisition.

(ii) Other expenses for the nine months ended September 30, 2017 is comprised of general and administrative expense of $17.0 million (2016 - $16.4 million), exploration and evaluation expense of $0.5 million (2016 - $0.1 million), other operating expenses of $4.2 million (2016 - $14.0 million), foreign exchange loss of $2.6 million (2016 - $7.2 million), and finance expense of $10.2 million (2016 - $4.4 million).

19. CONTRACTUAL COMMITMENTS

Mine Operating/Construction and Service Contracts

	As at September 30, 2017	As at December 31, 2016
Within 1 year	**$ 104,744**	$ 61,759
Between 1 to 3 years	**113,008**	43,388
Between 3 to 5 years	**45,798**	29,174
After 5 years	**220**	10,409
	$ 263,770	$ 144,730

During the three months ended September 30, 2017, the company entered into long-term mining contracts at the RDM mine for a period of 52 months for approximately $117 million.

20. CONTINGENCIES

Due to the size, complexity and nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. In the opinion of management, these matters will not have a material effect on the Condensed Consolidated Interim Financial Statements of the Company.

21. SUBSEQUENT EVENTS

On October 3, 2017, the Company entered into forward contracts of R$10 million per month for one year (January 2019 to December 2019), totaling R$120 million, at a fixed exchange rate that averages US$1 = R$3.40. On October 26, 2017, the Company entered into forward contracts of R$10 million per month for one year (January 2019 to December 2019), totaling R$120 million, at a fixed exchange rate that averages US$1 = R$3.50.

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