

06-30-2016

SHAREHOLDER: Congratulations on EPP finally closing...

AURA INSIDER: Thank you. That's one way of... certainly... it did finally close. It took a long bloody time. I think the closing process showed what Yamana thought of the project...

SHAREHOLDER: What do you mean?

AURA INSIDER: Well it just seemed to be, I don't really think they gave a s--- about how long the closing really took, I mean, nobody was really applied to it.

SHAREHOLDER: So it was just a low priority item for them?

AURA INSIDER: Ya, that's just it, organizing any call with them was like "oh god, you again? I thought this thing had gone..."

SHAREHOLDER: Right.

AURA INSIDER: The closing was more extended by the fact that they had cared so little about it that most of them thought it was done and dealt with months ago.

SHAREHOLDER: Right.

AURA INSIDER: So anyway, at least it is closed now.

SHAREHOLDER: The press release that you guys put out was a little unclear. I guess it was tough to decipher what the economic implications were. Usually, I guess when you see press releases like that there's a bit more of a quantitative aspect, which I guess is something that would be included in the feasibility studies, I was surprised that given that it's been 15 months that these [feasibility studies] weren't completed or the results included, if they are done.

AURA INSIDER: We still haven't finalized the cash flows with regards to the feasibility studies. Those should be out within the next very short while. They are just putting the finishing touches on them. They are still trying to figure out which sequencing works best. In other words, you go for the one pit before the other before the other or you go for number two and then number one and then number three. Each one of those has a different net present value.

SHAREHOLDER: Wouldn't the feasibility study show those different options or it would just be one?

AURA INSIDER: It will show the value of the overall property.

SHAREHOLDER: So it will show the value of the overall property based on the sequencing that you've chosen?

AURA INSIDER: Yes.

SHAREHOLDER: And you're going to choose the sequencing that maximizes the net present value. So shouldn't that mean there's one optimal answer – it's just an engineering optimization exercise?

AURA INSIDER: Correct.

SHAREHOLDER: So that's what they are currently going through and once that's been optimized that'll be the plan that gets put through the cash flow calculation?

AURA Insider: Correct.

Shareholder: OK alright, and the time frame you thought for that was?

AURA INSIDER: You have a month and a half after you announce. So I think it's probably going to be out mid-way through July.

SHAREHOLDER: Ok, I didn't realize that there was a month and a half that was a disclosure requirement.

AURA INSIDER: It is once you put these resource updates out there, you have a month and a half to publish a feasibility update.

SHAREHOLDER: Right.

AURA INSIDER: But I think it's going to be sooner than that.

SHAREHOLDER: Another thing that wasn't clear was the reference to a \$9M working capital facility. It didn't sound like all of that had been drawn down, but I guess this is something that is still being used for the feasibility studies? So the amount of debt that is transferred to Aura will be known once those are complete?

AURA INSIDER: Correct.

SHAREHOLDER: OK, because that is a material disclosure that you would presumably put out at the time of the transfer? Whatever that amount is.

SHAREHOLDER: Correct, it's still being finalized. We still have 30 days after the transaction, after the numbers are signed on, to agree the final balance.

SHAREHOLDER: OK that wasn't in the press release I don't think.

AURA INSIDER: I think it's up to \$9M dollars.

SHAREHOLDER: Ya, I just meant the 30 days and when there might be an update.

AURA INSIDER: I would imagine when I finalize numbers in time for the quarter. Actually we will. We will not have any choice but to.

SHAREHOLDER: Right, but it will be a subsequent event disclosure?

AURA INSIDER: Actually, we've been working on those numbers today so it may not be, because we may have reached agreement on that; on those numbers, at least by quarter end. Which is actually today.

SHAREHOLDER: Ya, that's today...well it's a good thing that you know these things!

AURA INSIDER: It is! Which is kind of why I was working on it with them today. I wanted to get a more accurate loan number in to our document as opposed to any guestimate and then follow that up with a subsequent event note.

SHAREHOLDER: [REDACTED]

AURA INSIDER: [REDACTED]  
[REDACTED]

SHAREHOLDER: [REDACTED]

AURA INSIDER: [REDACTED]  
[REDACTED]

SHAREHOLDER: [REDACTED]

AURA INSIDER: [REDACTED]

SHAREHOLDER: [REDACTED]

AURA INSIDER: [REDACTED]  
[REDACTED]

SHAREHOLDER: Have you spoken to Paulo recently? I tried to get in touch with him...

**AURA INSIDER: No, the person who speaks with Paulo the most in the Company is Jim. I only ever speak to him when I just suddenly get a phone call out of the blue where he's asking me if some odd transaction that he's proposing will ever work. I hardly ever speak to him. He's actually on holiday in P [REDACTED] now, so I'd like to say that's why you can't get hold of him.**

SHAREHOLDER: Has there been any movement on the Board? You had two members that stepped down, or didn't stand for re-nomination and he [Paulo] had made the comment when we met or spoke last time that he wasn't dictating, managing or in control of this company in any way, that it was management. And I suggested to him that it's typically the Board's responsibility to set the direction and the strategic course for the Company and management just executes from there on, but it was unclear where the direction might be coming from.

**AURA INSIDER: Well our Board has always been pretty passive. Ultimately up to date, the direction has been essentially set by Paulo and Jim.**

SHAREHOLDER: So it has been, it is really Paulo and Jim and the two of them talk about it, figure out what they think is best.

AURA INSIDER: I'm never entirely sure of how many of the ideas that Jim has are just parroted from Paulo. The Board members really just are pretty...they're just...before Paulo got on the board it was just Jim's ideas...

SHAREHOLDER: And he was in contact with Paulo constantly or consistently at that period as well?

AURA INSIDER: Generally they are in contact...quite a lot.

SHAREHOLDER: OK. Got it. OK. And is Jim around?

AURA INSIDER: He is not around, he's down in the States for the Independence Day long weekend.

SHAREHOLDER: Right, OK. Alright well that all sounds good. And next couple weeks there should be more sort of announcements. Do you guys do any capital budgeting mid-way through the year?

AURA INSIDER: We will be updating it for the remainder of the year.

SHAREHOLDER: At an upcoming Board Meeting? Along the lines of how things are looking relative to the original 2016 budget and capital plan?

AURA INSIDER: Yes.

SHAREHOLDER: Got it. So that happens at the Q2 board meeting which is before those financials come out?

AURA INSIDER: Yes, it will be on August the 10<sup>th</sup>?

SHAREHOLDER: August 10<sup>th</sup> is Q2?

AURA INSIDER: Q2 Board Meeting and financial and MD&A publication.

SHAREHOLDER: OK. OK, I think that's more or less it. How's everything else going there?

**AURA INSIDER: We are... listen... it's difficult to say, actually. I think I've mentioned to you before, we're chronically short of cash. So...**

**SHAREHOLDER: Well it seems like there's either cash flowing out of somewhere or this thing is being mismanaged or some misrepresentation in the public domain. I don't know what to tell you there. But you're the one who should be able to tell me what the right answer is... [REDACTED].**

**AURA INSIDER: Yes.**

**SHAREHOLDER: So where's the cash going? Anyways, one of these days we can sit down once it's in the public domain, or maybe you could put it out there in the public domain in a presentation and do a proper waterfall analysis or assessment...**

AURA INSIDER: The way I look at it this year...we are...so two things: one is that at the beginning of the year, to ensure we actually achieved our budget prices, we locked in a number of ounces in the \$1,100's.

SHAREHOLDER: So you locked ....let me actually get out a pen and paper.

AURA INSIDER: Sorry, I can't give you the numbers because I do have to get on a call in about three minutes.

SHAREHOLDER: No, no you can do it quickly. So it was in your Q1 financial statements that I think it was about 52%, if I say you're going to do 130,000 ounces...I thought it was about 52% or 68,000 ounces that were hedged in the mid-\$1,100's. Does that sound about right?

AURA INSIDER: Ya, I'd say that's not unreasonable. It's certainly not ...Ya, it's not an unreasonable amount. We sort of... we hedged some... so fixed price some. But we also put some calls in place.

SHAREHOLDER: Ya, but it was a costless call, it worked out to the same thing. It was in that mid-\$1,100 range wasn't it?

AURA INSIDER: It was a ...ya. It was a costless call...

SHAREHOLDER: So then the net-effect of that is, as I was saying, about 50% of your 130,000 ounces is realizing an effective price of mid-\$1,100.

AURA INSIDER: Ya.

SHAREHOLDER: And then the other 50%, the other 68,000 ounces, should be realizing whatever the average price of the commodity is over the course of the year when it's produced.

AURA INSIDER: Correct.

SHAREHOLDER: OK. So now we have the revenue line.

AURA INSIDER: [REDACTED]

SHAREHOLDER: [REDACTED]

AURA INSIDER: [REDACTED]

SHAREHOLDER: [REDACTED]

AURA INSIDER: And let's also just say...

SHAREHOLDER: I don't want to go anywhere that puts me offside so I can wait until you put it in a press-release but I just think you need to be able to reconcile these numbers a bit better than what we seem to be doing right here.

*[Part of transcript has been redacted.]*

**SHAREHOLDER: Right. So I have to ask: How sure are you that there isn't a company in Brazil or working at San Andreas that is owned by a shareholder and this is just a way of getting money to that**

entity? It's hard for me to believe that anyone is genuinely this bad at capital allocation and investing versus deciding to side-pocket corporate funds.

**AURA INSIDER:** Ummm...Ya that's....that is honestly not happening. It's purely the capital allocation decisions are not the best.

SHAREHOLDER: But it's not just that they're not the best. I mean not the best in a rising commodity price or gold price environment is one thing. These seem to be as if though the Company is perpetually strapped for cash. I think when we spoke at the beginning of the year you were supposed to have \$10 million net cash at the end of the year at your \$1,100 or \$1,150 gold. Was that the originally budget?

AURA INSIDER: Yes.

SHAREHOLDER: [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

AURA INSIDER: [REDACTED]

SHAREHOLDER: [REDACTED]

AURA INSIDER: [REDACTED]

SHAREHOLDER: [REDACTED]

AURA INSIDER: [REDACTED]  
[REDACTED]  
[REDACTED]

SHAREHOLDER: [REDACTED]

AURA INSIDER: I mean, what can I say? Paulo's always just been "everything's brighter tomorrow."

SHAREHOLDER: Right, but it's very odd that he doesn't seem to want to hold anyone accountable.

AURA INSIDER: I'm very...I'm very curious as to why that happens as well. I don't get it.

**SHAREHOLDER:** But these are tens of millions of dollars that are missing that should have gone to the shareholders. It's almost a corporate fraud.

**AURA INSIDER:** It's not a corporate fraud...It's purely...

**SHAREHOLDER:** Is it just negligence or incompetence?

**AURA INSIDER:** I'd go with the latter. It's lack of knowledge of industry...from two people.

SHAREHOLDER: That would be the CEO, Jim and your Chairman, Paulo?

AURA INSIDER: Just a second, I need to get on a call and tell them I'm coming. Actually, can I get off this call please?

SHAREHOLDER: Sure.

**AURA INSIDER: I can't keep coming up with words that are accusatory. There are issues here that are slowly being revealed, right, by the fact that Paulo is now on our Board.**

**SHAREHOLDER: Right, but he was the one that was aware of all this before and agreeing to it?**

**AURA INSIDER: No, he was driving it.**

SHAREHOLDER: He was driving it! So why would it change now that he's officially in the captain's chair?

AURA INSIDER: Well, because every calculation is not just back of the envelope. Right. It used to be that he would just say: "Well, surely if it's 150,000 ounces at \$300 profit and you know, and this and that, then it should be this." But now that he's in the middle of it he sees that it isn't that.

SHAREHOLDER: OK.

**AURA INSIDER: Alright, can I be...when you talk about competence...Paulo, until earlier this year, never looked at one of our bloody financial statements...**

**SHAREHOLDER: And yet he was the one directing the activities of the company?**

**AURA INSIDER: Yes.**

**SHAREHOLDER: OK.**

**AURA INSIDER: A dominant shareholder who never actually looked at one of our documents.**

**SHAREHOLDER: Well not just dominant shareholder, dominant shareholder who drove the capital allocation decisions is what you're saying.**

**AURA INSIDER: Correct.**

SHAREHOLDER: Right.

AURA INSIDER: I mean, you look at our financials they tell a completely different story to the one he's giving out...or he's convinced himself that it is.

SHAREHOLDER: Right, but it's also different from what the Company has put in the public domain in terms of guidance.

AURA INSIDER: [REDACTED]

SHAREHOLDER: I guess it was more just any potential conflicts of interest from misallocating or allocating capital based on one guy who never read the financial statements.

AURA INSIDER: Ya I would say that's reasonable. Let's put it this way: we have another shareholder. The other dominant Brazilian shareholder [Carteira] who is not happy. Distinctly unhappy. That's the fellow you tried to get ahold of. The only calls I've had with him, he's walked in having read through and marked up financials...and asked questions of them. Jim doesn't like that. This guy is like you, but having invested 10 times more. Jim doesn't like people who call him out. Alright so....and this guy actually did sort of say "what the f--- are you doing?"

SHAREHOLDER: Right, so is there ...

AURA INSIDER: Just give me a second?

[Call put on hold]

AURA INSIDER: The people who want to speak to me are wondering where I am. Hello?

SHAREHOLDER: I'm here.

AURA INSIDER: I believe there is a reckoning coming. I keep saying that, but I think the other shareholder [Carteira] convinced Paulo it might not be a bad idea to actually read and look at our financials. As opposed to accepting a situation as it is. Or how he's told it is.

SHAREHOLDER: Alright...I'll let you get to your other call.

AURA INSIDER: Let's just put it this way: Paulo is extremely concerned.

*[Part of transcript has been redacted.]*

[Call ended]