

TORONTO, ON--(Marketwired - August 01, 2017) - [Brio Gold Inc.](#) (TSX: BRIO) ("BRIO GOLD" or the "Company") announces its second quarter 2017 financial and operating results. *All dollar figures are in U.S. dollars unless otherwise indicated.*

Q2 2017 Financial and Operating Highlights

- Production of 44,223 ounces of gold.
- Total cost of sales of \$1,139 per gold ounce sold.
- Cash costs⁽¹⁾ of \$859 per ounce of gold produced.
- All-in sustaining costs (AISC)⁽¹⁾ of \$1,085 per gold ounce produced.
- Revenues of \$52.9 million, on the sale of 42,691 ounces of gold.
- Mine operating earnings of \$4.2 million.
- Net loss of \$7.4 million, or \$0.07 per share.
- Adjusted net loss⁽¹⁾ of \$3.6 million, or \$0.03 per share.
- Cash flow from operating activities before changes in working capital of \$4.3 million.

⁽¹⁾ A non-GAAP financial measure. For a reconciliation of non-GAAP financial measures, please see the end of this press release.

Q2 2017 Summary Financial Results

In thousands of U.S. Dollars	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Revenues from mining operations	\$ 52,853	\$ 65,154	\$ 112,352	\$ 112,287
Mine operating earnings	4,207	10,889	10,023	24,755
Net (loss)/earnings	(7,385)	10,315	(4,994)	20,790
Adjusted (loss)/earnings ⁽¹⁾	(3,559)	2,315	(1,077)	3,549
Adjusted EBITDA ⁽¹⁾	6,491	19,069	19,005	36,861
Cash flow from operating activities before changes in working capital	4,273	18,682	19,736	34,942

⁽¹⁾ A non-GAAP financial measure. For a reconciliation of non-GAAP measures, please see the end of this press release.

Revenues from mining operations were \$52.9 million in the second quarter of 2017 on the sale of 42,691 ounces of gold compared to \$65.2 million on the sale of 52,351 ounces of gold for the comparable period in 2016. For the first half of 2017, revenues from mining operations were \$112.4 million on the sale of 92,306 ounces of gold compared to \$112.3 million on the sale of 93,595 ounces of gold for the comparable period in 2016.

Mine operating earnings totaled \$4.2 million for the second quarter of 2017 compared to \$10.9 million for the same period in 2016. For the first half of 2017, mine operating earnings were \$10.0 million compared to \$24.8 million for the same period of 2016. Overall the decrease in mine operating earnings is due to lower gold ounces sold, largely a result of lower grade mined during the period, reduced production from the RDM mine and exchange rate differences.

Net loss in the second quarter of 2017 was \$7.4 million or \$0.07 per share, a decrease compared to net earnings of \$10.3 million or \$0.44 per share for the first quarter of 2016. For the first half of 2017, net loss was \$5.0 million or \$0.04 per share compared to net earnings of \$20.8 million or \$0.88 per share for the same period in 2016. Overall net earnings were lower due to the changes in mine operating earnings discussed above, and higher income tax expense as a result of non-cash effect on unrealized foreign exchange which is excluded for the calculation of adjusted earnings.

The adjusted loss in the second quarter of 2017 was \$3.6 million, or \$0.03 per share, compared to an adjusted income of \$2.3 million, or \$0.10 in the same period of 2016. For the first half of the year, the adjusted loss was \$1.1 million, or \$0.01 per share, compared to an adjusted income of \$3.5 million, or \$0.15 per share, in the same period of 2016.

The adjusted EBITDA in the second quarter of 2017 was \$6.5 million compared to \$19.1 million in the same period of 2016. For the first half of the year, the adjusted EBITDA was \$19.0 million compared to \$36.9 million in the same period of 2016.

Cash flow from operating activities after changes in working capital for the second quarter of 2017 was an outflow of \$2.2 million, compared to an inflow of \$16.1 million in the same period of 2016. The Company received an advance payment for \$4.4 million in the first quarter of 2017, relating to gold sales delivered in the second quarter for \$4.4 million, a transaction that was done in order to manage working capital. Cash flow from operating activities before changes in working capital of \$4.3 million in the second quarter of 2017, compared to \$18.7 million in the same period of 2016.

Q2 2017 Summary Operational Results

	For the three months ended June 30,			For the six months ended June 30,		
	2017	2016	Change	2017	2016	Change
Gold production (oz) ⁽¹⁾	44,223	52,737	(16%)	94,763	93,109	2%
Gold sales (oz) ⁽¹⁾	42,691	52,351	(18%)	92,306	93,595	(1)%
Total cost of sales per gold ounce sold ⁽¹⁾	\$1,139	\$1,037	10%	\$1,109	\$936	18%
Cash cost per gold ounce produced ^(1,2)	\$859	\$726	18%	\$842	\$667	26%
Consolidated AISC per gold ounce produced ^(1,2)	\$1,085	\$969	12%	\$1,070	\$889	20%

Notes:

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

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

Production during the second quarter of 2017 was 44,223 ounces of gold, compared to 52,737 ounces in the same period of 2016. The RDM mine was put on care and maintenance for 41 days during the quarter, as necessary adjustments were completed to meet the revised production plan. At Fazenda Brasileiro, scheduled mill liner replacements impacted production, however planned production at Fazenda Brasileiro for the year is back end weighted, with grade improvements expected in the second half of the year. For the first half of the year, production was 94,763 ounces of gold, compared to 93,109 ounces in the same period of 2016.

Cost of sales including depletion, depreciation and amortization per ounce of gold sold was \$1,139 in the second quarter of 2017, compared to \$1,037 in the same period of 2016. Cash cost per gold ounce during the second quarter was \$859, compared to \$726 in the same period of 2016. All-in sustaining cost per ounce of gold produced was \$1,085 in the second quarter of 2017, compared to \$969 in the same period of 2016.

For the first half of the year, cost of sales including depletion, depreciation and amortization per ounce of gold sold was \$1,109 in the first half of 2017, compared to \$936 in the same period of 2016. Cash cost per gold ounce was \$842 for the first half of 2017, compared to \$667 in the same period of 2016. All-in sustaining cost per ounce of gold produced was \$1,070 in the first half of 2017, compared to \$889 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. Including the impact of the foreign exchange hedges, approximately 28% of the total increase in All-in sustaining costs per ounce is due to the strengthening of the Brazilian real against the US dollar when comparing the second quarter of 2017 to 2016, and approximately 41% when comparing the first half of 2017 to 2016. In addition, lower grades impacted production and hence per ounce costs, as a significant portion of operating costs are fixed. Higher corporate G&A from one-time costs associated with the transition to operating as an independent public company also impacted costs. Despite the increase from the comparable periods in 2016, All-in sustaining costs for the year 2017 are expected to achieve the 2017 guidance of \$995-\$1,015 per ounce.

Breakdown by Mine

	For the three months ended June 30,			For the six months ended June 30,		
	2017	2016	Change	2017	2016	Change
<i>Gold production (oz)</i>						
Pilar	20,287	22,806	(11)%	40,771	44,654	(9)%
Fazenda Brasileiro	14,092	16,873	(16)%	28,964	35,397	(18)%
RDM ⁽¹⁾	9,844	13,058	(25)%	25,028	13,058	92%
Total Production	44,223	52,737	(16)%	94,763	93,109	2%

Total Cost of Sales (\$ per oz sold)

Pilar	\$1,144	\$1,023	12%	\$1,083	\$962	13%
Fazenda Brasileiro	\$1,145	\$1,008	14%	\$1,167	\$856	36%
RDM ⁽¹⁾	\$1,125	\$1,079	4%	\$1,088	\$1,079	1%
Total Cost of Sales per gold oz sold	\$1,139	\$1,037	10%	\$1,109	\$936	18%

Cash Costs (\$ per oz produced)

Pilar	\$831	\$679	22%	\$809	\$656	23%
Fazenda Brasileiro	\$892	\$726	23%	\$841	\$627	34%
RDM ⁽¹⁾	\$869	\$807	8%	\$927	\$807	15%
Total Cash Costs	\$859	\$726	18%	\$842	\$667	26%

AISC (\$ per oz produced)

Pilar	\$1,022	\$856	19%	\$1,011	\$801	26%
Fazenda Brasileiro	\$956	\$988	(3)%	\$999	\$808	24%

RDM ⁽¹⁾	\$872	\$883	(1)%	\$953	\$882	8%
Total Mine AISC (\$ per oz produced)	\$968	\$916	6%	\$992	\$821	21%
Total Consolidated AISC (\$ per oz produced)	\$1,085	\$969	12%	\$1,070	\$889	20%

Notes:

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

Pilar

Production at the Pilar Mine in the second quarter of 2017 was 20,287 ounces of gold in line with plan, but lower compared to 22,806 ounces in the same period of 2016. For the first half of the year, production was 40,771 ounces of gold compared to 44,654 in the same period of 2016. Overall the decrease in production is due to gold feed grades as a result of mine sequencing, partially offset by higher throughput and recovery. The Company maintains its production guidance for 2017 of 83,000 to 88,000 ounces of gold.

Cost of sales including depletion, depreciation and amortization was \$1,144 per ounce, compared to a cost of sales including depletion, depreciation and amortization of \$1,023 per ounce of gold sold in the same period of 2016. For the first half of 2017, cost of sales including depletion, depreciation and amortization was \$1,083 compared to \$962 in the same period of 2016. Cash costs were \$831 per ounce of gold produced in the second quarter of 2017, compared to \$679 per ounce of gold produced in the same quarter of 2016. For the first half of 2017, cash costs were \$809 per ounce of gold produced, compared to \$656 in the same period of 2016. All-in sustaining costs were \$1,022 per ounce of gold produced in the second quarter of 2017, compared to \$856 per ounce of gold produced in the same quarter of 2016. For the first half of 2017, All-in sustaining costs were \$1,011 per ounce of gold produced, compared to \$801 in the same period of 2016. Overall costs were higher mainly due to the strengthening of the Brazilian Real against the US dollar, and lower grades.

Fazenda Brasileiro

Production in the second quarter of 2017 was 14,092 ounces of gold, compared to 16,873 ounces in the same period of 2016. For the first half of 2017, production was 28,964 ounces of gold, compared to 35,397 in the same period of 2016. Overall, production was impacted by lower grades and mill liner replacement, partially offset by improved recovery. During the second quarter of 2017, ball mill one was down for two days and ball mill two was down for four days for liner replacement.

Planned production at Fazenda Brasileiro for the year is back end weighted and the mine is forecast to achieve annual guidance of 65,000 to 70,000 ounces.

Cost of sales including depletion, depreciation and amortization was \$1,145 per ounce, compared to a cost of sales including depletion, depreciation and amortization of \$1,008 per ounce of gold sold in the same period of 2016. For the first half of 2017, cost of sales including depletion, depreciation and amortization was \$1,167 compared to \$856 in the same period of 2016. Cash costs were \$892 per ounce of gold produced in the second quarter of 2017, compared to \$726 per ounce of gold produced in the same quarter of 2016. For the first half of 2017, cash costs were \$841 per ounce of gold produced, compared to \$627 per ounce in the same period of 2016. All-in sustaining costs for the second quarter of 2017 was \$956, a decrease from \$988 in the same period of 2016. For the first half of 2017, All-in sustaining costs were \$999 per ounce of gold produced, compared to \$808 in the same period of 2016.

Grade, as discussed above, was the main contributor to higher costs on a per ounce basis, since a large portion of operating costs are fixed. Expansionary capital increased in the second quarter of 2017 compared to the same period of 2016 as the Company focuses on developing the Canto deposit, which is expected to extend the mine life.

RDM

Production in the second quarter of 2017 was 9,844 ounces of gold, compared to 13,058 ounces in the same period of 2016. For the first half of 2017, production was 25,028 ounces of gold, compared to 13,058 in the same period of 2016. During the quarter, the mine was put on care and maintenance for 41 days, as the operations were re-organized to meet the new production plan that was announced last quarter. During this period, water was conserved while the existing small-scale mining contractor was demobilized and the Company reduced the operations manpower to conform with the revised life of mine plan. The newly built water dam and water pipeline was also successfully tested and made operational during this period. Operations were restarted under the new operating plan with the Company's currently owned larger scale equipment fleet mining ore.

The Company has completed its analysis regarding the stripping equipment fleet at the RDM mine and has selected a large-scale mining contractor to perform the stripping work at the mine. The Company does not anticipate any change to life of mine production plans or 2017 cost guidance. Brio Gold expects cash costs and AISC to increase by 4% and 6%, respectively, when compared to the previously announced average life of mine costs. As a result of choosing this option, the Company is eliminating the forecasted \$43.9 million capital expenditure that it announced in its revised RDM forecast last quarter. Notably, this decision is slightly value accretive to RDM and removes the need for any upfront capital.

The Company maintains its revised production 2017 guidance at RDM of 50,000 to 65,000 ounces. This guidance range includes the expectation that the processing plant at RDM will be down for a total of three months in 2017 as a result of the unusual drought conditions experienced earlier this year after the completion of the construction of the water storage facility near the end of the rainy season. Continuous operations at RDM is expected for the life of mine commencing in the fourth quarter of this year.

Cost of sales including depletion, depreciation and amortization was \$1,125, compared to a cost of sales including depletion, depreciation and amortization of \$1,079 per ounce of gold sold in the same period of 2016. For the first half of 2017, cost of sales including depletion, depreciation and amortization was \$1,088 compared to \$1,079 in the same period of 2016. Cash costs were \$869 per ounce of gold produced in the second quarter of 2017, compared to \$807 per ounce of gold produced in the same quarter of 2016. For the first half of 2017, cash costs were \$927 per ounce of gold produced, compared to \$807 in the same period of 2016. All-in sustaining costs were \$872 per ounce of gold produced in the second quarter of 2017, compared to \$883 per ounce of gold produced in the same quarter of 2016. For the first half of 2017, All-in sustaining costs were \$953 per ounce of gold produced, compared to \$883 in the same period of 2016. Costs were impacted by lower grades due to mine sequencing, partially offset by improved recoveries as a result of plant optimization initiatives.

Development Update

Santa Luz

The Santa Luz mine is in the execution phase and the Company continues to advance the project toward its re-start planned for the second quarter of 2018. Capital expenditures for the project are forecast to remain below budget. Basic engineering was completed in May and detailed construction engineering started in June. The company has purchased major long lead items for the project and procurement is moving forward. The tailings liner contractor has been mobilized to site and the new tailing pond liners have been delivered. Village relocation construction was initiated in the quarter with completion expected next quarter.

The Company has been continuously running the pilot plant and testing ore samples of all lithological types at the mine since completion of the technical report in July last year. The results of this test work confirm the average gold recovery published last year. Consistent recovery results for both carbonaceous, dacitic and blended ores have been verified with a standard resin-in-leach circuit with a very high level of confidence.

In the first half 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 August of 2017.

RDM

Planning and permitting for the power line and substations to connect RDM to the power grid continued on schedule during the quarter. Construction of the powerline is expected to commence at the beginning of the third quarter of 2017 and the Company is targeting to commission the new grid connected power line in Q2 2018. The powerline will replace 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.

Second Quarter 2017 Financial Results and Conference Call

Brio Gold will release its second quarter 2017 financial results after market close on August 1, 2017 followed by a conference call and webcast on August 2, 2017 at 10:00 a.m. ET.

Second Quarter 2017 Conference Call:
Toll Free (North America): 1-844-543-5236
International: 1-703-318-2218
Webcast: www.briogoldinc.com

Conference Call REPLAY:
Toll Free (North America): 1-855-859-2056
Toronto Local and International: 1-404-537-3406
Conference ID: 53274183

The conference call replay will be available from 1:00 p.m. ET on August 2, 2017 until 1:00 p.m. ET on August 9, 2017.

About Brio Gold

Brio Gold is a new Canadian mining company with significant gold producing, development and exploration stage properties in Brazil. Brio Gold's portfolio includes three operating gold mines and a fully-permitted, fully-constructed mine that was on care and maintenance and currently is in development to be re-started in 2018. Brio Gold produced approximately 190,000 ounces of gold in 2016 and at full run-rate expects annual production to be approximately 400,000 ounces of gold.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: This news release 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

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)

(In thousands of U.S. dollars)	For the three months ended June 30, 2017			
	Consolidated	Pilar Mine	Fazenda Brasileiro Mine	RDM
Cost of sales including depletion, depreciation and amortization	48,646	22,635	14,624	11,38
Depletion, depreciation and amortization	(11,541)	) (6,213	) (3,189	) (2,139
Adjustments:				
Inventory movement and adjustments ⁽¹⁾	877	436	1,135	(694
Cash costs ⁽²⁾	37,982	16,858	12,570	8,554
General and administrative expenses attributable to all-in sustaining costs	6,458	142	22	6
Stock based compensation	(2,002)	) -	-	-
Sustaining capital expenditures	5,436	3,743	878	24
Exploration and evaluation expense	149	-	2	-
All-in sustaining costs ⁽²⁾	48,023	20,743	13,472	8,584
Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,139	1,144	1,145	1,125
Cash cost per gold ounce produced ⁽²⁾	859	831	892	869
All-in sustaining costs per ounce produced ⁽²⁾	1,085	1,022	956	872
Gold ounces produced during the period (oz.)	44,223	20,287	14,092	9,844
Gold ounces sold during the period (oz.)	42,691	19,793	12,776	10,12

(In thousands of U.S. dollars)	For the three months ended June 30, 2016			
	Consolidated	Pilar Mine	Fazenda Brasileiro Mine	RDM
Cost of sales including depletion, depreciation and amortization	54,265	22,554	17,784	13,65
Depletion, depreciation and amortization	(15,752)	) (8,782	) (5,484	) (1,218
Adjustments:				
Inventory movement and adjustments ⁽¹⁾	(226)	) 1,713	(50	) (1,903
Cash costs ⁽²⁾	38,287	15,485	12,250	10,53
General and administrative expenses attributable to all-in sustaining costs	5,665	452	71	4
Stock based compensation	(1,742)	) -	-	-
Sustaining capital expenditures	8,862	3,516	4,350	988
Exploration and evaluation expense	30	-	-	-
All-in sustaining costs ⁽²⁾	51,102	19,453	16,671	11,53

Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,037	1,023	1,008	1,079
Cash cost per gold ounce produced ⁽²⁾	726	679	726	807
All-in sustaining costs per ounce produced ⁽²⁾	969	856	988	883
Gold ounces produced during the period (oz.)	52,737	22,806	16,873	13,05
Gold ounces sold during the period (oz.)	52,351	22,047	17,650	12,65

(In thousands of U.S. dollars)	For the six months ended June 30, 2017			
	Consolidated	Pilar Mine	Fazenda Brasileiro Mine	RDM
Cost of sales including depletion, depreciation and amortization	102,329	43,587	31,076	27,66
Depletion, depreciation and amortization	(24,906	) (11,282	) (9,780	) (3,84
Adjustments:				
Inventory movement and adjustments ⁽¹⁾	3,121	679	3,063	(621
Cash costs ⁽²⁾	80,544	32,984	24,359	23,20
General and administrative expenses attributable to all-in sustaining costs	11,548	716	498	328
Stock based compensation	(3,744	) -	-	-
Sustaining capital expenditures	12,831	7,513	3,968	325
Exploration and evaluation expense	239	-	-	-
All-in sustaining costs ⁽²⁾	101,418	41,213	28,825	23,85
Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,109	1,083	1,167	1,088
Cash cost per gold ounce produced ⁽²⁾	842	809	841	927
All-in sustaining costs per ounce produced ⁽²⁾	1,070	1,011	999	953
Gold ounces produced during the period (oz.)	94,763	40,771	28,964	25,02
Gold ounces sold during the period (oz.)	92,306	40,258	26,625	25,42

(In thousands of U.S. dollars)	For the six months ended June 30, 2016			
	Consolidated	Pilar Mine	Fazenda Brasileiro Mine	RDM
Cost of sales including depletion, depreciation and amortization	87,532	41,950	31,923	13,65
Depletion, depreciation and amortization	(26,558	) (16,310	) (9,030	) (1,218
Adjustments:				
Inventory movement and adjustments ⁽¹⁾	1,130	3,653	(699	) (1,903
Cash costs ⁽²⁾	62,104	29,293	22,194	10,53
General and administrative expenses attributable to all-in sustaining costs	10,917	534	170	4
Stock based compensation	(3,484	) -	-	-
Sustaining capital expenditures	13,186	5,941	6,237	988
Exploration and evaluation expense	51	-	-	-
All-in sustaining costs ⁽²⁾	82,774	35,768	28,601	11,53
Cost of sales including depletion, depreciation and amortization per gold ounce sold	936	962	856	1,079
Cash cost per gold ounce produced ⁽²⁾	667	656	627	807
All-in sustaining costs per ounce produced ⁽²⁾	889	801	808	883
Gold ounces produced during the period (oz.)	93,109	44,654	35,397	13,05
Gold ounces sold during the period (oz.)	93,595	43,633	37,308	12,65

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)

(In thousands of U.S. dollars)	Q2-17	Q1-17	Q4-16	Q3-16
Cost of sales including depletion, depreciation and amortization	48,646	53,684	71,169	53,009
Depletion, depreciation and amortization	(11,541)	(13,366)	(26,275)	(13,936)
Adjustments:				
Inventory movement and adjustments ⁽¹⁾	877	2,254	(2,897)	(1,614)
Cash costs ⁽²⁾	37,982	42,572	41,997	37,459
Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,139	1,082	1,421	1,083
Cash cost per gold ounce produced ⁽²⁾	859	842	832	813
Gold ounces produced during the period (oz.)	44,223	50,540	50,477	46,075
Gold ounces sold during the period (oz.)	42,691	49,615	50,092	48,837

Brio Gold Consolidated				
(In thousands of U.S. dollars)	Q2-16	Q1-16	Q4-15	Q3-15
Cost of sales including depletion, depreciation and amortization	54,265	33,111	39,812	42,598
Depletion, depreciation and amortization	(15,752)	(10,855)	(14,076)	(16,752)
Adjustments:				
Inventory movement and adjustments ⁽¹⁾	(226)	1,382	(1,850)	(213)
Cash costs ⁽²⁾	38,287	23,638	23,886	25,633
Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,037	803	1,016	1,104
Cash cost per gold ounce produced ⁽²⁾	726	590	610	667
Gold ounces produced during the period (oz.)	52,737	40,372	39,279	38,430
Gold ounces sold during the period (oz.)	52,351	41,243	39,194	38,600

Pilar Mine				
(In thousands of U.S. dollars)	Q2-17	Q1-17	Q4-16	Q3-16
Cost of sales including depletion, depreciation and amortization	22,635	20,953	36,843	23,787
Depletion, depreciation and amortization	(6,213)	(5,070)	(17,919)	(9,295)
Adjustments:				
Inventory movement and adjustments ⁽¹⁾	436	258	408	1,515
Cash costs ⁽²⁾	16,858	16,141	19,332	16,007
Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,144	1,024	1,687	1,152
Cash cost per gold ounce produced ⁽²⁾	831	788	872	791
Gold ounces produced during the period (oz.)	20,287	20,484	22,170	20,237
Gold ounces sold during the period (oz.)	19,793	20,465	21,837	20,656

Pilar Mine				
(In thousands of U.S. dollars)	Q2-16	Q1-16	Q4-15	Q3-15
Cost of sales including depletion, depreciation and amortization	22,554	19,726	19,237	23,000
Depletion, depreciation and amortization	(8,782)	(7,577)	(5,682)	(8,636)
Adjustments:				
Inventory movement and adjustments ⁽¹⁾	1,713	1,626	(374)	(367)
Cash costs ⁽²⁾	15,485	13,775	13,181	13,997
Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,023	914	851	1,069
Cash cost per gold ounce produced ⁽²⁾	679	641	618	652
Gold ounces produced during the period (oz.)	22,806	21,848	21,326	21,468
Gold ounces sold during the period (oz.)	22,047	21,586	22,617	21,510

Fazenda Brasileiro Mine				
(In thousands of U.S. dollars)	Q2-17	Q1-17	Q4-16	Q3-16
Cost of sales including depletion, depreciation and amortization	14,624	16,452	20,530	17,072
Depletion, depreciation and amortization	(3,189)	(6,591)	(5,870)	(3,792)
Adjustments:				
Inventory movement and adjustments ⁽¹⁾	1,135	1,932	(896)	(355)

Cash costs ⁽²⁾	12,570	11,793	13,764	12,925
Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,145	1,188	1,074	998
Cash cost per gold ounce produced ⁽²⁾	892	793	753	751
Gold ounces produced during the period (oz.)	14,092	14,872	18,279	17,211
Gold ounces sold during the period (oz.)	12,776	13,849	19,110	17,100

Fazenda Brasileiro Mine

(In thousands of U.S. dollars)	Q2-16	Q1-16	Q4-15	Q3-15
Cost of sales including depletion, depreciation and amortization	17,784	14,368	20,054	19,598
Depletion, depreciation and amortization	(5,484)	(3,556)	(8,394)	(8,116)
Adjustments:				
Inventory movement and adjustments ⁽¹⁾	(50)	(910)	(914)	155
Cash costs ⁽²⁾	12,250	9,902	10,746	11,637
Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,008	731	1,210	1,147
Cash cost per gold ounce produced ⁽²⁾	726	536	599	686
Gold ounces produced during the period (oz.)	16,873	18,524	17,953	16,963
Gold ounces sold during the period (oz.)	17,650	19,657	16,577	17,090

RDM, Brazil

(In thousands of U.S. dollars)	Q2-17	Q1-17	Q4-16	Q3-16	Q2-16
Cost of sales including depletion, depreciation and amortization	11,387	16,278	13,660	12,150	13,080
Depletion, depreciation and amortization	(2,139)	(1,705)	(2,477)	(849)	(1,217)
Adjustments:					
Inventory movement and adjustments ⁽¹⁾	(694)	64	(2,278)	(2,794)	(1,334)
Cash costs ⁽²⁾	8,554	14,637	8,905	8,507	10,529
Cost of sales including depletion, depreciation and amortization per gold ounce sold	1,125	1,064	1,494	1,096	1,079
Cash cost per gold ounce produced ⁽²⁾	869	964	888	986	807
Gold ounces produced during the period (oz.)	9,844	15,184	10,028	8,628	13,058
Gold ounces sold during the period (oz.)	10,122	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 Q3 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)

(In thousands of U.S. dollars)	For the three months ended		For the six months ended	
	Q2 2017	Q2 2016	Q2 2017	Q2 2016
Net earnings	(7,385)	10,315	(4,994)	20,790
Adjustments:				
Income tax expense/(recoveries)	2,843	(14,432)	(6,687)	(22,122)
Depletion, depreciation and amortization	11,541	15,752	24,906	26,558
Foreign exchange (gain)/loss	(1,252)	3,619	7	3,017
Bank, financing fees, interest expense and other	1,606	449	2,624	737
Provision/(recovery) on indirect tax credits	1,908	1,624	(1,123)	4,397
Stock based compensation	2,002	1,742	3,744	3,484
Unrealized (gain)/loss on foreign exchange hedges	(4,772)	-	528	-
Adjusted EBITDA	\$ 6,491	\$ 19,069	\$ 19,005	\$ 36,861

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 Loss to Adjusted Earnings or Loss (Based on Condensed Consolidated Interim Financial Statements unless otherwise noted)

(In thousands of U.S. dollars)	For the three months ended		For the six months ended	
	June 30, 2017	2016	June 30, 2017	2016
Net earnings	\$ (7,385)	\$ 10,315	\$ (4,994)	\$ 20,790
Adjustments:				
Foreign exchange loss/(gain)	(1,252)	3,619	7	3,017
Unrealized (gain)/loss on foreign exchange hedges	(4,772)	-	528	-
Provision/(recovery) on indirect tax credits	1,908	1,624	(1,123)	4,397
Business transaction costs	-	1,613	848	3,823
Stock based compensation	2,002	1,742	3,744	3,484
Non-cash tax effect on unrealized foreign exchange losses/(gains)	6,074	(15,487)	(3,262)	(29,281)
Tax impact of adjustments	1,202	330	3,093	809
Other	(1,336)	(1,441)	82	(3,490)
Adjusted (loss)/earnings	\$ (3,559)	\$ 2,315	\$ (1,077)	\$ 3,549

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(In thousands of United States Dollars), (unaudited)	For the three months ended		For the six months ended	
	June 30, 2017	2016	June 30, 2017	2016
Revenue from mining operations	\$52,853	\$65,154	\$112,352	\$112,287
Cost of sales excluding depletion, depreciation and amortization	(37,105)	(38,513)	(77,423)	(60,974)
Gross margin excluding depletion, depreciation and amortization	15,748	26,641	34,929	51,313
Depletion, depreciation and amortization	(11,541)	(15,752)	(24,906)	(26,558)
Mine operating earnings	4,207	10,889	10,023	24,755

Expenses

General and administrative	(6,458	)	(5,665	)	(11,548	)	(10,917	)
Other operating expense (Note 12)	(4,774	)	(4,525	)	(4,598	)	(10,263	)
Operating (loss)/earnings	(7,025	)	699		(6,123	)	3,575	
Foreign exchange gain/(loss)	1,252		(3,619	)	(7	)	(3,017	)
Unrealized foreign exchange hedges gain/(loss)	4,772		-		(528	)	-	
Finance expense (Note 13)	(3,541	)	(1,197	)	(5,023	)	(1,890	)
(Loss)/earnings before income taxes	(4,542	)	(4,117	)	(11,681	)	(1,332	)
Income tax (expense)/recoveries (Note 14)	(2,843	)	14,432		6,687		22,122	
Net (loss)/earnings	(7,385	)	10,315		(4,994	)	20,790	

Other comprehensive (loss)/income

Items that may be reclassified subsequently to profit or loss:

Change in fair value of hedging instruments, net of tax (Note 16)	(12,136	)	-		2,861		-	
Total comprehensive (loss)/income	\$ (19,521	)	\$ 10,315		\$ (2,133	)	\$ 20,790	

Net (loss)/earnings per share

Net (loss)/earnings per share (basic) (Note 15)	\$ (0.07	)	\$ 0.44		\$ (0.04	)	\$ 0.88	
Net (loss)/earnings per share (diluted) (Note 15)	\$ (0.07	)	\$ 0.41		\$ (0.04	)	\$ 0.83	
Weighted average number of shares outstanding (Note 15)								
Basic	112,527,429		23,500,000		112,527,429		23,500,000	
Diluted	112,527,429		25,000,000		112,527,429		25,000,000	

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

	For the three months ended June 30,		For the six months ended June 30,	
(In thousands of United States Dollars), (unaudited)	2017	2016	2017	2016
Operating activities				
Loss before income tax expense	\$ (4,542	)	\$ (4,117	)
Adjustments to reconcile loss before income taxes to operating cash flows:				
Depletion, depreciation and amortization	11,541		15,752	
Unrealized foreign exchange (gain)/loss	(1,252	)	3,619	
Unrealized foreign exchange hedge (gain)/loss	(4,772	)	-	
Finance expense	3,541		1,197	
Other non-cash operating expenses (Note 17 b)	4,719		3,506	
Amortization of deferred revenue on advance of metal sales	(4,425	)	-	
Advance metal sales	-		4,425	
Decommissioning, restoration and similar liabilities paid	(537	)	(567	)
Income taxes paid	-		(708	)
Cash flows from operating activities before net change in working capital	\$ 4,273		\$ 18,682	
Net change in working capital (Note 17 a)	(6,465	)	(2,571	)
Cash flows (used in) from operating activities	\$ (2,192	)	\$ 16,111	
Investing activities				
Property, plant and equipment expenditures	(15,757	)	(15,419	)
Acquisition of Minera Açúcar Riacho dos Machados Ltda (Note 3)	-		(2,832	)
Cash flows used in investing activities	\$ (15,757	)	\$ (18,251	)
Financing activities				
Proceeds from long-term debt (Note 11)	\$ 15,000		\$ -	
Related party financing	-		3,632	
Interest and other finance expenses paid	(1,867	)	-	
Cash flows from financing activities	\$ 13,133		\$ 3,632	
Effect of foreign exchange on cash	(281	)	380	
(Decrease)/Increase in cash	\$ (5,097	)	\$ 1,872	
Cash beginning of period	\$ 16,609		\$ 7,014	
Cash end of period	\$ 11,512		\$ 6,595	

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

(In thousands of United States Dollars) As at June 30, 2017 (unaudited) As at
December 31, 2016

Assets

Current assets:

Cash	\$	11,512	\$	7,014
Trade and other receivables		653		154
Inventories (Note 5)		36,136		29,620
Derivative related assets (Note 7)		4,716		1,328
Income taxes recoverable		1,499		-
Other current assets (Note 6)		12,894		12,777
		67,410		50,893
<i>Non-current assets:</i>				
Property, plant and equipment (Note 8)		483,132		481,746
Deferred tax assets		9,670		6,167
Other non-current asset (Note 6)		14,168		2,893
Total assets	\$	574,380	\$	541,699
Liabilities				
<i>Current liabilities:</i>				
Trade and other payables (Note 9)	\$	38,538	\$	56,066
Income taxes payable		5,820		2,998
Other financial liabilities		1,841		1,414
Other provisions and liabilities (Note 10)		3,533		5,243
		49,732		65,721
<i>Non-current liabilities:</i>				
Long-term debt (Note 11)		47,704		-
Decommissioning, restoration and similar liabilities		38,621		36,871
Deferred income tax liabilities		7,249		11,413
Other non-current provisions and liabilities (Note 10)		6,671		4,902
Total liabilities		149,977		118,907
Equity				
Share capital		427,858		427,858
Reserves		77,280		70,675
Deficit		(80,735	)	(75,741
Total equity		424,403		422,792
Total equity and liabilities	\$	574,380	\$	541,699

Contact

FOR FURTHER INFORMATION PLEASE CONTACT:

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