BrioGold

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is prepared as of March 13, 2017 and is intended to assist readers in understanding the financial performance and financial condition of Brio Gold Inc. ("Brio Gold" or the "Company") for the year ended December 31, 2016 and should be read in conjunction with the audited consolidated financial statements and the accompanying notes of Brio Gold for the year ended December 31, 2016.

The financial and operating results for the years ended December 31, 2015 and December 31, 2014 include the operations and cash flows of Brio Gold, including the Pilar Mine, the Fazenda Brasileiro Mine, and the Santa Luz Mine for the period preceding the transfer of the aforementioned assets by Yamana Gold Inc. ("Yamana") to Brio Gold to give effect to a continuity of Brio Gold's interest in the operations of those assets.

The following discussion contains "forward-looking information" that reflect the Company's future plans, estimates, beliefs and expected performance. Such forward-looking statements may prove to be inaccurate, and actual results and future events could differ materially from those anticipated in such statements. The Company does not undertake any obligation to publicly update any forward-looking statements, except as otherwise required by applicable law. This discussion also makes references to "cash costs", "all-in sustaining costs" also referred to as "AISC", "Adjusted earnings or loss" and "Adjusted EBITDA" which are measures that do not have any standardized meaning as prescribed by IFRS. The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the Company's underlying performance. Non-GAAP financial measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. See "Non-GAAP financial measures" below for:

- *cash costs consolidated and per mine, including on a per ounce basis, and all-in-sustaining costs consolidated, including on a per ounce basis;*
- *quarterly trailing cash costs consolidated and per mine, including on a per ounce basis;*
- *Adjusted Earnings or Loss; and*
- *Adjusted EBITDA;*

Overview

Brio Gold Inc. (TSX: BRIO) (the "Company" or "Brio Gold") is a new Canadian mining company with significant gold producing, development and exploration stage properties in Brazil. On December 23, 2016, the Company announced that an offering of purchase rights and related transactions closed, resulting in Brio Gold becoming a standalone public company. Yamana Gold Inc. ("Yamana") continues to be a significant shareholder of Brio Gold, holding approximately 79% of the issued and outstanding shares. The Company was formed in 2014 by Yamana to monetize its investment in certain non-core assets in Brazil, including the Fazenda Brasileiro Mine, the Pilar Mine and the Santa Luz Mine and related exploration rights, all of which were contributed by Yamana to the Company. On April 29, 2016, Brio Gold completed the acquisition of Mineração Riacho dos Machados ("MRDM"), the owner of the RDM Mine in Minas Gerais, Brazil in connection with a restructuring of Carpathian Gold Inc.

Highlights

The Company is committed to becoming the next leading, mid-tier gold producer focused on growth in the Americas. The Company's goal is to deliver superior shareholder value through organic growth, exploration, selective and opportunistic industry consolidation and commitment to socially responsible practices within the communities in which it operates. The Company intends to continue to optimize its operations to deliver reliable, consistent and sustainable performance over the life of its mining operations. The Company's focus will be on the production of high margin gold ounces combined with a disciplined approach to cost containment and capital spending along with a commitment to value creation.

Operating Performance

	For the years ended December 31,		
	2016	**2015**	**Change**
Total Gold Production (oz.) [1]	189,662	144,098	32%
Total cost of sales per gold ounce sold	$1,099	$1,085	1%
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	$752	$737	2%
Cash cost per gold ounce produced[2,3]	$746	$718	4%
All-in sustaining costs per ounce of gold produced[2,3]	$985	$956	3%

Notes:
(1) Production in 2016 includes the attributable ounces from RDM subsequent to the date it was acquired on April 29, 2016.
(2) The 2015 comparative cash costs per ounce produced and all-in sustaining costs per ounce produced relate only to the Fazenda Brasileiro Mine and Pilar Mine.
(3) A non-GAAP financial measure. See "*Management's Discussion and Analysis – Non-GAAP Financial Measures*" for a reconciliation of total cost of sales to cash costs consolidated, including on a per ounce basis, and reconciliation of total cost of sales to all-in sustaining costs consolidated, including on a per ounce basis.

All of the Brio Gold mines met or exceeded production guidance for 2016. Total gold production of 189,662 ounces exceeded guidance of 183,000 to 188,000 ounces of gold, highlighted by the Fazenda Brasileiro Mine which exceeded the upper end of guidance.

The Company produced 32% more than the 144,098 ounces produced in 2015, mainly due to higher throughput in all the mines, and specifically the contribution of 31,714 ounces of production from the RDM mine, from the date it was acquired on April 29, 2016. Gold production at Pilar recorded successive yearly increases since it completed commissioning in 2014.

Total cost of sales per ounce of gold sold was $1,099 compared to $1,085 in 2015 and cost of sales excluding depletion, depreciation and amortization was $752 compared to $737 per gold ounce sold. Total cash cost was $746 per ounce produced in 2016 compared to $718 in 2015. All-in sustaining costs per ounce of gold produced increased by 3% from $956 in 2015 to $985 in 2016. Overall, the increase in per ounce costs was primarily due to higher sustaining capital expenditures in 2016 and the RDM mine operating at less than full capacity due to a water shortage. In early 2017, a water storage facility was built at the RDM mine, which allows for consistent production.Cash costs for the year ended December 31, 2016 were $746 per ounce of gold produced, compared to $718 in 2015, with the increase primarily due to the addition of the RDM mine.

Financial Performance

Revenues from mining operations were $232.4 million on the sale of 192,524 ounces of gold compared to $161.6 million on sale of 144,437 ounces of gold for the comparable period in 2015.

Gross margin before depletion, depreciation and amortization totalled $87.6 million for the year ended December 31, 2016 compared to $55.2 million for the year ended December 31, 2015. Overall, the increase is due to higher gold quantities sold combined with higher metal prices, all while maintaining costs to lower increases.

Net loss for the year ended December 31, 2016 was $16.9 million or $0.37 per share, compared to a net loss of $69.4 million or $4.40 per share for the year ended December 31, 2015. The net loss was due in large part to impairment charges, reorganizations costs, losses on indirect tax credits, and foreign exchange losses, all of which are excluded from the calculation of adjusted loss and are non-cash items with the exception of reorganization costs. The lower net loss when compared to the prior year was primarily from the higher gross margin before depletion, depreciation and amortization as discussed above in addition to the recording of a tax recovery in 2016 versus a tax expense in 2015. The reductions achieved in general and administrative expenses, other operating expenses, and mine related impairment charges, were offset by the impact of foreign exchange.

Cash flow from operating activities before changes in working capital was $70.5 million, compared to $34.5 million in 2015. Cash flow from operating activities after changes in working capital was $70.1 million, compared to $11.8 million in 2015.

Adjusted loss was $17.9 million or $0.39 per share compared to an adjusted gain of $19.3 million or $1.22 per share for the same period in 2015. 2016 was impacted by a non-cash tax effect on unrealized foreign exchange losses of $31.3 million, compared to gain of $81.2 million in 2015. Excluding this impact, adjusted earnings would have increased $75.3 million from 2015 to 2016.

Adjusted EBITDA was $67.4 million or 1.47 per share compared to $27.3 million or 1.73 per share for the same period in 2015.

Outlook

Brio Gold's total 2017 production guidance is 223,000 to 243,000 ounces of gold, representing an 18% to 28% increase compared to 2016. In 2017, total COS is expected to be $995 to $1,015 per ounce, cash costs are expected to be $800 to $820 per ounce and AISC is expected to be $1,080 to $1,100 per ounce.

The Company's 2017 guidance is summarized below:

Production (koz)	**2017E**	**2018E**	**2019E**
Fazenda Brasileiro	65-70	67-72	67-72
Pilar	83-88	88-93	100-105
RDM	75-85	100-105	115-120
Santa Luz	-	100-110	115-120
Consolidated Brio Gold	**223-243**	**355-380**	**397-417**

Total COS (1,2) *per ounce*	**2017E**	**2018E**	**2019E**
Fazenda Brasileiro	$980-$1,000	$1,010-$1,030	$1,045-$1,065
Pilar	$1,000-$1,020	$980-$1,000	$920-$940
RDM	$1,010-$1,030	$855-$875	$775-$795
Santa Luz	-	$835-$855	$1,070-$1090
Consolidated Brio Gold	**$995-$1,015**	**$910-$930**	**$945-$965**

Cash Costs (1,2)	**2017E**	**2018E**	**2019E**
Fazenda Brasileiro	$740-$760	$740-$760	$740-$760
Pilar	$740-$760	$665-$685	$625-$645
RDM	$910-$930	$710-$730	$610-$630
Santa Luz	-	$525-$545	$755-$775
Consolidated Brio Gold	**$800-$820**	**$650-$670**	**$680-$700**

AISC (1,2)	**2017E**	**2018E**	**2019E**
Fazenda Brasileiro	$910-$930	$910-$930	$910-$930
Pilar	$940-$960	$960-$980	$875-$895
RDM	$990-$1,010	$770-$790	$790-$810
Santa Luz	-	$530-$550	$760-$780
Consolidated Brio Gold	**$1,080-$1,100**	**$805-$825**	**$855-$875**

Notes:
(1) All guidance for values of costs per gold ounce sold or produced assume a Brazilian *Real* to U.S. Dollar exchange rate of 3.50. Furthermore, the value for cost of sales excluding depletion, depreciation and amortization per gold ounce sold is expected to be equal to the cash cost per gold ounce produced, as it is anticipated that sales will be the same as production.
(2) A non-GAAP financial measure. See "*Management's Discussion and Analysis – Non-GAAP Financial Measures*".

AISC for 2017 includes certain non-recurring sustaining capital cost items at its Fazenda Brasileiro Mine, Pilar Mine and RDM Mine. Non-recurring sustaining capital cost items include: 1) the replacement of the mine fleet at the Fazenda Brasileiro Mine, which is expected to result in productivity and cost benefits going forward; 2) accelerated development at the Pilar Mine as well as the purchase of low profile equipment (fan drill and dozers) to improve the mining method and reduce dilution with the objective of improvements in grade and production; and, 3) the rebuilding of the equipment fleet at the RDM mine as well as the replacing of the electrical generators currently used on site for power. Pilar's AISC increases in 2018 as the Company begins development of the open pit Tres Buracos deposit, which is expected to contribute to production in 2019. As a result, production at Pilar increases with lower costs.

The Company expects general and administrative (G&A) expenses in 2017 to be approximately $65 per ounce, which reflects several one-time costs associated with the transition of Brio Gold becoming an independent public company. Going forward, G&A costs are expected to be approximately $30 per ounce.

Cost guidance is based on a BRL to USD exchange rate of 3.50. The Company has put hedging arrangements in place for 2017 and 2018 covering R$672 million of forward rate contracts at a rate of R$3.55 to US$1.00, and R$672 million of zero-cost collars with average call and put strike prices of R$3.30 and R$3.90, respectively.

The exploration drilling program in 2017 continues to focus on Mineral Reserve and Mineral Resource expansion, while also continuing with regional exploration. Total planned exploration expenditures for 2017 are $6.7 million with planned exploration drilling of approximately 124,900 meters. See "Exploration" section in this MD&A for more details regarding planned exploration activities.

In 2017, the Company will continue to advance the Santa Luz Mine towards recommissioning. The Santa Luz Mine's 2016 Technical Report estimates a ten-year mine life with average annual production of approximately 114,000 ounces of gold for the first seven years. The Santa Luz Mine is expected to re-start operations in the first half of 2018 and produce approximately 130,000 ounces of gold in its first full year of production. Total capital for the re-commissioning of the Santa Luz Mine is estimated to be approximately $84.2 million. With the re-start of the Santa Luz Mine, the Company's average annual run-rate production is expected to be approximately 400,000 ounces of gold.

Annual Financial Results

(In thousands of U.S. dollars)

For the years ended December 31,	**2016**	**2015**	**2014**
Revenues from mining operations	$ 232,356	$ 161,567	$ 101,032
Cost of sales excluding depletion, depreciation and amortization	(144,736)	(106,417)	(72,722)
Gross margin excluding depletion, depreciation and amortization	87,620	55,150	28,310
Depletion, depreciation and amortization	(66,818)	(50,342)	(22,353)
Impairment of operating mineral properties	(110,876)	(12,717)	(207,626)
Mine operating loss	(90,074)	(7,909)	(201,669)
Expenses:			
General and administrative	(13,262)	(15,794)	(2,406)
Other operating expenses	(18,500)	(25,423)	(35,738)
Reversal of impairment/(impairment) of non-operating mining properties	96,217	(7,360)	(360,760)
Operating loss	(25,619)	(56,486)	(600,573)
Foreign exchange (loss)/gain	(9,239)	26,727	6,038
Finance expense	(5,280)	(3,272)	(1,231)
Loss before income taxes	(40,138)	(33,031)	(595,766)
Income tax recovery (expense)	23,279	(36,387)	30,751
Net loss	**$ (16,859)**	**$ (69,418)**	**$ (565,015)**
Adjusted (loss) earnings [(1)]	$ (17,925)	$ 19,312	$ 19,804
Adjusted EBITDA [(1)]	$ 67,379	$ 27,339	$ 20,349

As at December 31,	**2016**	**2015**	**2014**
Total assets	$ 541,699	$ 480,182	$ 516,880
Total long-term liabilities	$ 53,186	$ 61,286	$ 36,557
Total equity	$ 422,792	$ 372,267	$ 421,138
Working capital	$ (14,828)	$ (4,762)	$ (11,700)

Note:
(1) A non-GAAP financial measure. See "*Management's Discussion and Analysis – Non-GAAP Financial Measures*" for a reconciliation of net loss to Adjusted earnings or loss and Adjusted EBITDA.

Annual Operating Statistics

Consolidated

Operating Statistics	For the years ended 2016	2015	Change
Gold production (oz.)[1]	**189,662**	144,098	32%
Gold Sales (oz.)	**192,524**	144,437	33%
Total cost of sales per gold ounce sold	**$ 1,099**	$ 1,085	1%
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	**$ 752**	$ 737	2%
Cash cost per gold ounce produced[2]	**$ 746**	$ 718	4%
All-in sustaining costs per ounce of gold produced[2]	**$ 985**	$ 956	3%
Ore mined (tonnes)	**3,444,363**	2,251,777	53%
Ore processed (tonnes)	**3,283,211**	2,306,508	42%
Gold feed grade (g/t)	**1.99**	2.14	-7%
Gold recovery rate (%)	**89.2%**	90.6%	-2%

Notes:

(1) Operating statistics only include RDM from the date that it was acquired on April 29, 2016.

(2) A non-GAAP financial measure. See "*Management's Discussion and Analysis – Non-GAAP Financial Measures*" for a reconciliation of total cost of sales to cash costs consolidated, including on a per ounce basis, and reconciliation of total cost of sales to all-in sustaining costs consolidated, including on a per ounce basis.

Fazenda Brasileiro Mine

Operating Statistics	For the years ended 2016	2015	Change
Gold production (oz.)	**70,887**	60,914	16%
Gold Sales (oz.)	**73,517**	61,150	20%
Total cost of sales per gold ounce sold	**$ 949**	$ 1,247	-24%
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	**$ 694**	$ 759	-9%
Cash cost per gold ounce produced[1]	**$ 689**	$ 719	-4%
All-in sustaining costs per ounce of gold produced [1]	**$ 918**	$ 905	1%
Ore mined (tonnes)	**1,215,826**	1,172,911	4%
Ore processed (tonnes)	**1,258,599**	1,123,437	12%
Gold feed grade (g/t)	**2.00**	1.87	7%
Gold recovery rate (%)	**87.8%**	86.3%	2%

Note:

(1) A non-GAAP financial measure. See "*Management's Discussion and Analysis – Non-GAAP Financial Measures*" for a reconciliation of total cost of sales to cash costs consolidated and per mine, including on a per ounce basis.

In the year ended December 31, 2016, Fazenda Brasileiro Mine produced a total of 70,887 ounces of gold, compared to 60,914 ounces of gold in 2015. The increase in production was due to a combination of higher throughput, higher feed grade, and higher recovery. Gold sales were 73,517 in 2016, compared to 61,150 in 2015. Total cost of sales per ounce of gold sold was $949, cost of sales excluding depletion, depreciation and amortization per ounce of gold sold was $694, compared to total cost of sales per ounce of gold sold of $1,247 and cost of sales excluding depletion, depreciation and amortization per gold ounce sold of $759 in 2015. Cash costs per ounce produced were $689 per ounce of gold in 2016, compared to $719 per ounce of gold in 2015. All-in sustaining costs per ounce produced were $918 in 2016, compared to $905 in 2015.

Pilar Mine

Operating Statistics	For the years ended 2016	2015	Change
Gold production (oz.)	**87,061**	83,184	5%
Gold Sales (oz.)	**86,126**	83,287	3%
Total cost of sales per gold ounce sold	**$ 1,195**	$ 966	24%
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	**$ 689**	$ 720	-4%
Cash cost per gold ounce produced [(1)]	**$ 742**	$ 717	3%
All-in sustaining costs per ounce of gold produced [(1)]	**$ 951**	$ 861	10%
Ore mined (tonnes)	**1,173,963**	1,078,866	9%
Ore processed (tonnes)	**1,174,584**	1,134,722	4%
Gold feed grade (g/t)	**2.42**	2.42	0%
Gold recovery rate (%)	**95.4%**	94.0%	1%

Note:
(1) A non-GAAP financial measure. See "*Management's Discussion and Analysis – Non-GAAP Financial Measures*" for a reconciliation of for reconciliation of total cost of sales to cash costs consolidated and per mine, including on a per ounce basis.

The Pilar Mine produced 87,061 ounces of gold for the year ended December 31, 2016, compared to 83,184 ounces of gold in 2015. The increase in gold production was due to higher recovery and throughput. Gold sales were 86,126 in 2016, compared to 83,287 in 2015. Total cost of sales per ounce of gold sold was $1,195, cost of sales excluding depletion, depreciation and amortization per ounce of gold sold was $689, compared to total cost of sales per ounce of gold sold of $966 and cost of sales excluding depletion, depreciation and amortization per gold ounce sold of $720 in 2015. Cash costs averaged $742 per ounce of gold produced, compared to $717 per ounce of gold produced in 2015. All-in sustaining costs per ounce produced were $951 in 2016, compared to $861 in 2015.

RDM Mine

Operating Statistics	For the years ended 2016	2015	Change
Gold production (oz.) [(1)]	**31,714**	—	—
Gold Sales (oz.)	**32,881**	—	—
Total cost of sales per gold ounce sold	**$ 1,183**	—	—
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	**$ 1,045**	—	—
Cash cost per gold ounce produced [(2)]	**$ 881**	—	—
All-in sustaining costs per ounce of gold produced [(2)]	**$ 1,001**	—	—
Ore mined (tonnes)	**1,054,574**	—	—
Ore processed (tonnes)	**850,029**	—	—
Gold feed grade (g/t)	**1.39**	—	—
Gold recovery rate (%)	**77.5%**	—	—

Notes:
(1) Operating statistics only include RDM from the date that it was acquired on April 29, 2016.
(2) A cautionary note regarding non-GAAP financial measures is included in Section 14 of this Management's Discussion and Analysis. Comparatives have been restated to conform to the change in presentation adopted in the current period.

The RDM mine produced 31,714 ounces of gold for the year ended December 31, 2016, which includes only the ounces produced since its acquisition on April 29, 2016. Gold sales were 32,881 in 2016. Total cost of sales per ounce of gold sold was $1,183, cost of sales excluding depletion, depreciation and amortization per ounce of gold sold was $1,045. Cash costs averaged $881 per ounce of gold produced. All-in sustaining costs per ounce produced were $1,001.

Quarterly Results Review

For the Company's detailed 2016 and 2015 quarterly financial and operating results see "Selected 8-Quarter Trailing Information" in this MD&A.

Revenues from mining operations increased 30% to $59.5 million in the fourth quarter of 2016 from $45.7 million in the fourth quarter of 2015, due to a combination of higher ounces sold from the RDM mine that was acquired in 2016, and a higher gold price. Mine Operating earnings was a loss of $122.4 million in the fourth quarter of 2016, compared to a loss of $12.8 million in the fourth quarter of 2015 primarily due to an impairment of mining properties for the Pilar Mine of $110.9 million which is included in Mine Operating earnings.

Cash flow from operating activities before changes in working capital in the fourth quarter of 2016 was $20.0 million, compared to $20.7 million in the same quarter of 2015. Cash flow from operating activities after changes in working capital in the fourth quarter of 2016 was $31.2 million, compared to $29.5 million in the same quarter of 2015.

Consolidated

	For the three months ended		
Operating Statistics	**Q4, 2016**	**Q4, 2015**	**Change**
Gold production (oz.)[(1)]	**50,477**	39,279	22%
Gold Sales (oz.)	**50,092**	39,194	22%
Total cost of sales per gold ounce sold	**$ 1,421**	$ 1,016	29%
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	**$ 896**	$ 657	27%
Cash cost per gold ounce produced[(2)]	**$ 832**	$ 610	27%
All-in sustaining costs per ounce of gold produced[(2)]	**$ 1,106**	$ 847	23%
Ore mined (tonnes)	**958,380**	558,715	42%
Ore processed (tonnes)	**360,194**	589,813	-64%
Gold feed grade (g/t)	**1.80**	2.25	-25%
Gold recovery rate (%)	**87.7%**	92.0%	-5%

Notes:
(1) Operating statistics only include RDM from the date that it was acquired on April 29, 2016.
(2) A non-GAAP financial measure. See "*Management's Discussion and Analysis – Non-GAAP Financial Measures*" for a reconciliation of total cost of sales to cash costs consolidated, including on a per ounce basis, and reconciliation of total cost of sales to all-in sustaining costs consolidated, including on a per ounce basis.

Total production in the fourth quarter of 2016 was a total of 50,477 ounces of gold, compared to 39,279 ounces in the same period of 2015, mainly because of higher throughput in all the mines, and specifically from the contribution of production from the RDM mine, which was acquired in April 2016. Production of gold at the Pilar mine recorded successive yearly increases since it has completed commissioning.

Total cost of sales was $1,421 per ounce of gold sold in the fourth quarter of 2016, compared to $1,016 per ounce of gold sold in the same quarter of 2015. Cost of sales less depletion, depreciation and amortization was $896 per ounce of gold in the fourth quarter of 2016, compared to $657 per ounce of gold sold in the same quarter of 2015. Cash costs were $832 per ounce of gold produced in the three months ended December 31, 2016, compared to $610 per ounce of gold produced in the same quarter of 2015. All-in sustaining costs were $1,106 per ounce of gold produced in the fourth quarter of 2016, compared to $847 per ounce of gold produced in the same quarter of 2015. Overall, costs increased in the fourth quarter of 2016 compared to 2015, primarily due to the strengthening of the average Brazilian Real against the U.S. dollar by 14% and the inclusion of results from the relatively higher cost RDM Mine. All-in sustaining costs were also impacted by higher mine development costs, primarily due to increasing the amount of ore developed ahead of time at Pilar in an effort to ensure consistant and stable production in the future.

Fazenda Brasileiro Mine

	For the three months ended		
Operating Statistics	**Q4, 2016**	**Q4, 2015**	**Change**
Gold production (oz.)	**18,279**	17,953	2%
Gold Sales (oz.)	**19,110**	16,577	13%
Total cost of sales per gold ounce sold	**$ 1,074**	$ 1,210	-13%
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	**$ 767**	$ 703	8%
Cash cost per gold ounce produced[(1)]	**$ 753**	$ 599	20%
All-in sustaining costs per ounce of gold produced [(1)]	**$ 1,018**	$ 738	28%
Ore mined (tonnes)	**303,394**	280,263	8%
Ore processed (tonnes)	**327,367**	310,157	5%
Gold feed grade (g/t)	**2.00**	2.03	-1%
Gold recovery rate (%)	**86.7%**	88.5%	-2%

Note:
(1) A non-GAAP financial measure. See "*Management's Discussion and Analysis – Non-GAAP Financial Measures*" for a reconciliation of total cost of sales to cash costs consolidated and per mine, including on a per ounce basis.

Production in the fourth quarter of 2016 was 18,279 ounces of gold, compared to 17,953 ounces in the same period of 2015. Total cost of sales $1,074 per ounce of gold sold in the fourth quarter of 2016, compared to total cost of sales of $1,210 per ounce of gold sold in the fourth quarter of 2015. Cost of sales less depletion, depreciation and amortization was $767 per ounce of gold in the fourth quarter of 2016, compared to $703 per ounce of gold sold in the same quarter of 2015. Cash costs were $753 per ounce of gold produced in the three months ended December 31, 2016, compared to $599 per ounce of gold produced in the same quarter of 2015. All-in sustaining costs were $1,018 per ounce of gold produced in the fourth quarter of 2016, compared to $738 per ounce of gold produced in the same quarter of 2015.

Pilar Mine

	For the three months ended		
Operating Statistics	**Q4, 2016**	**Q4, 2015**	**Change**
Gold production (oz.)	**22,170**	21,326	4%
Gold Sales (oz.)	**21,837**	22,617	-4%
Total cost of sales per gold ounce sold	**$ 1,687**	$ 851	50%
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	**$ 867**	$ 599	31%
Cash cost per gold ounce produced (1)	**$ 872**	$ 618	29%
All-in sustaining costs per ounce of gold produced (1)	**$ 1,150**	$ 797	31%
Ore mined (tonnes)	**303,720**	278,452	8%
Ore processed (tonnes)	**309,907**	279,656	10%
Gold feed grade (g/t)	**2.34**	2.49	-6%
Gold recovery rate (%)	**95.3%**	95.1%	—%

Note:
(1) A non-GAAP financial measure. See "*Management's Discussion and Analysis – Non-GAAP Financial Measures*" for a reconciliation of total cost of sales to cash costs consolidated and per mine, including on a per ounce basis.

Production at the Pilar Mine in the fourth quarter of 2016 was 22,170 ounces of gold, compared to 21,326 ounces in the same period of 2015. Total cost of sales $1,687 per ounce of gold sold in the fourth quarter of 2016, compared to total cost of sales of $851 per ounce of gold sold in the fourth quarter of 2015. Cost of sales less depletion, depreciation and amortization was $867 per ounce of gold in the fourth quarter of 2016, compared to $599 per ounce of gold sold in the same quarter of 2015. Cash costs were $872 per ounce of gold produced in the three months ended December 31, 2016, compared to $618 per ounce of gold produced in the same quarter of 2015. All-in sustaining costs were $1,150 per ounce of gold produced in the fourth quarter of 2016, compared to $797 per ounce of gold produced in the same quarter of 2015.

RDM Mine

	For the three months ended		
Operating Statistics	**Q4, 2016**	**Q4, 2015**	**Change**
Gold production (oz.) (1)	**10,028**	—	—
Gold Sales (oz.)	**9,146**	—	—
Total cost of sales per gold ounce sold	**$ 1,494**	—	—
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	**$ 1,223**	—	—
Cash cost per gold ounce produced (2)	**$ 888**	—	—
All-in sustaining costs per ounce of gold produced (2)	**$ 1,006**	—	—
Ore mined (tonnes)	**351,266**	—	—
Ore processed (tonnes)	**360,194**	—	—
Gold feed grade (g/t)	**1.15**	—	—
Gold recovery rate (%)	**76.0%**	—	—

Notes:
(1) Operating statistics only include RDM from the date that it was acquired on April 29, 2016.
(2) A cautionary note regarding non-GAAP financial measures is included in Section 14 of this Management's Discussion and Analysis. Comparatives have been restated to conform to the change in presentation adopted in the current period.

In the fourth quarter of 2016, production at the RDM mine was 10,082 ounces of gold. Total cost of sales per ounce of gold was $1,494 and cost of sales excluding depletion, depreciation and amortization per ounce of gold sold was $1,223. Cash costs averaged $888 in the fourth quarter of 2016. All-in sustaining costs were $1,006 per ounce of gold produced.

Development

Santa Luz Mine

The Company made a positive decision in 2016 to advance the Santa Luz Mine to the execution phase and move forward with the re-start of the operation. This decision was based on the positive results from the Technical Report completed in September 2016. Since the completion of the September 2016 Technical Report, Brio Gold has completed more drilling to further delineate the ore body as well as additional metallurgical testwork for further optimization. Results from the drill program are expected to be incorporated into an updated mineral reserve and mineral resource estimate, which is anticipated to be completed in the second quarter of 2017. The Company has commenced engineering and is currently in the process of ordering long lead items. Re-commissioning of the operation is expected in the first half of 2018.

RDM Mine

The water storage facility at the RDM Mine is now functionally complete and can retain water for increased and consistent production. Production for 2017 is expected to be 75,000 to 85,000 ounces of gold. However, Brio Gold is also analyzing further mine plan optimizations at the RDM mine with the objective of reducing costs and maximizing cash flow. With the completion of further infill drilling, an updated mine plan along with an updated reserve and resource estimate is expected to be completed in the second quarter of 2017.

Exploration

Pilar Mine

At Pilar, Brio Gold completed 63,140 metres of exploration drilling from the surface along with 3,340 metres of mine operations drilling from underground. Infill drilling at Pilar continued to demonstrate the continuity of the Pilar resource down-dip and along strike, further expanding the resources at the mine. Surface exploration drilling and underground development progressed along strike to the southeast, extending beyond a major fault zone, to allow for production on the other side.

Exploration continued in support of operations at the Maria Lazarus satellite mine. Drilling was conducted from both the surface, 12,390 metres, and from underground, 505 metres, further extending the Maria Lazara mineralized zone. In addition, exploration was conducted at the potential open-pit, Tres Buracos, which is 4 kilometers north of the Pilar underground operation, with 6,250 metres drilled. The drilling infilled and expanded the limits of the deposit as well as was used to update mine planning for the economic evaluation of the deposit.

Drilling during 2017 is planned to be about 55,000 metres, along with underground development specifically to establish drill stations at Maria Lazara. Exploration is expected to be conducted at Pilar, Maria Lazara, Tres Buracos, as well as other near-mine targets.

Fazenda Brasileiro Mine

At Fazenda Brasileiro Mine, Brio Gold completed a large exploration program in 2016, having drilled approximately 95,170 metres. Drilling focused on the expansion of mineral resources and on the conversion and replacement of the mineral reserve base. Exploration successfully expanded the resources to replace 2016 production as well as provide for additional future resources. Drilling of the main mineralized horizons, CLX1 and CLX2, was successful at extending mineralized zones, especially in the C-Ramp, E-Ramp, and G-Ramp areas. Drilling was also conducted at the Lago do Gato target to in-fill holes in advance of planned open-pit production.

Drilling continued to discover mineralization in the Canto Sequence, a relatively unexplored mineralized horizon that occurs in the footwall zone parallel to the main mining horizons. Canto mineralization, originally identified in the E388 part of the mine, was significantly expanded by positive results from the E388, C32GPE, and C52E15 areas, demonstrating the significance of the Canto horizon to the longevity of the Fazenda Brasileiro mine life. Surface drilling of the Canto 1 and Canto 2 open pit areas, resulted in good results for potentially extending these pits downward and/or extending the underground Canto mineralization upward.

During 2016, 2,716 metres of surface drilling was conducted to test potential near-mine targets, 5 to 10 kilometers northeast of the Fazenda Brasileiro Mine. Mineralization was intercepted at the Papagaio and Raminhos targets and further follow-up work is needed.

The 2017 exploration program is planned to include approximately 60,000 metres of drilling, targeted at the Canto Zone and other high potential areas, near surface and existing infrastructure. Mineral resource conversion and production will be the focus.

RDM Mine

Following the acquisition of MRDM from Carpathian Gold Inc. in 2016, a transition process began to incorporate this active gold open-pit operation into the Brio Gold organization. As part of this process, a program of reverse circulation drilling, as well as core drilling was conducted through December 2016. Reverse circulation drilling of 3,630 metres was conducted to support short to mid-range mine planning. Core drilling of 2,033 metres was conducted to support resource modelling and long-range mine planning. Both sets of information will be used for the update of mineral resources and mineral reserves planned for the second quarter of 2017.

In 2017, a drilling program is planned to explore the deeper underground potential that has been identified at the mine. Current plans include approximately 6,000 metres of drilling to confirm the down-dip extensions and to support a follow-up program of in-fill drilling of this potential underground target.

Santa Luz Mine

During early 2016, an infill drilling program was completed at the Santa Luz Mine to support the work for the technical report for the re-commissioning of the mine. From October 2015 to April 2016, Brio Gold completed drilling over 16,420 metres with the objective of obtaining samples to characterize the geo-metallurgy of the mineralization, as well as to obtain geotechnical information for pit slope design. The results were incorporated into a new resource model that formed the basis for the updated mineral resources and mineral reserves presented in the September 2016 Technical Report. Significant results included the spatial delineation and metallurgical characterization of a carbonaceous host unit and a dacite host unit.

Based on observations from the mid-2016 mineral resource model, a subsequent drilling program was started in December 2016 to infill remaining drill-hole data gaps and to locally provide better control in the modelling of high-grade mineralization. This 3,900 meter drilling program is expected to be completed by the end of the first quarter of 2017. The results from the drilling program currently underway will be incorporated into an updated mineral reserve estimate for the Santa Luz Mine, which is expected to be completed in the second quarter of 2017.

Mineral Reserve and Mineral Resource Estimates

As of December 31, 2016, Company's properties had attributable mineral reserves of approximately 2.75 million ounces of gold, Measured and Indicated Mineral Resources of approximately 1.93 million ounces of gold and Inferred Mineral Resources of approximately 2.59 million ounces of gold.

Mineral Reserves & Mineral Resources Estimates (1)

As at December 31, 2016 *(Contained Gold in 000's ounces)*	**Proven & Probable Mineral Reserves**		**Measured & Indicated Mineral Resources**		**Inferred**	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Pilar	450	342	704	360	1,626	2,041
Fazenda Brasileiro	417	392	256	229	156	91
Santa Luz	1,221	—	780	1,657	395	943
RDM	663	—	190	—	416	—
Total	**2,751**	**734**	**1,930**	**2,246**	**2,593**	**3,075**

Note:
(1) Refer to the complete Mineral Reserves & Mineral Resources tables in the Company's press release dated February 16, 2017.

Both the Pilar Mine and Fazenda Brasileiro Mine benefited from major drilling programs completed in 2016, resulting in significant increases in both mineral reserves and mineral resources. At the Fazenda Brasileiro Mine, a large contributing factor includes results obtained from the relatively unexplored Canto Sequence that occurs in the footwall zone parallel to the traditional mine sequences. At the Pilar Mine, much of the reserve increase was a result of the exploration and evaluation of the potential open-pit Tres Buracos deposit.

The RDM Mine end of year resources and reserves currently only includes the depletion of recent production from the prior reserve and resource estimate. A new updated resource model is now in progress, which will reflect the benefit of the 2016 drilling programs, as well as other model improvements. These results are expected to be announced in the second quarter of 2017.

The Santa Luz Mine was completely re-evaluated based on the results of the 2015-2016 drilling program and the mineral reserve and mineral resource was included in the September 2016 Technical Report. A follow up drilling program is now underway, with plans to further update the resource and reserve in the second quarter of 2017.

Impairment of Assets

For the year ended December 31, 2016, the Company recorded net pre-tax impairment charges of $14.7 million, and a ($1.7) million reversal on an after-tax basis.

(In millions of U.S. dollars)	Pre-Tax Impairment /(Reversal)	After-Tax Impairment /(Reversal)	Net Book Value
Pilar Mine	$110.9	$94.5	$212.8
Santa Luz Project	(96.2)	(96.2)	129.9
Total	**$14.7**	**($1.7)**	**$342.7**

For the year ended December 31, 2015, the Company recorded impairment charges totalling $20.1 million ($15.6 million on an after-tax basis).

(In millions of U.S. dollars)	Pre-Tax Impairment	After-Tax Impairment	Net Book Value
Fazenda Brasileiro Mine	$12.7	$10.8	$59.3
Santa Luz Project	7.4	4.8	33.2
Total Impact	**$20.1**	**$15.6**	**$92.5**

The Company performs its impairment test annually and at the end of each reporting period. In performing the impairment test, the Company considers both external and internal sources of information in assessing whether there is any indications that mining interest are impaired. External sources of information that the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mining interest. Internal sources of information the Company considers include the manner in which the mineral properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

In determining the recoverable amounts of the Company’s mining interests, the Company makes estimates of the discounted future after-tax cash flows expected to be derived from the Company’s mining properties, costs to sell the mining properties and the appropriate discount rate. The projected cash flows are significantly affected by changes in assumptions related to metal prices, changes in the amounts of recoverable Mineral Reserves, Mineral Resources, and exploration potential, production cost estimates, future capital expenditures, discount rates and exchange rates.

For Pilar and Santa Luz, the impairment and impairment reversal align the book value with the recoverable value of each mine, resulting in the overall value of the Company remaining relatively unchanged. The impairment at Pilar is a result of a revised mine plan following a thorough Brio Gold management review. For Santa Luz, reversal of the previous impairment is predominantly due to the decision to recommission the mine following a positive Technical Report, which included the reclassification of Mineral Resources into Mineral Reserves, as their ability to be mined profitably was demonstrated, as well as confirmation of improved gold recoveries.

In the context of the current metal price trends, the Company noted that prior year assumptions of $1,250 per ounce of gold continue to be supportable and are within the range of acceptable assumptions based on objective independent data. Macro-economic factors were supportive of the Company maintaining its metal price parameters used in the prior year. Additionally, exploration potential and land interest multiples of exploration concessions are also within the supportable range, hence, no revisions were deemed necessary.

The Company regularly monitors whether indicators exist suggesting that the carrying values of its assets are impaired for accounting purposes.

For an additional discussion, including the assumptions used in the determination of the impairment charges, please refer to Note 11: Impairments in the Consolidated Financial Statements for the year ended December 31, 2016.

Liquidity, Capital Resources, and Contractual Commitments

Liquidity

The Company continues to focus on containing costs to maximize available cash to fund planned growth, development activities, expenditures and commitments. Management is of the view that planned growth, development activities, expenditures and commitments will be sufficiently funded by working capital, future operating cash flows and the Company's $75 million Credit Facility.

Cash as at December 31, 2016 was $7.0 million compared to $4.0 million as at December 31, 2015. The Company had a working capital deficit of $14.8 million (2015 - $4.8 million). The Company's working capital deficit is primarily due to the relatively low level of accounts receivable experienced by the Company, as payments for gold sales are received within days of shipment from the mine sites, which is beneficial to the Company. Hence, a working capital deficit is typical for the Company and this condition may be expected to continue in the future as the Company seeks to minimize cash resources dedicated to working capital.

The Company's mining operations provide three, soon to be four, diverse sources of cash flow, sufficient to maintain the Company's liquidity while funding necessary development activities. Cash flows provided by operating activities for the year ended December 31, 2016 were $70.1 million, showing the ability of the Company to generate positive operating cash flows in the current market environment. The Company entered in to hedges to improve the predictability of cash flow for mining operations , See " - Currency Risk" for more information.

Should various unexpected factors or events arise that reduce the ability of the Company to generate sufficient cash flow from operations in the short term to finance on-going operations and necessary sustaining capital expenditures, management is confident that the overall quality of the Company's operations and the quantity of the Company's Mineral Reserves and Mineral Resources will enable the Company to raise funds through additional equity, quasi-equity, debt financings or other opportunities. In addition, the Company has the flexibility to reduce planned capital spending. The forecast capital expenditure of $84 million for the Santa Luz Mine is the Company's largest near-term use of capital. If conditions warrant, expenditures on the Santa Luz Mine could be slowed, or halted entirely, and project completion delayed, conserving the Company's capital resources.

Current contractual commitments required to be paid within a year are $64.2 million, which is consistent with the level of expenditures that the Company has been incurring during the year for sustainability of operations. See "– *Contractual Commitments*".

Cash Flows

Cash flows provided by operating activities for the year ended December 31, 2016 were $70.1 million compared to $11.8 million for the comparable period in 2015. The increased cash flows from operations were due primarily to the benefits realized from the Company's continued cost reduction and process optimization program, combined with higher gold sales volumes and a higher realized price for gold compared with the comparable period in 2015.

Cash flow from financing activities relates to the net funding from Yamana to cover excess expenditures over the Company's cash flows from mining operations. Loans received from Yamana for the year ended December 31, 2016 was $51.4 million primarily used to to acquire the RDM Mine. On April 29, 2016, the Company closed the restructuring procedures and concurrently attained control of the RDM Mine, for approximately $53.9 million. Brio Gold converted all of the Yamana loans totalling $60.1 million to additional equity in the Company on September 30, 2016. Yamana received 89,027,429 Common Shares in full extinguishment of the loan amount outstanding. Brio Gold does not expect to rely on Yamana for financing, as the Company expects to have access to sufficient funding to meet its operating and capital investment objectives.

Capital Resources

The Company has a three-year US$75 million senior debt credit facility, on a revolving basis to provide for short-term liquidity in addition to assisting in funding the Company's capital expenditure program.

The Credit Facility contains certain non-financial, negative and reporting covenants, in addition to financial covenants requiring that the Company maintain minimum levels of tangible net worth, liquidity and interest coverage, and a maximum level of total debt to EBITDA.

The Company continues to focus on containing costs to maximize available cash to fund planned growth, development activities, expenditures and commitments. Management is of the view that planned growth, development activities, expenditures, and commitments will be funded from future operating cash flows and the Credit Facility. The Company expects that these sources of funding will be sufficient to cover the expected costs to maintain and meet expected production, sustaining capital expenditures as well as funding planned expansionary capital and exploration plans over the next 12 months.

Subject to various risks and uncertainties, the Company believes it will generate sufficient cash flows and, along with the Credit Facility, will have adequate cash to finance on-going operations and planned capital and exploration investment programs.

Contractual Commitments

Day-to-day mining, sustaining and expansionary capital expenditures as well as administrative operations give rise to contracts requiring agreed upon future minimum payments. These commitments are largely related to power supply contracts, contract mining contractors and maintenance and service contractors retained to assist in the Company's mining and processing operations. The Company's management is of the view that such commitments will be met from future operating cash flows, and if necessary, from usage of the Credit Facility.

(In millions of U.S. dollars)	Within 1 year	Years 2 and 3	Years 4 and 5	After 5 years	Total
Mine operating/construction and service contracts and other	$62.1	$44.1	$29.9	$10.4	$146.6
Decommissioning, restoration and similar liabilities (undiscounted)	2.1	5.8	8.2	48.1	64.2
Total	**$64.2**	**$49.9**	**$38.1**	**$58.5**	**$210.8**

As of December 31, 2016, the Company has no future debt repayment obligations.

Off-Balance Sheet Arrangements

As of December 31, 2016, the Company does not have any material off-balance sheet arrangements.

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. The Company's management is of the opinion that these matters will not have a material effect on the Company's financial statements.

Critical Accounting Policies

The Company's Consolidated Annual Financial Statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The significant accounting policies applied and recent accounting pronouncements are described in Note 3 and Note 5 to the Company's Consolidated Annual Financial Statements for the year ended December 31, 2016.

In preparing the Consolidated Annual Financial Statements in accordance with IFRS, 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 Consolidated Annual 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 judgements and key sources of estimation uncertainties in the application of accounting policies during the year ended December 31, 2016 are disclosed in Note 4 to the Company's Consolidated Annual Financial Statements.

Quantitative and Qualitative Disclosures about Market Risk

Currency Risk

The Company’s functional currency is the U.S. dollar and its gold sales are predominantly denominated in U.S. dollars, whereas a significant portion of the Company’s operating costs and capital expenditures and certain of the Company’s monetary assets are denominated in foreign currencies, predominately the Brazilian *Real*. Consequently, the Company is exposed to currency fluctuations relative to the U.S. dollar. Potential currency fluctuations could have a significant impact on the Company’s business, financial condition and results of operations.

Our analysis shows that a 10% strengthening of the Brazilian Real would result in a $4.8 million reduction in net earnings before tax as at December 31, 2016 and a $2.7 million reduction in the net earnings before tax as at December 31, 2015.

Although both the Canadian dollar and Brazilian real were weaker against the US Dollar on average in 2016 versus 2015, both strengthened against the US Dollar from year-end 2015 to year-end 2016. The US Federal Reserve (US Fed) increased the Fed Funds rate by 0.25% in December and indicated that they expect three increases during 2017. The expectation of better US economic growth relative to other G10 countries, coupled with the fact that most other central banks continue to maintain or expand upon easier monetary policies is likely to attract investment flows into the US which should be supportive of the US Dollar.

For the three months ended December 31,	2016	2015	Variance
Average exchange rate			
US$-C$	1.334	1.336	-0.1%
US$-R$	3.292	3.848	-14.4%

For the year ended December 31,	2016	2015	Variance
Average exchange rate			
US$-C$	1.324	1.279	3.5%
US$-R$	3.481	3.334	4.3%

For the year ended December 31,	2016	2015	Variance
Year end exchange rate			
US$-C$	1.344	1.384	-2.9%
US$-R$	3.255	3.961	-17.8%

The Company has put hedging arrangements in place for 2017 and 2018 covering R$672 million of forward rate contracts at a rate of R$3.55 to US$1.00 and $672 million of zero-cost collars with average call and put strike prices of R$3.30 and

R$3.90, respectively. These hedges are expected to reduce risk in respect to the Company's Brazilian cost structure during 2017 and 2018. However, the Company will remain exposed to currency fluctuations with respect to its foreign currency requirements that are unhedged. Should the U.S. dollar continue to strengthen against the Company's operating currencies, in particular the Brazilian *Real*, the Company will benefit in the form of lower operating costs, to the extent that its foreign exchange requirements are unhedged. Conversely, should the U.S. dollar weaken against the Company's operating currencies, the Company's operating costs in U.S. dollars will increase to the extent that its foreign exchange requirements are unhedged. The financial statement classification and impact of the hedging arrangement during the year ended December 31, 2016 are disclosed in Note 20 (b) to the Company's Consolidated Annual Financial Statements.

Commodity Price Risk

Gold and silver prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the political and economic conditions of major gold and silver-producing countries. The profitability of the Company is directly related to the market price of gold and silver. A decline in the market prices for these precious metals could negatively impact the Company's future operations. The Company has not hedged any of its gold or silver sales.

Gold Price Two-Year Trend (LBMA p.m. price: USD per ounce of gold)

For the year ended December 31, 2016, spot gold prices averaged $1,251 per ounce, or 7% higher, compared to $1,160 per ounce in 2015. Prices ranged between $1,077 and $1,366 per ounce and ended the year at $1,146 per ounce.

The following table illustrates the sensitivity of the Company's net earnings to changes in the average realized gold price for the periods indicated below:

Period(1)	**Gold ounces payable**	**Revenue/oz sold (US$)**	**Change**	**Effect on net earnings (US$ thousands)**	**Market Price**
Year ended December 31, 2016	192,524	1,207	+/−10%	15,335	1,251
Year ended December 31, 2015	144,437	1,119	+/−10%	10,663	1,160

Note:
(1) Calculations are based on Consolidated Financial Statements,.

Selected 8-Quarter Trailing Information

(In thousands of U.S. dollars)	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Revenues from operating mines	$ 59,510	$ 60,559	$ 65,154	$ 47,133	$ 41,249	$ 42,348	$ 37,470	$ 40,499
Impairment chareges on mining properties	(110,876)	—	—	—	(12,717)	—	—	—
Mine operating earnings loss	$ (122,379)	$ 7,550	$ 10,889	$ 13,866	$ (11,578)	$ (150)	$ 5,153	$ (1,334)
Reversal of impairment/(impairment) of non-operating mining properties	96,217	—	—	—	(7,360)	—	—	—
Net Loss	$ (22,114)	$ (15,534)	$ 10,315	$ 10,474	$ 2,882	$ (14,952)	$ (768)	$ (56,580)
Total cost of sales per gold ounce sold	1,421	1,083	1,023	823	1,016	1,104	1,015	1,208
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	896	799	723	557	657	670	834	813
Cash cost per gold ounce produced (1)	832	813	726	588	610	667	792	835
Gold ounces sold during the period (oz.)	50,092	48,837	52,351	41,243	39,194	38,600	31,943	34,700
Gold ounces produced during the period (oz.)	50,477	46,075	52,737	40,372	39,279	38,430	35,211	31,178

Note:
(1) A non-GAAP financial measure. See "*Management's Discussion and Analysis – Non-GAAP Financial Measures*" for a reconciliation of net loss to Adjusted earnings or loss.

Non-GAAP Financial Measures

The Company has included certain non-GAAP financial measures including cash costs per ounce of gold produced, all-in sustaining costs per ounce of gold produced, adjusted earnings (loss), and adjusted EBITDA to supplement its consolidated financial statements, which are presented in accordance with IFRS. The term IFRS and generally accepted accounting principles ("**GAAP**") are used interchangeably throughout this MD&A.

The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-GAAP financial measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Cash Costs

The Company uses the non-GAAP financial measure "cash costs" on a per ounce of gold produced basis because it believes this measure provides investors and analysts with useful information about the Company's underlying cash costs of operations and is a relevant metric used to understand the Company's operating profitability, and ability to generate cash flow. Cash costs figures are calculated based on the standard developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard remains the generally accepted standard of reporting cash costs of production in North America. Adoption of the standard is voluntary and the cost measures presented herein may not be comparable to other similarly titled measures of other companies.

Cash costs include mine site operating costs such as mining, processing, administration, production taxes and royalties, which are not based on sales or taxable income calculations, but are exclusive of amortization, reclamation, capital, development, and exploration costs. Cash costs per ounce of gold produced are calculated on a weighted average basis.

The term "cash costs" has no standard meaning and therefore, the Company's definitions are unlikely to be comparable to similar measures presented by other companies and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS and is not necessarily indicative of operating costs, operating profit or cash flows presented under IFRS.

All-in-Sustaining Costs

The Company uses the non-GAAP financial measure "all-in-sustaining costs", also referred to as "AISC", on a per ounce of gold produced basis because it believes this measure provides investors with useful information about the Company's underlying cash costs of operations, after deducting certain non-discretionary items such as sustaining capital expenditures, exploration expenses and certain general and administrative costs and is a relevant metric used to understand the Company's operating profitability, and ability to general cash flow. All-in-sustaining costs are based on cash costs, including cost components of mine sustaining capital expenditures and exploration and evaluation expense. All-in-sustaining costs for a mine do not include capital expenditures attributable to projects or mine expansions, exploration and evaluation costs attributable to growth projects, Brio Gold corporate general and administrative expenses, Yamana general and administrative expenses allocated to Brio Gold or stock-based compensation, income tax payments, financing costs and dividend payments. Consequently, this measure is not representative of all of the Company's cash expenditures. In addition, the calculation of all-in-sustaining costs does not include depletion, depreciation and amortization expense as it does not reflect the impact of expenditures incurred in prior periods. The term "all-in-sustaining costs" has no standard meaning and therefore, the Company's definitions are unlikely to be comparable to similar measures presented by other companies and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS and is not necessarily indicative of operating costs, operating profit or cash flows presented under IFRS.

Reconciliation of total cost of sales to cash costs and all-in-sustaining costs, consolidated and per mine (Based on Consolidated and Financial Statements unless otherwise noted)

	For the year ended December 31, 2016			
(In thousands of U.S. dollars)	**Total consolidated**	**Pilar Operation**	**Fazenda Brasileiro Mine**	**RDM Mine**
Cost of sales excluding depletion, depreciation and amortization	$ 144,736	$ 59,337	$ 51,052	$ 34,347
Depletion, depreciation and amortization	66,818	43,573	18,702	4,543
Total cost of sales	211,554	102,910	69,754	38,890
Depletion, depreciation and amortization	(66,818)	(43,573)	(18,702)	(4,543)
Adjustments:				
Inventory movement and adjustments [1]	(3,355)	5,262	(2,211)	(6,406)
Cash costs [2]	141,381	64,600	48,841	27,941
General and administrative expenses attributable to all-in sustaining costs	13,262	259	253	66
Stock based compensation	(6,968)	—	—	—
Sustaining capital expenditures	39,090	17,932	15,980	3,740
Exploration and evaluation expense	53	5	—	—
All-in-sustaining costs [2]	186,818	82,795	65,074	31,747
Total cost of sales per gold ounce sold	1,099	1,195	949	1,183
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	752	689	694	1,045
Cash cost per gold ounce produced [2]	746	742	689	881
All-in-sustaining costs per ounce produced [2]	985	951	918	1,001
Gold ounces sold during the period (oz.)	192,524	86,126	73,517	32,881
Gold ounces produced during the period (oz.)	189,662	87,061	70,887	31,714

(In thousands of U.S. dollars)	For the year ended December 31, 2015 Total consolidated	Pilar Operation	Fazenda Brasileiro Mine	RDM Mine
Cost of sales excluding depletion, depreciation and amortization	$ 106,417	$ 59,990	$ 46,427	—
Depletion, depreciation and amortization	50,342	20,489	29,853	—
Total cost of sales	156,759	80,479	76,280	—
Depletion, depreciation and amortization	(50,342)	(20,489)	(29,853)	—
Adjustments:				—
Inventory movement and adjustments [1]	(2,977)	(347)	(2,630)	—
Cash costs [2]	103,440	59,643	43,797	—
General and administrative expenses attributable to all-in sustaining costs	15,794	247	499	—
Stock based compensation	(4,645)	—	—	—
Sustaining capital expenditures	22,547	11,732	10,815	—
Exploration and evaluation expense	583	2	—	—
All-in-sustaining costs [2]	137,719	71,624	55,111	—
				—
Total cost of sales per gold ounce sold	1,085	966	1,247	—
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	737	720	759	—
Cash cost per gold ounce produced [2]	718	717	719	—
All-in-sustaining costs per ounce produced [2]	956	861	905	
Gold ounces sold during the period (oz.)	144,437	83,287	61,150	—
Gold ounces produced during the period (oz.)	144,098	83,184	60,914	—

(In thousands of U.S. dollars)	For the three months ended December 31, 2016 Total consolidated	Pilar Operation	Fazenda Brasileiro Mine	RDM Mine
Cost of sales excluding depletion, depreciation and amortization	$ 44,894	$ 18,924	$ 14,660	$ 11,183
Depletion, depreciation and amortization	26,275	17,919	5,870	2,477
Total cost of sales	71,169	36,843	20,530	13,660
Depletion, depreciation and amortization	(26,275)	(17,919)	(5,870)	(2,477)
Adjustments:				
Inventory movement and adjustments [1]	(2,897)	408	(896)	(2,278)
Cash costs [2]	41,997	19,332	13,764	8,905
General and administrative expenses attributable to all-in sustaining costs	3,232	89	115	145
Stock based compensation	(1,742)	—	—	—
Sustaining capital expenditures	12,341	6,074	4,729	1,039
Exploration and evaluation expense	13	1	—	—
All-in-sustaining costs [2]	55,841	25,497	18,608	10,088
Total cost of sales per gold ounce sold	1,421	1,687	1,074	1,494
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	896	867	767	1,223
Cash cost per gold ounce produced [2]	832	872	753	888
All-in-sustaining costs per ounce produced [2]	1,106	1,150	1,018	1,006
Gold ounces sold during the period (oz.)	50,092	21,837	19,110	9,146
Gold ounces produced during the period (oz.)	50,477	22,170	18,279	10,028

(In thousands of U.S. dollars)	For the three months ended December 31, 2015 Total consolidated	Pilar Operation	Fazenda Brasileiro Mine	RDM Mine
Cost of sales excluding depletion, depreciation and amortization	$ 25,736	$ 13,555	$ 11,660	—
Depletion, depreciation and amortization	14,076	5,682	8,394	—
Total cost of sales	39,812	19,237	20,054	—
Depletion, depreciation and amortization	(14,076)	(5,682)	(8,394)	—
Adjustments:				—
Inventory movement and adjustments (1)	(1,850)	(374)	(914)	—
Cash costs (2)	23,886	13,181	10,746	—
General and administrative expenses attributable to all-in sustaining costs	4,997	260	371	—
Stock based compensation	(1,742)	—	—	—
Sustaining capital expenditures	5,939	3,446	2,053	—
Exploration and evaluation expense	189	109	80	—
All-in-sustaining costs (2)	33,269	16,997	13,249	—
				—
Total cost of sales per gold ounce sold	1,016	851	1,210	—
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	657	599	703	—
Cash cost per gold ounce produced (2)	610	618	599	—
All-in-sustaining costs per ounce produced (2)	847	797	738	
Gold ounces sold during the period (oz.)	39,194	22,617	16,577	—
Gold ounces produced during the period (oz.)	39,279	21,326	17,953	—

Notes:

(1) Inventory movement and adjustment represent the difference between the costs of production (which are based on ounces produced) and the cost of sales (which is based on ounces sold). The timing difference between the units sold and the costs of those units requires an adjustment to reflect the nature of the underlying metric.

(2) A non-GAAP financial measure.

Quarterly trailing total cost of sales to cash costs consolidated and per mine (Based on Consolidated Financial Statements unless otherwise noted)

Brio Gold Consolidated (In thousands of U.S. dollars)	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15	Q3-15	Q2-15	Q1-15
Cost of sales excluding depletion, depreciation and amortization	$ 44,894	$ 39,073	$ 38,513	$ 22,256	$ 25,736	$ 25,846	$ 26,640	$ 28,195
Depletion, depreciation and amortization	26,275	13,936	15,752	10,855	14,076	16,752	5,777	13,737
Total cost of sales	71,169	53,009	54,265	33,111	39,812	42,598	32,417	41,932
Depletion, depreciation and amortization	(26,275)	(13,936)	(15,752)	(10,855)	(14,076)	(16,752)	(5,777)	(13,737)
Adjustments:								
Inventory movement and adjustments (1)	(2,897)	(1,614)	(226)	1,382	(1,850)	(213)	1,247	(2,161)
Cash costs (2)	41,997	37,459	38,287	23,638	23,886	25,633	27,887	26,034
Total cost of sales per gold ounce sold	1,421	1,085	1,037	803	1,016	1,104	1,015	1,208
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	896	800	736	540	657	670	834	813
Cash cost per gold ounce produced (2)	832	813	726	588	610	667	792	835
Gold ounces sold during the period (oz.)	50,092	48,837	52,351	41,243	39,194	38,600	31,943	34,700
Gold ounces produced during the period (oz.)	50,477	46,075	52,737	40,372	39,279	38,430	35,211	31,178

Pilar Mine

(In thousands of U.S. dollars)	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15	Q3-15	Q2-15	Q1-15
Cost of sales excluding depletion, depreciation and amortization	$ 18,924	$ 14,492	$ 13,772	$ 12,149	$ 13,555	$ 14,364	$ 14,943	$ 17,128
Depletion, depreciation and amortization	17,919	9,295	8,782	7,577	5,682	8,636	(1,072)	7,243
Total cost of sales	36,843	23,787	22,554	19,726	19,237	23,000	13,871	24,371
Depletion, depreciation and amortization	(17,919)	(9,295)	(8,782)	(7,577)	(5,682)	(8,636)	1,072	(7,243)
Adjustments:								
Inventory movement and adjustments (1)	408	1,515	1,713	1,626	(374)	(367)	1,452	(1,059)
Cash costs (2)	19,332	16,007	15,485	13,775	13,181	13,997	16,395	16,069
Total cost of sales per gold ounce sold	1,687	1,152	1,023	914	851	1,069	707	1,247
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	867	702	625	563	599	668	762	877
Cash cost per gold ounce produced (2)	872	791	679	641	618	652	772	839
Gold ounces sold during the period (oz.)	21,837	20,656	22,047	21,586	22,617	21,510	19,621	19,539
Gold ounces produced during the period (oz.)	22,170	20,237	22,806	21,848	21,326	21,468	21,237	19,153

Fazenda Brasileiro Mine

(In thousands of U.S. dollars)	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15	Q3-15	Q2-15	Q1-15
Cost of sales excluding depletion, depreciation and amortization	$ 14,660	$ 13,280	$ 12,300	$ 10,812	$ 11,660	$ 11,482	$ 11,695	$ 11,590
Depletion, depreciation and amortization	5,870	3,792	5,484	3,556	8,394	8,116	6,581	6,762
Total cost of sales	20,530	17,072	17,784	14,368	20,054	19,598	18,276	18,352
Depletion, depreciation and amortization	(5,870)	(3,792)	(5,484)	(3,556)	(8,394)	(8,116)	(6,581)	(6,762)
Adjustments:								
Inventory movement and adjustments (1)	(896)	(355)	(50)	(910)	(914)	155	(236)	(1,634)
Cash costs (2)	13,764	12,925	12,250	9,902	10,746	11,637	11,459	9,956
Total cost of sales per gold ounce sold	1,074	998	1,008	731	1,210	1,147	1,483	1,210
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	767	777	697	550	703	672	949	764
Cash cost per gold ounce produced (2)	753	751	726	536	599	686	820	828
Gold ounces sold during the period (oz.)	19,110	17,100	17,650	19,657	16,577	17,090	12,322	15,161
Gold ounces produced during the period (oz.)	18,279	17,211	16,873	18,524	17,953	16,963	13,974	12,024

RDM, Brazil

(In thousands of U.S. dollars)	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15	Q3-15	Q2-15	Q1-15
Cost of sales excluding depletion, depreciation and amortization	$ 11,183	$ 11,301	$ 11,863	—	—	—	—	—
Depletion, depreciation and amortization	2,477	849	1,217	—	—	—	—	—
Total cost of sales	13,660	12,150	13,080	—	—	—	—	—
Depletion, depreciation and amortization	(2,477)	(849)	(1,217)	—	—	—	—	—
Adjustments:								
Inventory movement and adjustments (1)	(2,278)	(2,794)	(1,334)	—	—	—	—	—
Cash costs (2)	8,905	8,507	10,529	—	—	—	—	—
Total cost of sales per gold ounce sold	1,494	1,096	1,034	—	—	—	—	—
Cost of sales excluding depletion, depreciation and amortization per gold ounce sold	1,223	1,020	937	—	—	—	—	—
Cash cost per gold ounce produced (2)	888	986	807	—	—	—	—	—
Gold ounces sold during the period (oz.)	9,146	11,081	12,654	—	—	—	—	—
Gold ounces produced during the period (oz.)	10,028	8,628	13,058	—	—	—	—	—

Notes:

(1) Inventory movement and adjustment represent the difference between the costs of production (which are based on ounces produced) and the cost of sales (which is based on ounces sold). The timing difference between the units sold and the costs of those units requires an adjustment to reflect the nature of the underlying metric.

(2) A non-GAAP financial measure.

Adjusted Earnings or Loss

The Company uses the non-GAAP financial measure "Adjusted earnings or loss" because it believes this measure provides useful information to investors to evaluate the Company's performance by excluding certain cash and non-cash charges. The presentation of Adjusted earnings or loss is not meant to be a substitute for net earnings or loss or net earnings or loss per share presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. Adjusted earnings or loss is calculated as net earnings excluding (a) share based payments, (b) unrealized foreign exchange (gains) losses related to revaluation of deferred income tax asset and liability on non-monetary items, (c) unrealized foreign exchange (gains) losses related to other items, (d) impairment losses and reversals, (e) deferred income tax expense (recovery) on the translation of foreign currency inter corporate debt, (f) periodic tax adjustments to historical deferred income tax balances relating to changes in enacted tax rates and (g) non-cash provisions and any other non-recurring adjustments. Non-recurring adjustments from unusual events or circumstances are reviewed from time to time based on materiality and the nature of the event or circumstance. Earnings adjustments for the comparative period reflect continuing operations.

The terms "Adjusted earnings or loss" has no standardized meaning prescribed by IFRS and therefore the Company's definitions are unlikely to be comparable to similar measures presented by other companies.

For more information, see the Consolidated Financial Statements and the related notes.

Reconciliation of Net Loss to Adjusted Earnings or Loss (Based on Consolidated Financial Statements unless otherwise noted)

	For the years ended December 31,		
(In thousands of U.S. dollars)	**2016**	**2015**	**2014**
Net Loss	$ (16,859)	$ (69,418)	$ (565,015)
Adjustments:			
Impairment of mineral properties	14,659	20,077	568,386
Foreign exchange loss/(gain)	9,239	(26,727)	(6,038)
Legal provisions	1,078	18,999	14,079
Loss (Gain) on indirect tax credits	6,978	(6,966)	6,847
Reorganization costs	6,608	—	—
Decommisioning costs	—	—	9,196
Non-cash tax effect on unrealized foreign exchange (gains) losses and	(31,346)	81,200	(17,953)
Stock based compensation	6,968	4,645	-
Tax impact of adjustments	(20,836)	(15,304)	10,241
Other	5,586	12,806	61
Adjusted (loss) earnings	**$ (17,925)**	**$ 19,312**	**$ 19,804**

Adjusted EBITDA

The Company uses the non-GAAP financial measure "Adjusted EBITDA" because it believes it provides investors with useful information to evaluate its performance and understand its ability to service and/or incur indebtedness.

The Company defines Adjusted EBITDA as net loss, before income tax recovery (expense), depletion, depreciation and amortization, impairment and reversals of mining properties, interest expense, share-based compensation, and non-recurring provisions and other adjustments.

The term "Adjusted EBITDA" has no standard meaning and therefore, the Company's definitions are unlikely to be comparable to similar measures presented by other companies and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS and is not necessarily indicative of operating costs, operating profit or cash flows presented under IFRS.

Reconciliation of Net Loss to Adjusted EBITDA (Based on Consolidated Financial Statements unless otherwise noted)

	For the years ended December 31,		
	2016	**2015**	**2014**
Net Loss	$ (16,859)	$ (69,418)	$ (565,015)
Adjustments:			
Income tax (recovery) expense	(23,279)	36,387	(30,751)
Depletion, depreciation and amortization	66,818	50,342	22,353
Foreign exchange loss/(gain)	9,239	(26,727)	(6,038)
Impairment of mineral properties	14,659	20,077	568,386
Bank, Financing Fees and other	2,797	—	1,292
Loss (Gain) on indirect tax credits	6,978	(6,966)	6,847
Legal provisions	1,078	18,999	14,079
Decommisioning costs	—	—	9,196
Stock based compensation	6,968	4,645	—
Unrealized gain on foreign exchange hedges	(1,020)	—	—
Adjusted EBITDA	**$ 67,379**	**$ 27,339**	**$ 20,349**

Disclosure Controls and Procedures

The Company's management, with the participation of and under the supervision of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, as at and for the year ended December 31, 2016. Based on that evaluation, the management of the Company has concluded that, as at and for the year ended December 31, 2016, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods.

Internal Controls over Financial Reporting

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, is responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control framework was designed based on the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on a review of the internal controls over financial reporting at December 31, 2016 conducted by management of the Company, the Company's internal controls and procedures are appropriately designed and operating effectively to provide reasonable assurance that the financial information is recorded, processed, summarized and reported in a timely manner.

Changes in Internal Controls over Financial Reporting

There was no change in the Company's internal controls over financial reporting that occurred during the fourth quarter of 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Limitations of Controls and Procedures

The Company's management, including its Chief Executive Officer and Chief Financial Officer, believe that any internal controls and procedures for financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations of all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented and/or detected. These inherent limitations include the realities that judgments in decision-making can be faulty and breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Management's Discussion and Analysis contains or incorporates by reference "forward-looking statements" and "forward-looking information" under applicable Canadian securities legislation. Forward-looking information includes, but is not limited to information with respect to the Company's strategy, plans or future financial or operating performance, the outcome of the legal matters involving the damages assessments and any related enforcement proceedings. Forward-looking statements are characterized by words such as "plan," "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the Company's expectations in connection with the production and exploration, development and expansion plans at the Company's projects discussed herein being met, the impact of proposed optimizations at the Company's projects, the impact of the proposed new mining law in Brazil, and the impact of general business and economic conditions, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, fluctuating metal prices (such as gold and silver), currency exchange rates (such as the Brazilian real versus the United States dollar), the impact of inflation, possible variations in ore grade or recovery rates, changes in the Company's hedging program, changes in accounting policies, changes in mineral resources and mineral reserves, risks related to asset disposition, risks related to metal purchase agreements, risks related to acquisitions, changes in project parameters as plans continue to be refined, changes in project development, construction, production and commissioning time frames, unanticipated costs and expenses, higher prices for fuel, steel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, unexpected changes in mine life, final pricing for concentrate sales, unanticipated results of future studies, seasonality and unanticipated weather changes, costs and timing of the development of new deposits, success of exploration activities, permitting timelines, government regulation and the risk of government expropriation or nationalization of mining operations, risks related to relying on local advisors and consultants in foreign jurisdictions, environmental risks, unanticipated reclamation expenses, risks relating to joint venture operations, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending and outstanding litigation and labour disputes, risks related to enforcing legal rights in foreign jurisdictions, as well as those risk factors discussed or referred to herein. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking statements. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and results as at and for the periods ended on the dates presented in the Company's plans and objectives and may not be appropriate for other purposes.

CAUTIONARY STATEMENT REGARDING MINERAL RESERVES AND MINERAL RESOURCES

Readers should refer to the continuous disclosure documents filed by the Company since January 1, 2016 available at www.sedar.com, for further information on mineral reserves and mineral resources, which is subject to the qualifications and notes set forth therein.