BrioGold

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is prepared as of May 9, 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 quarter ended March 31, 2017 and should be read in conjunction with the Condensed Consolidated Interim Financial Statements and the accompanying notes of Brio Gold for the quarter ended March 31, 2017.

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.

Non-GAAP Financial Measures

This discussion 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 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 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 EBITDA; and
- Adjusted Earnings or Loss;

Overview

Brio Gold Inc. (TSX: BRIO) is a Canadian mining company with significant gold producing, development and exploration stage properties in Brazil. The Company was formed in 2014 by Yamana Gold Inc. (“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. On December 23, 2016, Brio Gold became a standalone public company. Yamana continues to be a significant shareholder of Brio Gold, holding approximately 79% of the issued and outstanding shares as at May 9, 2017.

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 three months ended		
Consolidated Operating Statistics(1)	**Q1 2017**	**Q1 2016**	**Change**
Gold production (oz.)	50,540	40,372	25 %
Gold sales (oz.)	49,615	41,243	20 %
Cash cost per gold ounce produced(2)	$ 842	$ 590	43 %
All-in sustaining costs per ounce of gold produced(2)	$ 1,056	$ 784	35 %
Cost of sales including depletion, depreciation and amortization per gold ounce sold	$ 1,082	$ 807	34 %

Notes:

(1) The Q1 2016 comparative consolidated operating statistics only relate to the Fazenda Brasileiro Mine and Pilar Mine.

(2) A non-GAAP financial measure. See “*Management’s Discussion and Analysis - Non-GAAP Financial Measures*” for a reconciliation of cost of sales including depletion, depreciation and amortization to cash costs consolidated and on a per mine basis, and reconciliation of cost of sales including depletion, depreciation and amortization to all-in sustaining costs consolidated and on a per mine basis.

The Company produced 50,540 ounces for the first quarter of 2017, a 25% increase from the same period in 2016, mainly due to the contribution of 15,184 ounces of production from the RDM mine, which was acquired on April 29, 2016.

Total cash cost was $842 compared to $590 and all-in sustaining cost per ounce of gold produced was $1,056 compared to $784 in the same period of 2016. Cost of sales including depletion, depreciation and amortization per ounce of gold sold was $1,082 in the first quarter of 2017 compared to $807 in the same period of 2016. Overall, the increase in per ounce costs was due to a strengthening of the Brazilian real against the US dollar which accounted for approximately 42% of the total increase in All-in sustaining costs. The addition of the higher cost RDM mine also contributed to the overall increase in costs. At the RDM mine, the existing primary crusher was replaced for a larger capacity crusher as part of the Company's expansion plan, and as a result, the mine was down for ten days in the first quarter of 2017 while this work was completed. Despite the increase from the comparable period in 2016, All-in sustaining costs are on track to achieve the updated 2017 guidance of $995-$1,015.

Financial Performance

Revenues from mining operations were $59.5 million in the first quarter of 2017 on the sale of 49,615 ounces of gold compared to $47.1 million on the sale of 41,243 ounces of gold for the comparable period in 2016. The higher ounces sold was primarily a result of the acquisition of the RDM mine on April 29, 2016.

Mine operating earnings totaled $5.8 million for the first quarter of 2017 compared to $13.9 million for same period in 2016. Overall, the decrease is due to higher operating costs as a result of a strengthening Brazilian real against the US dollar and the addition of the higher cost RDM mine, as the Company works towards operating at full capacity.

Net earnings in the first quarter of 2017 was $2.4 million or $0.02 per share, a decrease compared to net earnings of $10.4 million or $0.45 per share for the first quarter of 2016 due to lower mine operating earnings as discussed above in addition to higher finance expense from an unrealized loss on the foreign exchange hedges. The reductions achieved in other operating expenses were offset by the impact of foreign exchange.

The adjusted earnings in the first quarter of 2017 was $2.5 million compared to $1.2 million in the same period of 2016 due to reductions to overhead costs and higher tax recovery, partially offset by lower mine operating earnings. The adjusted EBITDA in the first quarter of 2017 was $13.0 million compared to $18.2 million in the same period of 2016.

Cash flow from operating activities after changes in working capital for the first quarter of 2017 was an outflow of $4.0 million, primarily due to the Company reducing its accounts payable balance during the quarter, compared to $8.8 million inflow in the first quarter of 2016. Cash flow from operating activities before changes in working capital for the first quarter of 2017 was $15.5 million, compared to $16.3 million in the same period of 2016.

New Mine Plan for RDM Mine

The Company has updated the RDM mine plan as a result of a larger mineral reserve and mineral resource and through optimization initiatives. The enhanced mine plan is expected to result in more efficient mining, increased waste and ore productivity and lower operating costs. (See *“ -Development*” for more information.)

Three-year Outlook

The Company's three-year operating outlook is provided below. Guidance reflects the updated mine plan for the RDM mine, with no change to guidance at the Fazenda Brasileiro, Pilar and Santa Luz mines.

Production (koz)	2017E	2018E	2019E
Fazenda Brasileiro Mine	65-70	67-72	67-72
Pilar Mine	83-88	88-93	100-105
RDM Mine	50-65	90-95	95-100
Santa Luz Mine	—	100-110	115-120
Consolidated Brio Gold	**198-223**	**345-370**	**377-397**
Cash Costs (1,2)	**2017E**	**2018E**	**2019E**
Fazenda Brasileiro Mine	$740-$760	$740-$760	$740-$760
Pilar Mine	$740-$760	$665-$685	$625-$645
RDM Mine	$900-$920	$700-$720	$740-$760
Santa Luz Mine	—	$525-$545	$755-$775
Consolidated Brio Gold	**$785-$805**	**$650-$670**	**$715-$735**
AISC (1,2)	**2017E**	**2018E**	**2019E**
Fazenda Brasileiro Mine	$910-$930	$910-$930	$910-$930
Pilar Mine	$940-$960	$960-$980	$875-$895
RDM Mine	$930-$950	$780-800	$920-940
Santa Luz Mine	—	$530-$550	$760-$780
Consolidated Brio Gold	**$995-$1,015**	**$805-$825**	**$890-$910**
Total COS (1,3) *per ounce*	**2017E**	**2018E**	**2019E**
Fazenda Brasileiro Mine	$980-$1,000	$1,010-$1,030	$1,045-$1,065
Pilar Mine	$1,000-$1,020	$980-$1,000	$920-$940
RDM Mine	$1,000-$1,020	$845-$865	$905-$925
Santa Luz Mine	—	$835-$855	$1,070-$1090
Consolidated Brio Gold	**$995-$1,015**	**$910-$930**	**$985-$1,005**

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.

(2) A non-GAAP financial measure. For a reconciliation of non-GAAP measures, please see the end of this press release.

(3) The terms "Total COS" and "Cost of sales including depletion, depreciation, and amortization" are used interchangeably throughout this MD&A.

AISC for 2017 includes certain non-recurring sustaining capital cost items at the Fazenda Brasileiro mine, the Pilar Mine and the RDM Mine. Non-recurring sustaining capital cost items include: 1) the replacement of mine equipment 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. Pilar's AISC increases in 2018 as the Company begins development of the lower cost open pit Tres Buracos deposit, which is expected to contribute to production in 2019. Therefore, higher production with lower costs is expected.

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. The one-time transition costs are expected to be incurred in the first half of 2017. Going forward, annual G&A costs are expected to be approximately $30 per ounce.

In 2018 and 2019, following these non-recurring costs as well as with the re-start of Santa Luz, Brio Gold expects cash costs and AISC to significantly improve.

Three-year cost guidance for 2017-2019 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.

Quarterly Financial Results

(In thousands of U.S. dollars)		For the three months ended March 31,		
Income Statement Overview		**2017**		**2016**
Revenues from mining operations	$	59,499	$	47,133
Cost of sales excluding depletion, depreciation and amortization		(40,318)		(22,461)
Gross margin excluding depletion, depreciation and amortization		**19,181**		**24,672**
Depletion, depreciation and amortization		(13,366)		(10,806)
Mine operating earnings		**5,815**		**13,866**
Other expenses		(12,928)		(11,081)
(Loss)/earnings before income taxes		**(7,113)**		**2,785**
Income tax recovery		9,530		7,690
Net earnings	**$**	**2,417**	**$**	**10,475**
Total comprehensive income	**$**	**17,414**	**$**	**10,475**

		For the three months ended March 31,		
Summary of Key Financial Statistics		**2017**		**2016**
Net earnings per share (basic)	$	0.02	$	0.45
Net earnings per share (diluted)	$	0.02	$	0.42
Adjusted earnings(1)	$	2,505	$	1,235
Adjusted earnings per share	$	0.02	$	0.05
Adjusted EBITDA(1)	$	13,002	$	18,197
Operating cash flow	$	(4,045)	$	8,751
Operating cash flow before changes in working capital	$	15,486	$	16,260

Balance Sheet Overview		**As at March 31, 2017**		**As at December 31, 2016**
Cash	$	16,608	$	7,014
Working capital	$	27,115	$	(14,828)
Total assets	$	596,149	$	541,699
Total non-current liabilities	$	92,759	$	53,186
Total equity	$	441,948	$	422,792

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

Quarterly Operating Statistics

	For the three months ended		
	Q1 2017	Q1 2016	Change
Gold production (oz.)(1)			
Pilar	20,484	21,848	(6)%
Fazenda Brasileiro	14,872	18,524	(20)%
RDM	15,184	—	—
Total gold production	**50,540**	**40,372**	**25 %**
Gold sales (oz.)(1)			
Pilar	20,465	21,586	(5)%
Fazenda Brasileiro	13,849	19,657	(30)%
RDM	15,301	—	—
Total gold sales	**49,615**	**41,243**	**20 %**
Cash cost per gold ounce produced(2)			
Pilar	$ 788	$ 632	25 %
Fazenda Brasileiro	793	536	48 %
RDM	964	—	—
Total cash cost per gold ounce produced	**$ 842**	**$ 590**	**43 %**
All-in sustaining costs per ounce of gold produced(2)			
Pilar	$ 1,000	$ 744	34 %
Fazenda Brasileiro	1,039	644	61 %
RDM	1,005	—	—
Total mine all-in sustaining costs per ounce of gold produced	**$ 1,013**	**$ 698**	**45 %**
Consolidated all-in sustaining costs per ounce of gold produced	**$ 1,056**	**$ 784**	**35 %**
Cost of sales including depletion, depreciation and amortization per gold oz sold			
Pilar	$ 1,024	$ 899	14 %
Fazenda Brasileiro	1,188	719	65 %
RDM	1,064	—	—
Cost of sales including depletion, depreciation and amortization per gold oz sold	**$ 1,082**	**$ 807**	**34%**

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 cost of sales including depletion, depreciation and amortization to cash costs consolidated and on a per mine basis, and reconciliation of cost of sales including depletion, depreciation and amortization to all-in sustaining costs consolidated and on a per mine basis.

Pilar Mine

		For the three months ended	
Operating Statistics	**Q1 2017**	**Q1 2016**	**Change**
Gold production (oz.)	**20,484**	21,848	(6)%
Gold Sales (oz.)	**20,465**	21,586	(5)%
Cash cost per gold ounce produced[(1)]	**$ 788**	$ 632	25 %
All-in sustaining costs per ounce of gold produced[(1)]	**$ 1,000**	$ 744	34 %
Cost of sales including depletion, depreciation and amortization per gold ounce sold	**$ 1,024**	$ 899	14 %
Ore mined (tonnes)	**288,231**	293,969	(2)%
Ore processed (tonnes)	**288,640**	293,833	(2)%
Gold feed grade (g/t)	**2.29**	2.44	(6)%
Gold recovery rate (%)	**96.2%**	94.6%	2%

Note:

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

Production at the Pilar Mine in the first quarter of 2017 was 20,484 ounces of gold in line with plan, but 6% lower compared to 21,848 ounces in the same period of 2016. Production was negatively impacted by lower grades due to mine sequencing, which was partially offset by improvements to the recoveries as a result of improvements to gravimetric circuits of the plant. The Company maintains its production guidance for 2017 of 83,000 to 88,000 ounces of gold.

Cash costs were $788 per ounce of gold produced in the first quarter of 2017, compared to $632 per ounce of gold produced in the same quarter of 2016. All-in sustaining costs were $1,000 per ounce of gold produced in the first quarter of 2017, compared to $744 per ounce of gold produced in the same quarter of 2016. All-in sustaining costs per ounce of gold increased in the first quarter of 2017 when compared to the same period in 2016 of which 43% is due to the strengthening of the Brazilian real against the US dollar. The remaining increase is due to higher G&A expenses, and higher sustaining capital expenditures from purchasing more mining equipment. Cost of sales including depletion, depreciation and amortization was $1,024 per ounce of gold sold in the first quarter of 2017, compared to a cost of sales including depletion, depreciation and amortization of $899 per ounce of gold sold in the same period of 2016.

Fazenda Brasileiro Mine

		For the three months ended	
Operating Statistics	**Q1 2017**	**Q1 2016**	**Change**
Gold production (oz.)	**14,872**	18,524	(20)%
Gold Sales (oz.)	**13,849**	19,657	(30)%
Cash cost per gold ounce produced[(1)]	**$ 793**	$ 536	48 %
All-in sustaining costs per ounce of gold produced[(1)]	**$ 1,039**	$ 644	61 %
Cost of sales including depletion, depreciation and amortization including per gold ounce sold	**$ 1,188**	$ 719	65 %
Ore mined (tonnes)	**298,552**	270,966	10 %
Ore processed (tonnes)	**303,509**	284,026	7 %
Gold feed grade (g/t)	**1.69**	2.29	(26)%
Gold recovery rate (%)	**90.4%**	88.5%	2%

Note:

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

Production in the first quarter of 2017 was 14,872 ounces of gold, 20% lower compared to 18,524 ounces in the same period of 2016, due to lower grade partially offset by improved recovery. During the first quarter of 2017, the plant was shutdown for a total of 3 days for repair to the secondary crusher. Production at Fazenda Brasileiro for the year is back end weighted and is expected to increase quarter over quarter, the mine is on track to achieve annual guidance of 65,000 to 70,000 ounces.

Cash costs were $793 per ounce of gold produced in the first quarter of 2017, compared to $536 per ounce of gold produced in the same quarter of 2016. All-in sustaining costs were $1,039 per ounce of gold produced in the first quarter of 2017, compared to $644 per ounce of gold produced in the same quarter of 2016. Grades, as discussed above, was the main contributor to higher costs on a per ounce basis, since a large portion of operating costs are fixed. In addition, costs increased due to the strengthening of the Brazilian real against the US dollar which makes up approximately 24% of the total increase in All-in sustaining costs. Cost of sales including depletion, depreciation and amortization was $1,188 per ounce of gold sold in the first quarter of 2017, compared to a cost of sales including depletion, depreciation and amortization of $719 per ounce of gold sold in the first quarter of 2016.

RDM Mine

	For the three months ended		
Operating Statistics	**Q1 2017**	**Q1 2016**	**Change**
Gold production (oz.)[1]	**15,184**	—	—%
Gold Sales (oz.)	**15,301**	—	—%
Cash cost per gold ounce produced[2]	**$ 964**	$ —	—%
All-in sustaining costs per ounce of gold produced[2]	**$ 1,005**	$ —	—%
Cost of sales including depletion, depreciation and amortization per gold ounce sold	**$ 1,064**	$ —	—%
Ore mined (tonnes)	**570,775**	—	—%
Ore processed (tonnes)	**468,019**	—	—%
Gold feed grade (g/t)	**1.16**	—	—%
Gold recovery rate (%)	**86.8%**	—	—

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 cost of sales including depletion, depreciation and amortization to cash costs consolidated and on a per mine basis, and reconciliation of cost of sales including depletion, depreciation and amortization to all-in sustaining costs consolidated and on a per mine basis.

In the first quarter of 2017, production at the RDM mine was 15,184 ounces of gold. Production at the RDM was below plan, as the Company replaced the existing primary crusher for a larger capacity crusher as part of the RDM expansion plan. The mine was down for ten days while this work was being completed.

Cash costs averaged $964 in the first quarter of 2017. All-in sustaining costs were $1,005 per ounce of gold produced in line with plan, and cost of sales including depletion, depreciation and amortization per ounce of gold was $1,064.

Exploration

RDM Mine

During the latter half of 2016 and into this year, Brio Gold has completed approximately 5,990 meters of diamond and reverse circulation drilling, which has been incorporated into an updated mineral reserves and mineral resource as provided in the tables below. The overall mineral reserves increased by 37% when compared to the prior December 31, 2016 mineral reserves estimate (in contained gold ounces and adjusted for first quarter production).

RDM Mineral Reserves Estimate March 31, 2017

	Tonnes (000s)	Grade (g/t)	Contained Gold (koz)
Proven Mineral Reserves			
Proven Mineral Reserves Open Pit	5,153	1.01	167
Proven Mineral Reserves Stockpile	2,906	0.58	54
Total Proven Mineral Reserves	**8,059**	**0.86**	**222**
Probable Mineral Reserves			
Probable Mineral Reserves Open Pit	19,336	1.06	661
Probable Mineral Reserves Stockpile	—	—	—
Total Probable Mineral Reserves	**19,336**	**1.06**	**661**
Proven and Probable Mineral Reserves			
Proven and Probable Open Pit	24,488	1.05	829
Proven and Probable Stockpile	2,906	0.58	54
Total Proven and Probable Mineral Reserves	**27,394**	**1.00**	**883**

Mineral Reserves Notes:
(1) CIM Definition Standards (2014) were followed for Mineral Reserves.
(2) Mineral Reserves were generated using March 31, 2017 mining surface.
(3) Mineral Reserves are quoted at a cut-off grade of 0.4 g/t gold.
(4) Mineral Reserves are reported using a long-term gold price of $1,250 per ounce.
(5) Process recovery of 90%
(6) Mineral Resources are exclusive of Mineral Reserves
(7) The numbers may not add due to rounding.

RDM Mineral Resource Estimate March 31, 2017

	Tonnes (000s)	Grade (g/t)	Contained Gold (koz)
Open Pit Mineral Resources			
Measured Mineral Resources Open Pit	459	0.59	9
Indicated Mineral Resources Open Pit	5,090	0.93	152
Measured & Indicated Open Pit	**5,548**	**0.90**	**160**
Inferred Resources Open Pit	**2,775**	**0.83**	**74**
Underground Mineral Resources			
Measured Mineral Resources Underground	5	1.24	0
Indicated Mineral Resources Underground	564	1.47	27
Measured & Indicated Underground	**569**	**1.47**	**27**
Inferred Resources Underground	**3,762**	**1.34**	**291**
Total Measured and Indicated Resources	**6,117**	**0.95**	**187**
Total Inferred Resources	**9,537**	**1.19**	**365**

Mineral Resource Notes:
(1) CIM Definition Standards (2014) were followed for Mineral Resource.
(2) Mineral Resource are exclusive of Mineral Reserve
(3) Underground Mineral Resources are reported at a cut-off grade of 1.0 g/t gold.
(4) Open Pit Mineral Resources are reported at a cut-off grade of 0.35 g/t gold.
(5) Mineral Resources are estimated using a short-term gold price of $1,500 per ounce and constrained by a pit shell.

(6) The numbers may not add due to rounding.

Fazenda Brasileiro Mine

During the first quarter of 2017, a total of 17,000 meters were drilled in 90 holes, with the focus on medium-term development areas. Results continued to be positive from the Canto Zone, a mineralized horizon in the footwall of the historic production areas.

Pilar Mine

At Pilar, drilling was focused on improving the delineation of the resources of medium to long term development areas. A total of 9,600 meters were drilled in 30 holes with results continuing to extend the main mineralized zones.

Santa Luz Mine

The Santa Luz program focused on detailing and expanding a high-grade gold mineralization in the northeastern portion of the main C1 open pit orebody and infill drilling in both the C1 and Antas 3 orebodies. The total drilling program, which started in December 2016, achieved 4,200 meters in 37 holes. The Company also drilled two holes in the Serra Branca exploration target, which is located approximately 20 kilometers south from the Santa Luz Mine.

Development Update

RDM Mine

As a result of a 37% larger mineral reserve (when compared to the prior December 31, 2016 mineral reserve in contained gold ounces), the Company has optimized the mine plan to maximize the cash flow over the life of mine with increased average life of mine production and lower costs. The mine life has been extended by three years for a total of nine years and average annual production over the life of mine increased 3% when compared to the prior mine plan. A summary of the operating parameters based on the new mine plan is provided below.

Average annual full year production (2018 - 2024)	98k oz
Total ounces recovered (2017 - 2025)	805 koz
Mine life	9 years
Average gold recoveries	90%
Average mined grade	1.05
Average waste mined to ore milled ratio	5.9:1

Total unit operating costs decreased by 17%, cash costs decreased by 14% and AISC decreased by 7%, when compared to the prior mine plan. Average life of mine costs expectations are summarized below.

Cost estimates	**Life of Mine Average**
Mine	$1.46 per tonne moved
Mine	$9.96 per tonne milled
Plant	$10.36 per tonne milled
Stockpile Rehandle	$0.07 per tonne milled
General & Administration	$2.45 per tonne milled
Total unit operating costs	**$22.84 per tonne milled**
Cash costs	**$713 per ounce**
AISC	**$835 per ounce**

The water storage dam at RDM, which will allow for a consistent water supply, was completed on schedule and on budget in the first quarter. The Company is targeting to commission the new grid connected power line in Q2 2018, replacing the current lower capacity diesel power generators, which is expected to reduce costs, improve grind/recovery and expand mill throughput. The connection to low cost grid power will complete the plant expansion to an operating capacity of 9,000 tonnes per day from 7,000 tonnes per day. Capital costs include approximately $7.2 million for the construction of the power line and substations and approximately $2.5 million for the remaining plant modifications both of which are expected to be incurred over the next 12 months.

Santa Luz Mine

The Santa Luz mine is in the execution phase and the Company continues to advance the project toward its re-start, which is targeted for the first half of 2018. Engineering is near completion and the ordering of long lead items is currently underway. In the first quarter of 2017, Brio Gold completed a 4,200 metre drill program that focused on detailing and expanding a northwest trending zone of high-grade gold mineralization in the northeastern portion of the main C1 open pit orebody as well as infill drilling in both the C1 and Antas 3 orebodies. The positive drill results are expected to be incorporated into an updated mineral reserve and resource estimate in the second quarter of 2017.

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, future operating cash flows and the Company's remaining available balance on its revolving three-year US$75 million senior debt Credit Facility (the "Credit Facility").

Cash as at March 31, 2017 was $16.6 million compared to $7.0 million as at December 31, 2016. The Company had a working capital of $27.1 million compared to a deficit of $14.8 million at March 31, 2016. The increase to cash and working capital is largely attributable to the first draw down of the Company's Credit Facility of $35 million in the first quarter of 2017. These funds were primarily used for development capital spending, and to improve the Company's working capital position. The working capital improvement in the first quarter of 2017 was also due to cash settlements from the Company's foreign exchange hedges as a result of the strengthening of the Brazilian real against the US dollar. The Company entered in to these hedges to improve the predictability of cash flow for mining operations. (See *" -Currency Risk*" for more information.) The Company also received an advanced payment on gold sales of $4.4 million for the purposes of short term cash management. During the month of April, 2017 the related gold sales were delivered. This arrangement is subject to an interest rate of Libor plus 5.75% per annum and a $3 per ounce structuring fee.

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 approximately $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 the next year are $77.2 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

The Company's mining operations provide three diverse sources of cash flow, sufficient to maintain the Company's liquidity while funding necessary development activities. Cash flow from operating activities after changes in working capital for the first quarter of 2017 was an outflow of $4.0 million, and cash flow from operating activities before changes in working capital was $15.5 million.

Cash flow from financing activities of $32.9 million during the first quarter of 2017 relates to the draw down on the Company's Credit Facility, net of financing related costs. For the same period in 2016, $47.7 million of loans were received from Yamana primarily used 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, into additional equity of 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's US$75 million Credit Facility, provides 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 debt repayment obligations are due in 2019, however the Company will, from time to time, repay balances outstanding on its revolving Credit Facility and intends to renew such facility prior to its maturity in 2019. 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	$ 75.1	$ 42.8	$ 19.9	$ 3.1	$ 140.9
Debt repayment	—	35.0	—	—	—
Decommissioning, restoration and similar liabilities (undiscounted)	2.1	5.8	8.2	48.1	64.2
Total	**$ 77.2**	**$ 83.6**	**$ 28.1**	**$ 51.2**	**$ 205.1**

Off-Balance Sheet Arrangements

As of March 31, 2017, 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 Condensed Consolidated Interim Financial Statements are prepared in accordance with International Financial Reporting Standards 34 Interim Financial Reporting ("IAS 34"). 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 and in Note 1 to the Company's Condensed Consolidated Interim Financial Statements.

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 Condensed Consolidated Interim 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 March 31, 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.

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 $3.1 million reduction in net earnings before tax for the three months ended March 31, 2017 and a $2.0 million reduction in the net earnings before tax for the same period in 2016.

Both the Canadian dollar and Brazilian real were stronger against the US dollar on average during the first quarter of 2017 versus the same period of 2016. The US Federal Reserve (US Fed) increased the Fed Funds rate by 0.25% in March 2017 and indicated that there is likely to be two additional increases during the remainder 2017. The expectation of stable US economic growth, inflation and unemployment, coupled the fact that most other central banks continue to maintain easier monetary policies is likely to attract investment flows into the US during 2017. This outlook is supportive of a continued strong US dollar although some weakening off is expected against most major currencies as global economic activity is anticipated to continue at a slow but positive pace.

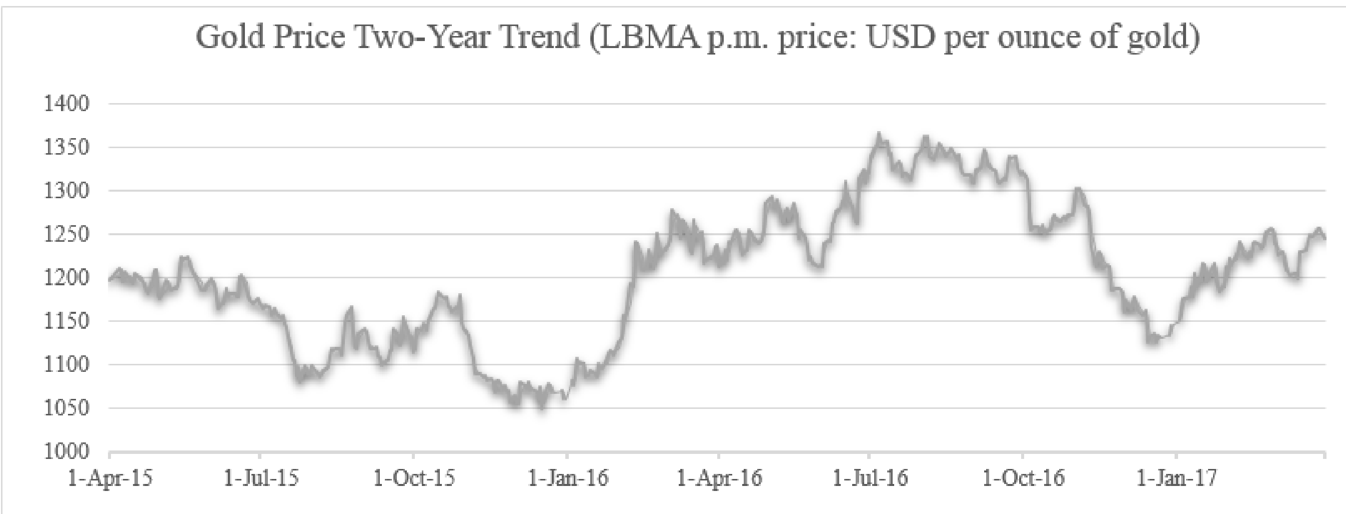
For the quarter ended March 31,	2017	2016	Variance
Average exchange rate			
US$-C$	1.324	1.374	(4)%
US$-R$	3.145	3.902	(19)%

For the quarter ended March 31,	2017	2016	Variance
Quarter end exchange rate			
US$-C$	1.331	1.298	3 %
US$-R$	3.168	3.559	(11)%

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. The net realized gains from these hedges for the quarter ended March 31, 2017 is $4.4 million. 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 three months ended March 31, 2017 are disclosed in Note 7 to the Condensed Consolidated Interim 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.



For the quarter ended March 31, 2017, spot gold prices averaged $1,219 per ounce, or 3% higher, compared to $1,183 per ounce for the quarter ended March 31, 2016. Prices ranged between $1,258 and $1,151 per ounce and ended the first quarter of 2017 at $1,245 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:

	Gold oz payable	Revenue per oz sold	Change	Effect on net earnings (US$ thousands)	Market price quarter end
Quarter ended March 31, 2017	49,615	$ 1,199	=+/-10%	$ 3,927	$ 1,245
Quarter ended March 31, 2016	41,243	$ 1,143	=+/-10%	$ 3,111	$ 1,237

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

Selected 8-Quarter Trailing Information

Brio Gold Consolidated

(In thousands of U.S. dollars)	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Revenues from operating mines	$ 59,499	$ 59,510	$ 60,559	$ 65,154
Impairment charges on mining properties	—	(110,876)	—	—
Mine operating earnings loss	$ 5,815	$ (122,379)	$ 7,550	$ 10,889
Reversal of impairment/(impairment) of non-operating mining properties	—	96,217	—	—
Net earnings/(loss)	$ 2,417	$ (22,114)	$ (15,534)	$ 10,315
Net earnings/(loss) per share (basic)	0.02	(0.20)	(0.63)	0.44
Net earnings/(loss) per share (diluted)	0.02	(0.20)	(0.63)	0.41
Weighted average number of shares outstanding (In thousands)				
Basic	112,527	112,527	24,468	23,500
Diluted	118,450	112,527	24,468	25,000
Cash cost per gold ounce produced (1)	842	832	813	726
Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,082	1,421	1,083	1,023
Gold ounces produced during the period (oz.)	50,540	50,477	46,075	52,737
Gold ounces sold during the period (oz.)	49,615	50,092	48,837	52,351

Brio Gold Consolidated

(In thousands of U.S. dollars)	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Revenues from operating mines	$ 47,133	$ 41,249	$ 42,348	$ 37,470
Impairment charges on mining properties	—	(12,717)	—	—
Mine operating earnings loss	$ 13,866	$ (11,578)	$ (150)	$ 5,153
Reversal of impairment/(impairment) of non-operating mining properties	—	(7,360)	—	—
Net earnings/(loss)	$ 10,475	$ 2,882	$ (14,952)	$ (768)
Net earnings/(loss) per share (basic)	0.45	0.12	(0.64)	(0.10)
Net earnings/(loss) per share (diluted)	0.42	0.12	(0.64)	(0.10)
Weighted average number of shares outstanding (In thousands)				
Basic	23,500	23,500	23,500	7,317
Diluted	25,000	25,000	23,500	7,317
Cash cost per gold ounce produced (1)	590	610	667	792
Cost of sales including depletion, depreciation and amortization per gold ounce sold	823	1,016	1,104	1,015
Gold ounces produced during the period (oz.)	40,372	39,279	38,430	35,211
Gold ounces sold during the period (oz.)	41,243	39,194	38,600	31,943

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 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 ability to generate 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 cost of sales including depletion, depreciation and amortization to cash costs and all-in sustaining costs, consolidated and per mine (Based on Condensed Consolidated Interim Financial Statements unless otherwise noted)

	For the three months ended March 31, 2017			
(In thousands of U.S. dollars)	**Consolidated**	**Pilar Mine**	**Fazenda Brasileiro Mine**	**RDM Mine**
Cost of sales including depletion, depreciation and amortization	53,684	20,953	16,452	16,278
Depletion, depreciation and amortization	(13,366)	(5,070)	(6,591)	(1,705)
Adjustments:				
Inventory movement and adjustments[1]	2,254	258	1,932	64
Cash costs[2]	42,572	16,141	11,793	14,637
General and administrative expenses attributable to all-in sustaining costs	5,065	574	476	319
Stock based compensation	(1,742)	—	—	—
Sustaining capital expenditures	7,395	3,770	3,090	301
Exploration and evaluation expense	90	—	90	—
All-in sustaining costs[2]	53,380	20,485	15,449	15,257
Cash cost per gold ounce produced[2]	842	788	793	964
All-in sustaining costs per ounce produced[2]	1,056	1,000	1,039	1,005
Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,082	1,024	1,188	1,064
Gold ounces produced during the period (oz.)	50,540	20,484	14,872	15,184
Gold ounces sold during the period (oz.)	49,615	20,465	13,849	15,301

	For the three months ended March 31, 2016			
(In thousands of U.S. dollars)	**Consolidated**	**Pilar Mine**	**Fazenda Brasileiro Mine**	**RDM Mine**
Cost of sales including depletion, depreciation and amortization	33,267	19,128	14,139	—
Depletion, depreciation and amortization	(10,806)	(7,260)	(3,546)	—
Adjustments:				
Inventory movement and adjustments[1]	1,276	1,940	(664)	—
Cash costs[2]	23,737	13,808	9,929	—
General and administrative expenses attributable to all-in sustaining costs	5,252	20	29	—
Stock based compensation	(1,742)	—	—	—
Sustaining capital expenditures	4,397	2,425	1,972	—
Exploration and evaluation expense	21	2	—	—
All-in-sustaining costs[2]	31,665	16,255	11,930	—
				—
Cash cost per gold ounce produced[2]	590	632	536	—
All-in-sustaining costs per ounce produced[2]	784	744	644	—
Cost of sales including depletion, depreciation and amortization per gold ounce sold	807	899	719	—
Gold ounces produced during the period (oz.)	40,372	21,848	18,524	—
Gold ounces sold during the period (oz.)	41,243	21,586	19,657	—

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 cost of sales including depletion, depreciation and amortization to cash costs consolidated and per mine (Based on Condensed Consolidated Interim Financial Statements unless otherwise noted)

Brio Gold Consolidated

(In thousands of U.S. dollars)	**Q1-17**	**Q4-16**	**Q3-16**	**Q2-16**
Cost of sales including depletion, depreciation and amortization	53,684	71,169	53,009	54,265
Depletion, depreciation and amortization	(13,366)	(26,275)	(13,936)	(15,752)
Adjustments:				
Inventory movement and adjustments(1)	2,254	(2,897)	(1,614)	(226)
Cash costs(2)	42,572	41,997	37,459	38,287
Cash cost per gold ounce produced(2)	842	832	813	726
Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,082	1,421	1,085	1,037
Gold ounces produced during the period (oz.)	50,540	50,477	46,075	52,737
Gold ounces sold during the period (oz.)	49,615	50,092	48,837	52,351

Brio Gold Consolidated

(In thousands of U.S. dollars)	**Q1-16**	**Q4-15**	**Q3-15**	**Q2-15**
Cost of sales including depletion, depreciation and amortization	33,111	39,812	42,598	32,417
Depletion, depreciation and amortization	(10,855)	(14,076)	(16,752)	(5,777)
Adjustments:				
Inventory movement and adjustments(1)	1,382	(1,850)	(213)	1,247
Cash costs(2)	23,638	23,886	25,633	27,887
Cash cost per gold ounce produced(2)	590	610	667	792
Cost of sales including depletion, depreciation and amortization per gold ounce sold	803	1,016	1,104	1,015
Gold ounces produced during the period (oz.)	40,372	39,279	38,430	35,211
Gold ounces sold during the period (oz.)	41,243	39,194	38,600	31,943

Pilar Mine

(In thousands of U.S. dollars)	**Q1-17**	**Q4-16**	**Q3-16**	**Q2-16**
Cost of sales including depletion, depreciation and amortization	20,953	36,843	23,787	22,554
Depletion, depreciation and amortization	(5,070)	(17,919)	(9,295)	(8,782)
Adjustments:				
Inventory movement and adjustments(1)	258	408	1,515	1,713
Cash costs(2)	16,141	19,332	16,007	15,485
Cash cost per gold ounce produced(2)	788	872	791	679
Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,024	1,687	1,152	1,023
Gold ounces produced during the period (oz.)	20,484	22,170	20,237	22,806
Gold ounces sold during the period (oz.)	20,465	21,837	20,656	22,047

Pilar Mine

(In thousands of U.S. dollars)	Q1-16	Q4-15	Q3-15	Q2-15
Cost of sales including depletion, depreciation and amortization	19,726	19,237	23,000	13,871
Depletion, depreciation and amortization	(7,577)	(5,682)	(8,636)	1,072
Adjustments:				
Inventory movement and adjustments(1)	1,626	(374)	(367)	1,452
Cash costs(2)	13,775	13,181	13,997	16,395
Cash cost per gold ounce produced(2)	641	618	652	772
Cost of sales including depletion, depreciation and amortization per gold ounce sold	914	851	1,069	707
Gold ounces produced during the period (oz.)	21,848	21,326	21,468	21,237
Gold ounces sold during the period (oz.)	21,586	22,617	21,510	19,621

Fazenda Brasileiro Mine

(In thousands of U.S. dollars)	Q1-17	Q4-16	Q3-16	Q2-16
Cost of sales including depletion, depreciation and amortization	16,452	20,530	17,072	17,784
Depletion, depreciation and amortization	(6,591)	(5,870)	(3,792)	(5,484)
Adjustments:				
Inventory movement and adjustments(1)	1,932	(896)	(355)	(50)
Cash costs(2)	11,793	13,764	12,925	12,250
Cash cost per gold ounce produced(2)	793	753	751	726
Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,188	1,074	998	1,008
Gold ounces produced during the period (oz.)	14,872	18,279	17,211	16,873
Gold ounces sold during the period (oz.)	13,849	19,110	17,100	17,650

Fazenda Brasileiro Mine

(In thousands of U.S. dollars)	Q1-16	Q4-15	Q3-15	Q2-15
Cost of sales including depletion, depreciation and amortization	14,368	20,054	19,598	18,276
Depletion, depreciation and amortization	(3,556)	(8,394)	(8,116)	(6,581)
Adjustments:				
Inventory movement and adjustments(1)	(910)	(914)	155	(236)
Cash costs(2)	9,902	10,746	11,637	11,459
Cash cost per gold ounce produced(2)	536	599	686	820
Cost of sales including depletion, depreciation and amortization per gold ounce sold	731	1,210	1,147	1,483
Gold ounces produced during the period (oz.)	18,524	17,953	16,963	13,974
Gold ounces sold during the period (oz.)	19,657	16,577	17,090	12,322

RDM, Brazil

(In thousands of U.S. dollars)	Q1-17	Q4-16	Q3-16	Q2-16
Cost of sales including depletion, depreciation and amortization	16,278	13,660	12,150	13,080
Depletion, depreciation and amortization	(1,705)	(2,477)	(849)	(1,217)
Adjustments:				
Inventory movement and adjustments(1)	64	(2,278)	(2,794)	(1,334)
Cash costs(2)	14,637	8,905	8,507	10,529
Cash cost per gold ounce produced(2)	964	888	986	807
Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,064	1,494	1,096	1,034
Gold ounces produced during the period (oz.)	15,184	10,028	8,628	13,058
Gold ounces sold during the period (oz.)	15,301	9,146	11,081	12,654

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.

(3) RDM was acquired during Q2, 2016, therefore Q2 2015 to Q1 2016 is not applicable

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 Condensed Consolidated Interim Financial Statements unless otherwise noted)

	For the quarter ended March 31,	
(In thousands of U.S. dollars)	**2017**	**2016**
Net earnings	$ 2,417	$ 10,475
Adjustments:		
Income tax recoveries	(9,530)	(7,690)
Depletion, depreciation and amortization	13,366	10,806
Foreign exchange loss/(gain)	1,257	(602)
Bank, financing fees, interest expense and other	1,481	693
(Gain)/loss on indirect tax credits	(3,031)	2,773
Stock based compensation	1,742	1,742
Unrealized losses on foreign exchange hedges	5,300	—
Adjusted EBITDA	**$ 13,002**	**$ 18,197**

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) stock based compensation, (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 Condensed Consolidated Interim Financial Statements and the related notes.

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

	For the quarter ended March 31,	
(In thousands of U.S. dollars)	**2017**	**2016**
Net earnings	$ 2,417	$ 10,475
Adjustments:		
Foreign exchange loss/(gain)	1,257	(602)
Unrealized gain on foreign exchange hedges	5,300	—
(Gain)/loss on indirect tax credits	(3,031)	2,773
Reorganization costs	848	2,210
Stock based compensation	1,742	1,742
Non-cash tax effect on unrealized foreign exchange gains	(9,337)	(13,793)
Tax impact of adjustments	1,418	(2,049)
Other	1,891	479
Adjusted earnings	**$ 2,505**	**$ 1,235**

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 in the first quarter of 2017 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 in the first quarter of 2017 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. The Company, with the assistance of Yamana, maintained the internal controls over financial reporting that were currently in place. The Company is currently working on designing and implementing new internal controls so that is can operate on a stand-alone basis. The transition is still in progress and is expected to completed throughout 2017, at which point an update on the changes to the Company's internal controls, if any, will be provided.

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.

FURTHER INFORMATION

Readers should refer to the continuous disclosure documents filed by the Company since January 1, 2017 available at www.sedar.com, for further information.