

# GRAN COLOMBIA GOLD CORP.

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED SEPTEMBER 30, 2017 November 13, 2017

The following discussion and analysis of the results of operations and financial condition ("MD&A") for Gran Colombia Gold Corp. (the "Company" or "Gran Colombia") should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes thereto for the three and nine months ended September 30, 2017 (the "Interim Financial Statements"), which are available on the Company's web site at [www.grancolombiagold.com](http://www.grancolombiagold.com) and on [www.sedar.com](http://www.sedar.com). Readers are encouraged to read the Cautionary Note Regarding Forward Looking Information included on page 25 of this MD&A and the Company's Annual Information Form dated as of March 30, 2017, also available on the Company's web site and SEDAR. The financial information in this MD&A is derived from the Interim Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Reference should also be made to pages 21-24 for information about non-IFRS measures referred to in this MD&A. **All figures contained herein are expressed in United States dollars ("USD"), except for production, share data or as otherwise stated.**

### Third Quarter and Nine Months 2017 Highlights

- **The Company has raised its annual gold production guidance for 2017 to a range from 165,000 to 170,000 ounces** from the previous guidance of 150,000 to 160,000 ounces. Although gold production in the third quarter of 2017 of 37,039 ounces was down 5% from the third quarter last year due to the impact of the 42-day civil disruption on the Segovia Operations, year-to-date gold production of 122,122 ounces is up 12% over the first nine months of 2016. With a further 16,995 ounces produced in October 2017, the trailing 12-months' total gold production as of the end of October 2017 stands at 166,908 ounces, up 11% over 2016's annual production.
- **Revenue** has been positively impacted this year by the increased level of gold production compared with last year and is up 8% in the first nine months of 2017 to \$144.4 million. Gold sales volume in the third quarter of 2017, adversely impacted by the civil disruption at Segovia, and 4% lower spot gold prices in the third quarter of 2017 compared with the third quarter last year, contributed to a 17% year-over-year decline in third quarter revenue to \$42.7 million in 2017. With Segovia's operations back to normal and spot gold prices in October and the first half of November generally above \$1,270 per ounce, the Company is expecting stronger revenue performance in the fourth quarter of 2017.
- Gran Colombia's **total cash costs** and **all-in sustaining costs ("AISC")** averaged \$748 per ounce and \$970 per ounce, respectively, in the third quarter of 2017, reflecting the adverse impact of the reduced level of production on fixed costs and capital spending on a per ounce basis. This brings the average total cash costs and AISC for the first nine months of 2017 to \$720 per ounce and \$927 per ounce, respectively, compared with \$699 per ounce and \$832 per ounce, respectively in the first nine months of 2016. The Company continues to expect that its total cash cost and AISC averages for the full year will remain below \$720 and about \$900 per ounce sold, respectively. See pages 23-24 for the computation of these non-IFRS measures.
- Gran Colombia's trailing 12-months' **adjusted EBITDA** stood at \$65.1 million at the end of September 2017. Although adjusted EBITDA for the third quarter of 2017 was adversely impacted by the factors that affected revenue and total cash costs per ounce as outlined above, declining to \$13.8 million compared with \$19.7 million in the third quarter last year, the Company's adjusted EBITDA for the first nine months

of 2017 totaled \$48.7 million compared with \$49.6 million for the first nine months last year. See page 22 for the computation of this non-IFRS measure.

- The Company generated \$2.3 million of **Excess Cash Flow** (see page 23 for the computation) in the third quarter of 2017, bringing the total for the first nine months of 2017 to \$7.8 million. The Company continues to expect to reach its guidance of \$16 million of Excess Cash Flow for the full year in 2017.
- The Company continued to execute its strategy in the third quarter of 2017 to **reduce its Senior Debentures** ahead of maturity with its Excess Cash Flow, repurchasing and cancelling an additional \$0.7 million of 2020 Debentures at a discount under its Normal Course Issuer Bid (“NCIB”) and completing a \$3.0 million partial redemption at par of the 2020 Debentures on July 31, 2017.
- Gran Colombia reported a **net loss** for the third quarter of 2017 of \$1.0 million, or \$0.05 per share, compared with net income of \$8.1 million, or \$0.52 per share, in the third quarter last year, primarily reflecting the reduction in adjusted EBITDA compared with the third quarter last year. For the first nine months of 2017, net income was \$34.3 million, or \$1.70 per share, including a \$35.5 million after-tax reversal (\$1.76 per share) of impairment related to the Segovia Operations. Net income for the first nine months of 2016 was \$19.0 million, or \$1.82 per share, including a \$14.1 million after-tax gain (\$1.35 per share) on financial instruments.
- **Adjusted net income** for the third quarter of 2017 was \$3.8 million, or \$0.19 per share, down from \$8.1 million, or \$0.52 per share, in the third quarter last year, principally due to the lower adjusted EBITDA offset partially by a reduction in adjusted income taxes. For the first nine months of 2017, adjusted net income amounted to \$11.0 million, or \$0.55 per share, compared with \$12.2 million, or \$1.17 per share, in the first nine months last year. See the reconciliation on page 23 for the computation of this non-IFRS measure.
- On October 4, 2017, the Company announced an **updated Mineral Resource Estimate** for its **Marmato Project**, shifting focus for potential future development from the previous open pit concept, and increasing cut-off grades in anticipation of developing an expanded underground mining operation. Measured and Indicated Resources consist of 3.9 million ounces of gold and Inferred Resources are 4.2 million ounces of gold. In 2018, the Company intends to proceed with a preliminary economic assessment for the Marmato Project and to perform additional drilling on the deep mineralization to understand the deposit’s total mineral potential.

### Selected Financial Information

	Third Quarter		Nine Months	
	2017	2016	2017	2016
<b>Operating data:</b>				
Gold produced (ounces)	37,039	39,111	122,122	108,829
Gold sold (ounces)	33,932	39,017	117,545	107,605
Average realized gold price (\$/oz sold)	\$ 1,246	\$ 1,296	\$ 1,214	\$ 1,225
Total cash costs (\$/oz sold) (1)	748	728	720	699
All-in sustaining costs (\$/oz sold) (1)	970	884	927	832
<b>Financial data</b> (\$000’s, except per share amounts):				
Revenue	\$ 42,737	\$ 51,224	\$ 144,427	\$ 133,708
Adjusted EBITDA (1)	13,844	19,712	48,698	49,597
Reversal of impairment charges, net of tax	-	-	35,460	-
Net (loss) income	(1,047)	8,072	34,341	18,963
Basic and diluted (loss) income per share (2)	(0.05)	0.52	1.70	1.82
Adjusted net income (1)	3,835	8,103	11,042	12,211
Basic and diluted adjusted income per share (1) (2)	0.19	0.52	0.55	1.17
Excess Cash Flow (1)	2,293	112	7,797	2,411

(1) Refer to “Non-IFRS and Additional Financial Measures” on pages 21-24.

(2) Per share information has been adjusted to reflect the 1:15 consolidation completed on April 25, 2017.

	September 30, 2017	December 31, 2016
<b>Balance sheet (\$000's):</b>		
Cash and cash equivalents	\$ 3,335	\$ 2,783
Cash in trust for Senior Debentures (3)	3,236	537
Senior debt, including current portion (4)	93,477	84,602
Other debt, including current portion	519	1,652

(3) Represents amounts deposited into sinking funds for the Senior Debentures, net of amounts used for the NCIBs and partial redemptions.

(4) Represents carrying amounts, which are at a discount to principal amounts, for the Senior Debentures. At September 30, 2017, the aggregate principal amounts of the 2018 Debentures, 2020 Debentures and 2024 Debentures issued and outstanding were \$46.0 million, \$48.7 million and \$47.0 million, respectively (December 31, 2016 - \$49.7 million, \$101.2 million and Nil, respectively).

## Description of Business

The Company is incorporated under the laws of the Province of British Columbia and is engaged in the acquisition, exploration, development and operation of gold properties in Colombia. The head office of the Company is located at 401 Bay Street, Suite 2400, Toronto, Ontario, M5H 2Y4 and its registered office is located at 1188 West Georgia Street, Suite 650, Vancouver, British Columbia, V6E 4A2. The Company also has an office in Medellin, Colombia. The Company is currently the largest underground gold and silver producer in Colombia with several underground mines and two processing plants in operation. The Company is continuing its expansion and modernization activities at its high-grade Segovia Operations.

## Share Consolidation, Issued and Outstanding Securities and NCIBs for Senior Debentures

Following approval by the Company's shareholders at a Special Meeting of Shareholders held on April 24, 2017, **the Company's issued and outstanding common shares were consolidated on a one post-consolidation share for every fifteen pre-consolidation shares (1:15) basis**. The common shares commenced trading on a post-consolidated basis on the Toronto Stock Exchange ("TSX") at market open on April 27, 2017. The Company's name and trading symbols remained unchanged. The number of common shares on a post-consolidated basis underlying the issued and outstanding stock options and warrants of the Company, and the exercise prices thereof, were adjusted to reflect the 1:15 consolidation. Similarly, the conversion prices of the Company's Senior Debentures were also adjusted in accordance with the applicable indenture. At November 13, 2017, the Company had the following securities issued and outstanding on a post-consolidation basis:

Securities	TSX Symbol	Number	Shares Issuable	Exercise price per share	Expiry date
<i>Common shares</i>	GCM	20,865,749			
<i>Stock options</i>		47,000	47,000	CA\$27.60	July 2019
		756,665	756,665	CA\$2.55	April 2021
		1,087,994	1,087,994	CA\$2.55	April 2022
		1,891,659	1,891,659		
<i>Senior convertible debentures</i>					
2018 Debentures	GCM.DB.U	45,160,216	23,159,085	\$1.95	August 11, 2018
2020 Debentures	GCM.DB.V	48,696,481	24,972,554	\$1.95	January 2, 2020
2024 Debentures	GCM.DB.X	46,955,468	24,079,742	\$1.95	January 2, 2024
<i>Warrants</i>	GCM.WT.A	4,211,918	280,795	CA\$48.75	March 18, 2019

### *NCIBs for Senior Debentures*

The Company has utilized NCIBs as part of its strategy to reduce its Senior Debentures prior to maturity to reduce ongoing interest costs and dilution from the potential conversion of the Senior Debentures. The Company is using the excess free cash allocated to the sinking funds for the Senior Debentures to fund the NCIBs.

On July 21, 2016, the Company commenced NCIBs related to its 2018 Debentures and 2020 Debentures which remained open until July 20, 2017. Under the terms of these initial NCIBs, the Company had the right to purchase for cancellation up to a maximum of \$6.6 million aggregate principal amount of 2018 Debentures and a maximum of \$9.6 million aggregate principal amount of 2020 Debentures. During the 12-month term of these initial NCIBs, the Company purchased and cancelled \$0.8 million aggregate principal amount of 2018 Debentures at an average price of \$73.13 per \$100 principal amount and \$3.9 million aggregate principal amount of 2020 Debentures at an average price of \$83.09 per \$100 principal amount.

On July 21, 2017, the Company commenced a second 12-month term for the NCIB related to its 2020 Debentures that will remain open until the earlier of July 20, 2018 or the date on which the Company has purchased the new maximum amount permitted under the terms of this NCIB of \$5.2 million aggregate principal amount of 2020 Debentures. Management of the Company will determine the actual number of 2020 Debentures that may be purchased on the open market through the facilities of the TSX or alternative Canadian trading systems and the timing of any such purchases, subject to compliance with applicable TSX rules. Daily purchases will be limited to \$12,570 principal amount of 2020 Debentures, other than block purchase exceptions. The price that the Company will pay for any such 2020 Debentures will be the market price at the time of the acquisition. The Company will not purchase 2020 Debentures when the market price per \$100 principal amount of 2020 Debentures exceeds \$100. As of November 13, 2017, the Company has purchased and cancelled approximately \$0.7 million aggregate principal amount of 2020 Debentures under this NCIB at an average price of \$87.00 per \$100 principal amount.

### *Extension of Maturity of \$47.0 Million of 2020 Debentures to 2024*

On May 12, 2017, the Company announced it had received approval through a consent solicitation process (the "Consent Solicitation") from holders representing 77.4% of the total principal amount of the 2020 Debentures issued and outstanding to amend the Amended and Restated Indenture dated as of January 20, 2016, as amended January 1, 2017, (the "Indenture") to provide an option for holders to extend the maturity date of the 2020 Debentures to January 2, 2024 (the "2024 Debentures"). The 2024 Debentures carry largely the same terms and conditions as the 2020 Debentures except that the maturity date has been extended and interest will be paid monthly over the remaining term of the 2024 Debentures at an annual rate of 8% commencing with the first monthly interest payment on June 30, 2017. Pursuant to the Consent Solicitation, holders representing \$47.0 million aggregate principal amount of 2020 Debentures elected to exchange their holdings into 2024 Debentures effective May 31, 2017.

### *\$3.0 Million Partial Redemption of 2020 Debentures at Par on July 31, 2017*

On July 31, 2017, the Company completed a partial redemption at par of \$3.0 million aggregate principal amount of its 2020 Debentures using its excess cash flow deposited to the sinking fund. This partial redemption represents approximately 5.8% of the total 2020 Debentures issued and outstanding at the time of the redemption. The Company paid a redemption amount of \$1.00 for each \$1.00 principal amount of 2020 Debentures being redeemed, equivalent to a pro-rata payment to holders of approximately \$0.05789

for each \$1.00 principal amount of 2020 Debentures issued and outstanding. Pursuant to the indenture, the partial redemption was not applicable to the 2024 Debentures.

#### *Subsequent Event – 2018 Debentures Conversions*

In October 2017, debenture holders elected to convert an additional \$0.8 million aggregate principal amount of 2018 Debentures into 415,384 common shares.

### Resources

The following table summarizes the Company's current Mineral Resource estimates ("MRE") for gold at the Segovia Operations and the Marmato Project:

	Measured			Indicated			Measured & Indicated			Inferred		
	Tonnes (M)	Grade (g/t)	Oz Au (000s)	Tonnes (M)	Grade (g/t)	Oz Au (000s)	Tonnes (M)	Grade (g/t)	Oz Au (000s)	Tonnes (M)	Grade (g/t)	Oz Au (000s)
Segovia Operations (1)	0.2	19.1	116	2.7	11.4	984	2.9	12.0	1,100	3.1	9.9	978
Marmato Project (2)	2.6	4.7	396	38.6	2.8	3,501	41.2	2.9	3,897	52.0	2.5	4,194

(1) Sourced from the Company's press release dated April 19, 2017 regarding the updated MRE for the Segovia Operations, Colombia, prepared by SRK with an effective date of March 15, 2017 ("2017 Segovia MRE"). Some production at Segovia is sourced from mining areas that are not currently included in the Company's Mineral Resource estimate.

(2) Sourced from the Company's press release dated October 4, 2017 regarding the updated MRE for an underground mining operation at the Marmato Project, Colombia, prepared by SRK with an effective date of June 16, 2017 ("2017 Marmato Underground MRE"). No open pit Mineral Resources have been declared in this MRE.

#### *2017 Segovia Mineral Resource Estimate effective as of March 15, 2017*

On April 19, 2017, the Company announced that it had completed the 2017 Segovia MRE which was prepared by SRK Consulting (USA) Inc. ("SRK") in accordance with the Canadian Institute of Mining Metallurgy and Petroleum ("CIM") Definition Standards incorporated by reference in National Instrument 43-101 ("NI 43-101"). A NI 43-101 independent report that includes detailed information on the key assumptions, parameters and methods used in the 2017 Segovia MRE was subsequently filed on the Company's website and SEDAR profile on June 5, 2017.

Total Measured and Indicated Resources increased to 2.9 million tonnes at a grade of 12.0 g/t totalling 1.1 million ounces of gold, up 174% compared to the MRE as of December 31, 2016 (which reflected depletion of production for the period from September 2013, the date of the previous MRE, through the end of 2016). Infill drilling along with the ongoing validation work of the historical database and surveying of the underground mine workings contributed to the increase in the Measured and Indicated categories of the 2017 Segovia MRE. The previous MRE reported all material at El Silencio as Inferred and the estimates were limited to Veta Manto material in lower areas of the mine, which were still flooded at that time. The upgrading of the El Silencio Mineral Resource below Mine Level 29 added 1.8 million tonnes at a grade of 11.4 g/t, representing 659,000 ounces of gold, from the Inferred to the Indicated category in the 2017 Segovia MRE. Mapping and surveying of historical workings together with ongoing validation work of the historical database by the Company's geology team significantly increased the volume of material available for estimation in the upper levels of the mine, and within five additional known veins within the system. The 2017 Segovia MRE also follows on the successful drilling campaign in 2016, as previously announced on March 13, 2017, focused on infill drilling to increase confidence levels of the Mineral Resources at the

Providencia and Sandra K mines which resulted in increases in Measured and Indicated Mineral Resources at these mines by 14% and 4%, respectively, in contained gold. The revised databases for Providencia, Sandra K and El Silencio used in the 2017 Segovia MRE incorporate the results from 90 additional diamond core drillholes completed by the Company from 2013 through early 2017, using both surface and underground drilling rigs. The Company added 398,000 ounces of gold to the Inferred category of the 2017 Segovia MRE. After the upgrade of material to the Measured and Indicated categories as noted above, Inferred Mineral Resources reflect a total of 3.1 million tonnes at an average grade of 9.9 g/t representing 978,000 ounces of gold. The previous MRE for Las Verticales and Carla have not been updated as no new information is currently available and the previous estimates for these projects remain valid.

#### *2017 Marmato Underground Mineral Resource Estimate effective as of June 16, 2016*

On October 4, 2017, the Company announced the 2017 Marmato Underground MRE that reflects an increase in cut-off grade used from 0.3 g/t in the previous open pit MRE in 2012 to 1.2 g/t and 1.9 g/t for the different mineralization styles in the 2017 Marmato Underground MRE together with the addition of new material from the deep mineralization below the existing Mineros Nacionales operating mine. Total Measured and Indicated Resources contain 3.9 million ounces of gold and 22.6 million ounces of silver and Inferred Resources contain 4.2 million ounces of gold and 15.0 million ounces of silver. A NI 43-101 independent report that includes detailed information on the key assumptions, parameters and methods used in the 2017 Marmato Underground MRE is being prepared by SRK and is expected to be filed on the Company's website and SEDAR profile on or about November 18, 2017.

In addition to shifting from a large-scale, low grade open pit operation at Marmato as previously conceived to a smaller-scale, higher grade underground mining operation, the Company intends to implement its contract mining model to incorporate production from the ancestral and artisanal miners working within its titles. The Company has commenced some high level scoping analysis for future mining operations and over the next six to nine months, it will be preparing a preliminary economic assessment targeting higher grade material with the intention of developing an expanded underground mining operation at Marmato. The deep mineralization at Marmato remains open along strike and at depth and the Company expects that its 2018 exploration program will include additional drilling to continue expanding its understanding of the total mineral resource potential of the deposit.

#### *Segovia Operations Preliminary Economic Assessment ("PEA")*

In light of the 2017 Segovia MRE, the Company collaborated with SRK to update its internal LOM plan for Segovia. The updated LOM plan foresees a total of 4.1 million tonnes of material with an average head grade of 8.8 g/t being processed over an extended mine life through the end of 2026, four years longer than the previous LOM plans. Over this mine life, the updated LOM plan expects a total of 1.0 million ounces of gold to be produced at an average LOM total cash cost of \$697 per ounce and an AISC (excluding corporate G&A) of \$896 per ounce. At an expected long-term gold price of \$1,250 per ounce, total LOM undiscounted after-tax free cash flow from mining operations amounts to \$210 million. SRK completed a NI 43-101 independent report that includes an updated PEA for the Segovia Operations based on this updated LOM plan that was filed on the Company's website and SEDAR profile on September 28, 2017.

## Results of Operations and Overall Performance

### *Gold production*

(Ounces)	Third Quarter		Nine Months	
	2017	2016	2017	2016
Segovia Operations				
Company-operated mines	10,940	7,146	32,486	20,197
Contract mining cooperatives	19,135	26,406	70,585	71,238
Total Segovia Operations	30,075	33,552	103,071	91,435
Marmato Underground	6,964	5,559	19,051	17,394
Total	37,039	39,111	122,122	108,829

At the Segovia Operations, production was adversely impacted in the third quarter of 2017 by a 42-day civil disruption commenced in late July by the Mesa Minera, a local mining collective comprised, in its majority, of illegal miners, in response to the increased measures being implemented by the Colombian government to restrict illegal mining, including restrictions on access to mercury and explosives. During the course of the civil disruption which ended in early September, the Company continued its discussions regarding the financial and operating parameters that will enable it to bring additional mining collectives operating within its title into its contract mining model, under which over 2,500 miners in Segovia and Remedios are already working with the Company. To date, the Company has signed seven additional new contracts with small mining collectives and over the next few months it will continue to negotiate specific operating contracts with each of the remaining mining collectives based on general terms agreed to between the Ministry of Mines, the Governor of Antioquia, the Mayors of Segovia and Remedios, the Mesa Minera and the Company. The monetary compensation under these new operating contracts is being established for each mining collective individually with the Company retaining between 10% and 60% of the spot price for each ounce of gold produced. The contracts also require that all ore is to be processed at the Company's Maria Dama plant.

As a result of the civil disruption, tonnes processed dipped to an average of 490 tpd in the third quarter of 2017 (736 tpd on an adjusted basis to exclude the days during the civil disruption) compared with 790 tpd in the third quarter last year. Head grades in the Company-operated mining areas improved to an average of 17.5 g/t in the third quarter of 2017, up from an average of 3.7 g/t in the third quarter last year, as a result of continuing to mine higher grade stopes in the Providencia mine this year. This brought the overall head grade for the Segovia Operations to an average of 20.7 g/t in the third quarter of 2017 compared with 14.5 g/t in the third quarter last year. Segovia's gold production of 14,420 ounces in the month of September brought the total for the third quarter of 2017 to 30,075 ounces and for the first nine months of 2017 to 103,071 ounces, up 13% over the first nine months last year. With a further 14,860 ounces of gold produced in October 2017 (a new monthly record), the trailing 12-months' total gold production as of the end of October 2017 at Segovia was 141,584 ounces, up 12% over 2016's annual gold production. Consequently, the Company has increased its annual gold production guidance for 2017 for the Segovia Operations to a range of 140,000 to 145,000 ounces from the previous range of 126,000 to 134,000 ounces.

At the Marmato Operations, gold production showed improvement in the third quarter of 2017 led by a 14% increase in tonnes processed, compared with the first half of 2017, to an average of 1,100 tpd. Gold production for the third quarter of 2017 of 6,964 ounces, up 25% over the third quarter last year, brought the total for the first nine months of 2017 to 19,051 ounces, up 10% over the same period last year. With a further 2,135 ounces of gold produced in October 2017, this brings Marmato's trailing 12-months' gold

production at the end of October 2017 to 25,324 ounces, up 8% over its 2016 annual production. For the full year 2017, the Company continues to expect Marmato's annual gold production will range between 24,000 and 26,000 ounces.

Quarterly production data by operation for the trailing eight quarters is as follows:

	2017			2016				2015
	3 <sup>rd</sup> Qtr	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr
<b>Segovia Operations</b>								
<i>Company-operated mines</i>								
Tonnes milled	15,947	27,451	33,292	39,448	38,951	34,106	33,036	31,944
Head grade (g/t)	17.46	11.29	4.30	4.77	3.67	4.35	4.07	3.75
Gold produced (ozs) (1)	10,940	13,647	7,900	9,977	7,146	7,962	5,089	5,516
<i>Contract mining cooperatives</i>								
Tonnes milled	29,165	49,183	46,031	36,153	33,749	36,030	33,423	30,404
Head grade (g/t)	22.52	18.52	18.63	23.80	27.01	22.67	21.56	20.59
Gold produced (ozs) (2)	19,135	26,581	24,868	24,849	26,406	23,922	20,910	18,352
<i>Total Segovia Operations</i>								
Tonnes milled	45,112	76,634	79,323	75,601	72,700	70,136	66,459	62,348
Tonnes per day (tpd)	490	842	881	822	790	771	730	678
Head grade (g/t)	20.73	15.93	12.62	13.87	14.51	13.76	12.87	11.96
Mill recovery	90.6%	90.6%	90.1%	89.7%	90.1%	90.7%	89.8%	90.2%
Gold produced (ozs) (1) (2)	30,075	40,228	32,768	34,826	33,552	31,884	25,999	23,868
Silver produced (ozs)	23,068	35,810	31,844	33,215	27,993	33,997	30,434	37,740
<b>Marmato Underground</b>								
Tonnes milled	101,234	84,772	89,727	88,024	88,883	89,788	74,613	79,137
Tonnes per day (tpd)	1,100	932	997	957	966	987	820	860
Head grade (g/t)	2.45	2.48	2.48	2.55	2.40	2.64	2.64	2.79
Mill recovery	87.4%	86.6%	87.2%	83.9%	81.0%	83.3%	86.7%	87.2%
Gold produced (ozs)	6,964	5,847	6,240	6,053	5,559	6,345	5,490	6,182
Silver produced (ozs)	11,067	8,881	9,835	9,174	9,639	9,725	7,992	8,764
<b>Total Company</b>								
Gold produced (ozs)	37,039	46,075	39,008	40,879	39,111	38,229	31,489	30,050
Silver produced (ozs)	34,135	44,691	41,679	42,389	37,632	43,722	38,426	46,504

(1) Gold production includes additional ounces recovered from the mill circuit during the period. Tonnes milled, head grade and mill recovery statistics do not include any data related to these additional gold ounces produced.

(2) Includes a small amount of gold produced for the Company from ore milled by a contract mining cooperative within the Company's mining title and shipped directly to the refinery. Tonnes milled, head grade and mill recovery statistics do not include any data related to these gold ounces produced.

## Revenues

(\$000's except ounce and \$/oz data)	Third Quarter		Nine Months	
	2017	2016	2017	2016
Gold				
Ounces sold	33,932	39,017	117,545	107,605
Average realized price (\$/oz)	1,246	1,296	1,214	1,225
Silver				
Ounces sold	31,467	39,723	117,090	131,783
Average realized price (\$/oz)	14	17	15	14
Revenues				
Gold	\$ 42,287	\$ 50,567	\$ 142,719	\$ 131,832
Silver	450	657	1,708	1,876
	\$ 42,737	\$ 51,224	\$ 144,427	\$ 133,708

Revenues of \$42.7 million in the third quarter of 2017 brought the total revenues for the first nine months of 2017 to \$144.4 million, up 8% over the first nine months last year. Revenues in the third quarter of 2017 were affected most by the adverse impact of the civil disruption at Segovia on gold sales volume and to a lesser extent by the impact of 4% lower spot gold prices, compared with the third quarter of 2016, on the average realized gold prices during the current quarter. For the first nine months of 2017, revenue growth reflected the 9% higher gold sales volume compared with the first nine months last year, benefitting from the increased gold production this year, offset partially by the impact of 1% lower spot gold prices on average realized prices.

## Cost of sales

	Third Quarter		Nine Months	
	2017	2016	2017	2016
Production costs	\$ 23,939	\$ 26,137	\$ 80,154	\$ 70,597
Production taxes	1,886	2,184	6,235	5,731
Workforce reduction costs	-	728	-	728
Provision for environmental discharges	301	116	787	236
Depreciation, depletion and amortization	3,987	3,218	11,582	8,613
Total cost of sales	\$ 30,113	\$ 32,383	\$ 98,758	\$ 85,905
Total cash costs per ounce <sup>(1)</sup>				
Production costs	\$ 705	\$ 670	\$ 682	\$ 656
Production taxes	56	56	53	53
Workforce reduction costs	-	19	-	7
By-product credits (silver)	(13)	(17)	(15)	(17)
	\$ 748	\$ 728	\$ 720	\$ 699

<sup>(1)</sup> See "Additional Financial Measures" on pages 21-24.

The Company's total cash cost increased to \$748 per ounce in the third quarter of 2017 from \$676 per ounce in the second quarter this year and from \$728 per ounce in the third quarter last year as a direct result of the adverse impact of the civil disruption at Segovia on production, thereby increasing fixed production costs on a per ounce basis.

The total cash costs per ounce sold from the Company's mining operations over the trailing eight quarters were as follows:

	2017			2016				2015
	3 <sup>rd</sup> Qtr	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr
Segovia Operations	\$700	\$620	\$690	\$664	\$672	\$627	\$659	\$670
Marmato Underground	958	1,062	1,061	1,023	1,094	933	847	817
Company average	\$748	\$676	\$748	\$725	\$728	\$680	\$685	\$705

At the Company's Segovia Operations (which represents approximately 85% of total gold sales in the first nine months of 2017), total cash costs per ounce increased from \$620 per ounce in the second quarter of 2017 to \$700 per ounce in the third quarter of 2017 reflecting the adverse impact on fixed costs on a per ounce basis of the 42-day civil disruption on quarterly gold production at the Segovia Operations. Although certain operating costs are variable in nature, such as the amounts paid to contract miners based on gold production and production taxes, other costs associated with the operation and maintenance of the mines are more fixed in nature and could not be fully reduced to offset the impact on production of the civil disruption. The Company expects that Segovia's total cash cost per ounce will return to levels similar to the second quarter of 2017 now that operations have returned to normal.

At the Company's Marmato Underground mine (which represents approximately 15% of total gold sales in the first nine months of 2017), total cash costs per ounce showed improvement in the third quarter of 2017, decreasing 10% from the first half of this year to \$958 per ounce, aided by the positive impact on fixed costs on a per ounce basis of the 15% increase in gold production in the third quarter of 2017 compared with the quarterly run rate in the first half this year.

The Company's trailing 12-months' total cash cost as of the end of September 2017 was \$720 per ounce and the Company continues to expect that its total cash cost average for the full year 2017 will remain below \$720 per ounce.

#### *Social contributions*

(\$000's)	Third Quarter		Nine Months	
	2017	2016	2017	2016
Segovia social contributions	\$ 779	\$ 808	\$ 2,651	\$ 2,322
Road paving in municipality of Marmato	-	-	174	-
	\$ 779	\$ 808	\$ 2,825	\$ 2,322

The Company is required to make contributions to a trust account to fund social programs in Segovia in each quarter in which the Segovia Operations produce a minimum of 15,000 ounces of gold. The amount of the contributions is determined by a formula based on gold production and tied to the spot price of gold. The lower production at Segovia and the lower spot gold prices in the third quarter of 2017 compared with the third quarter last year, both as explained elsewhere in this MD&A, contributed to the decrease in social contribution expense for the third quarter of 2017 compared with the third quarter last year. For the first nine months of 2017, social contribution expense increased compared with the corresponding period last year as a result of the year-over-year increase in Segovia's gold production. In addition, the Company's mining operation at Marmato funded the paving of a section of the road linking the main trunk from Medellin to the

south of the country with the municipality of Marmato, benefitting some 7,500 people in the local community who use the road.

#### Other items

(\$000's)	Third Quarter		Nine Months	
	2017	2016	2017	2016
G&A expenses	\$ 1,992	\$ 1,541	\$ 5,775	\$ 4,509
Reversal of impairment (before tax)	-	-	52,926	-
Share-based compensation	-	-	582	548
Finance costs	8,073	7,920	23,938	25,229
Wealth tax expense	-	-	918	2,231
(Loss) gain on financial instruments	(1,196)	(528)	(54)	19,161
Provision for income taxes	1,577	180	30,082	13,318

G&A expenses in the first nine months of 2017 amounted to \$5.8 million, up from \$4.5 million in the first nine months last year as a result of additional legal fees incurred in 2017 by the Company in connection with the ongoing discussions with the Colombian government and others involved in the illegal miner issues at Segovia. The Company expects that its 2017 annual G&A expenses will be below \$8.0 million.

In light of the increased Mineral Resource estimate reported in April 2017 and the resultant update of the LOM plan for the Segovia Operations (see page 6), the Company completed an assessment of the recoverable amount of this cash generating unit in the second quarter of 2017, taking into account future LOM after-tax cash flows and estimates of future metals prices, operating costs, capital expenditures, inflation and foreign exchange rates. The Company recorded a \$52.9 million **reversal of impairment** (\$35.5 million after-tax) in the second quarter of 2017 in respect of its Segovia Operations reflecting the impact on the estimated recoverable amount of the extension of Segovia's expected mine life by four years to 2026 and a \$50 increase in the expected long-term gold price to \$1,250 per ounce.

The Company recorded **share-based compensation expense** of \$0.6 million in the first half of 2017 related to the approval on March 30, 2017 of the grant and vesting of 1,141,327 stock options at an exercise price of CA\$2.55 per common share to directors, management and employees effective on April 3, 2017. The share-based compensation expense of \$0.5 million recorded in the first half of 2016 was associated with the granting on March 30, 2016 of 789,998 stock options with an exercise price of CA\$2.55 that vested on April 1, 2016. The stock options granted in the current and prior years both have terms of five years.

**Finance costs** amounted to \$8.1 million in the third quarter of 2017, bringing the total for the first nine months of 2017 to \$23.9 million, down \$1.3 million compared with the first nine months last year. Finance costs comprise four primary categories as follows:

- Interest expense - \$6.2 million in the first nine months of 2017, down \$1.5 million compared with the first nine months of 2016. Of this total, interest on the Senior Debentures is the largest component, amounting to \$5.1 million in the first nine months of 2017, down by \$0.4 million compared with the first nine months of 2016, benefitting from the reduction in the higher interest rate paid on the Gold Notes and the Silver Notes prior to the comprehensive debt restructuring completed on January 20, 2016 (the "Exchange Date") and the reduction in the aggregate principal amounts of the Senior Debentures issued and outstanding through conversions, NCIB purchases and the partial redemption since the Exchange Date. It should be noted that interest expense on the Senior Debentures increased after May 31, 2017 due to the election of certain holders of the 2020 Debentures to exchange \$47.0 million of their 2020

Debentures, which carry a 6% coupon, for 2024 Debentures, which will carry an 8% coupon (see page 4). The balance of the interest expense is related to the local Colombian bank debt and finance leases, accounts payable in arrears and amounts payable for mining titles and compensation agreements at the Marmato Project, which has decreased by \$1.1 million in the first nine months of 2017 compared with the first nine months last year as a result of the Company's efforts in 2016 to reduce amounts in arrears.

- Non-cash accretion of the debt discount on the Senior Debentures - \$16.1 million in the first nine months of 2017 compared with \$14.0 million in the first nine months of 2016. The fair values assigned by the Company to the 2018 Debentures and the 2020 Debentures on the Exchange Date and to the 2024 Debentures on May 31, 2017 reflect a discount to their total principal amount. The debt discount is being accreted to the carrying values of the Senior Debentures over the remaining terms of the debentures using the amortized cost approach. As of September 30, 2017, there is a total of \$48.1 million of unamortized debt discount remaining to be accreted.
- Non-cash accretion of financial obligations - \$1.6 million in the first nine months of 2017 compared with \$1.3 million in the first nine months of 2016. The Company has financial obligations associated with its funding of health plan contributions at Segovia, decommissioning liabilities at Segovia and Marmato Underground and environmental discharge fees at Segovia, all of which will be paid over time and therefore are recorded at the present value of the future obligations. Non-cash finance costs are recognized as these liabilities are accreted with the passage of time.
- Notes restructuring costs - \$2.2 million in the first nine months of 2016, including \$1.6 million for the fair value of the additional Gold Notes and Silver Notes issued to holders at the Exchange Date for the 2% restructuring fee included in the terms of the comprehensive debt restructuring. The balance pertains to the success fee paid to GMP Securities L.P., fees paid to the Company's various legal advisors and listing and other fees associated with the issuance of the Senior Debentures.

The Colombian government introduced a **wealth tax** in December 2014 applicable for the 2015 through 2017 fiscal years. The taxable basis accrued annually on January 1<sup>st</sup> of each year and was then payable in two instalments in May and September. The Company recorded wealth tax expense of \$0.9 million in the first nine months of 2017, down from \$2.2 million in the first nine months of 2016 as the maximum wealth tax rate decreased from 1.00% of gross equity in Colombia (minus allowable debts) held through branches or permanent establishments located in Colombia in 2016 to 0.40% in 2017. Under the December 2016 Colombian tax reform, the wealth tax expires after 2017.

The Company recorded a **loss on financial instruments** in the third quarter in the amount of \$1.2 million resulting from the partial redemption and the buyback of 2020 Debentures through the NCIB bringing the total losses from the partial redemption and buying back the 2020 Debentures through the NCIB during the first nine months of 2017 to \$1.5 million. This loss was offset by a \$1.4 million gain recognized in the second quarter of 2017 on the extension of a portion of the 2020 Debentures to 2024, representing the excess of the carrying value of the portion of the 2020 Debentures exchanged for 2024 Debentures over the estimated fair value of the 2024 Debentures, net of transaction costs of approximately \$0.3 million. In the first nine months of 2016, the Company recorded a net gain on financial instruments totalling \$19.2 million that included mark-to-market ("MTM") gains on the estimated fair values of the Gold Notes and the Silver Notes at the Exchange Date of \$7.1 million and \$9.9 million, respectively, in the period prior to the Exchange Date. The net gain on financial instruments in the first nine months of 2016 also included gains totalling \$2.7 million on the settlement of the unpaid and arrears interest on the Gold Notes and the Silver Notes at the Exchange Date that were realized through the issuance of additional Gold Notes and Silver Notes to holders in lieu of cash and \$0.5 million of losses on buying back 2018 and 2020 Debentures through their respective NCIBs.

The Company recorded a **provision for income taxes** for the first nine months of 2017 of \$30.1 million, representing an overall effective tax rate of 47%, up from \$13.3 million (41% effective tax rate) for the first nine months of 2016 as a result of the increase in pre-tax income in the first nine months of 2017 to \$64.4 million compared with \$32.3 million in the first nine months of 2016. In addition, the effective income tax rate on the Company's reported pre-tax income will ordinarily vary from the expected provision for income taxes based on the 26.5% combined statutory tax rate in Canada as a result of non-deductible expenses, differences in tax rates in Colombia and other foreign jurisdictions, the impact of foreign exchange on the provision for income taxes, the tax impact of Senior Debentures' conversions and other less individually significant items. Under the December 2016 tax reform, the corporate tax rate (including surcharge) in Colombia is 40% in 2017, 37% in 2018 and 33% thereafter.

The civil disruption at Segovia Company had an adverse impact on the Company's adjusted EBITDA (refer to page 22 for computations of this non-IFRS measure) in the third quarter of 2017, which decreased to \$13.8 million from \$19.7 million in the third quarter last year and was the primary driver behind the Company's reported **net loss** of \$1.0 million, or \$0.05 per share, for the third quarter of 2017 compared with net income of \$8.1 million, or \$0.52 per share, in the third quarter of 2016. For the first nine months of 2017, net income was \$34.3 million, or \$1.70 per share, compared with \$19.0 million, or \$1.82 per share, in the first nine months last year. While adjusted EBITDA for the first nine months of 2017 of \$48.7 million was within 2% of the adjusted EBITDA for the corresponding period last year, net income for the first nine months of 2017 included a \$35.5 million after-tax reversal of impairment (\$1.76 per share) related to the Segovia Operations and net income in the first nine months of 2016 included a \$14.1 million after-tax gain (\$1.35 per share) on financial instruments.

After adjustments to the net income in accordance with IFRS for the after-tax reversal of impairment, the after-tax accretion of the Senior Debentures' discounts included in finance costs, the tax recovery on the Senior Debentures' conversions, the after-tax MTM gains on Gold and Silver Notes in 2016 and certain other items as set out in the reconciliation on pages 21 and 22 of this MD&A, the Company reported **adjusted net income** of \$3.8 million, or \$0.19 per share, in the third quarter of 2017 compared with \$8.1 million, or \$0.52 per share, in the third quarter last year. For the first nine months of 2017, adjusted net income amounted to \$11.0 million, or \$0.55 per share, compared with \$12.2 million, or \$1.17 per share, in the first nine months last year. See the reconciliation on page 22 for the computation of this non-IFRS measure. The impact on adjusted EBITDA, as described above, offset partially by a reduction in adjusted income taxes, had the greatest impact on year-over-year adjusted net income in the third quarter of 2017. For the first nine months of 2017, adjusted net income was largely impacted by an increase in depreciation expense attributable to the Company's capital investment program at Segovia and resultant production growth and an increase in adjusted income taxes, partially offset by reductions in finance costs and wealth tax compared with the first nine months of 2017.

## Summary of Quarterly Results

\$000's except ounce, per ounce and per share data	2017			2016				2015
	3 <sup>rd</sup> Qtr	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr
<b>Operating data:</b>								
Gold produced (ounces)	37,039	46,075	39,008	40,879	39,111	38,229	31,689	30,050
Gold sold (ounces)	33,932	45,179	38,434	41,357	39,017	38,902	29,686	31,090
Average realized gold price (1)	\$ 1,246	\$ 1,225	\$ 1,174	\$ 1,201	\$ 1,296	\$ 1,216	\$ 1,144	\$ 1,074
Silver sold (ounces)	31,467	44,199	41,424	47,786	39,723	50,705	41,355	29,114
Average realized silver price (1)	\$ 14	\$ 15	\$ 15	\$ 15	\$ 17	\$ 14	\$ 13	\$ 12
Total cash costs (1, 2)	748	676	748	725	728	680	685	705
All-in sustaining cost (1, 2)	970	884	941	899	863	811	790	852
<b>Financial data:</b>								
Revenue								
Gold	\$ 42,287	\$ 55,326	\$ 45,106	\$ 49,671	\$ 50,567	\$ 47,316	\$ 33,949	\$ 33,388
Silver	450	647	611	695	657	698	521	363
Total	42,737	55,973	45,717	50,366	51,224	48,014	34,470	33,751
Cost of sales								
G&A	1,992	1,956	1,827	2,573	1,541	1,663	1,305	1,343
Impairment (reversal) charges and loss on disposals of mining interests	-	(52,926)	-	18,203	-	-	-	41,280
Share-based compensation	-	-	582	-	-	-	548	-
Social contributions	779	1,200	846	836	808	957	557	512
Income (loss) from operations	9,853	70,109	9,451	(5,694)	16,492	15,311	8,621	(34,432)
Finance costs, net of income	(8,020)	(7,911)	(7,774)	(7,542)	(7,815)	(8,033)	(9,132)	(3,460)
Gain (loss) on financial instruments	(1,196)	1,142	-	(346)	(528)	-	19,689	17,872
Wealth tax	-	16	(934)	-	-	61	(2,292)	114
Foreign exchange and other	(107)	(271)	65	(151)	103	(8)	(188)	(146)
Income (loss) before taxes	530	63,085	808	(13,733)	8,252	7,331	16,698	(20,052)
Income tax (provision) recovery	(1,577)	(26,913)	(1,592)	(1,521)	(180)	(7,266)	(5,872)	627
Net income (loss)	(1,047)	36,172	(784)	(15,254)	8,072	65	10,826	(19,425)
Basic and diluted income (loss) per share								
	(0.05)	1.77	(0.04)	(0.82)	0.52	0.01	2.23	(12.29)
Adjusted EBITDA (4)	13,844	21,263	13,591	16,447	19,712	18,299	11,586	9,984
Adjusted net income (loss) (4)	3,835	4,123	3,084	3,430	8,103	3,857	251	(2,954)
Adjusted basic and diluted income (loss) per share (3) (4)								
	0.19	0.20	0.16	0.19	0.52	0.42	0.05	(1.87)
Excess Cash Flow (2) (5)	2,293	3,228	2,276	503	112	2,276	23	N/A

(1) Per ounce sold.

(2) Refer to "Non-IFRS and Additional Financial Measures" on pages 21-24.

(3) Per share information has been adjusted to reflect the 1:15 consolidation completed on April 25, 2017.

(4) Refer to pages 22-23 for reconciliations of adjusted EBITDA and adjusted net income and adjusted income per share to the Interim Financial Statements for the third quarter and first nine months of 2017 and 2016.

(5) As defined by the indentures for the Senior Debentures. See page 23 for the reconciliation for the third quarter and first nine months of 2017 and 2016. Not applicable to periods prior to 2016.

## Liquidity and Capital Resources

With the 2018 Debentures maturing within the next 12 months, the \$30.7 million carrying value of the obligation moved into current liabilities as of September 30, 2017, increasing the Company's working capital deficit to \$38.9 million. Pursuant to the terms of the indenture for the 2018 Debentures, the Company has the option of issuing common shares to settle this obligation at maturity in August 2018, subject to the share price being above \$1.95 per share. If the share price is below \$1.95 per share at maturity, the Company must pay 19% of the principal amount outstanding in cash, equivalent to approximately \$8.6 million based on the issued and outstanding balance as of November 13, 2017, and the balance of 81% of the aggregate principal amount can be settled in shares. At September 30, 2017, the Company has accumulated \$2.1 million of cash in the sinking fund for the 2018 Debentures and the Company believes that it will be able to generate the remaining funds required to settle the cash portion of the 2018 Debentures at maturity, if necessary, from its Excess Cash Flow. The principal amount of the 2018 Debentures outstanding at maturity is also subject to change if holders elect to convert their debt into shares prior to maturity.

In 2017, the Company maintained its focus on its operating working capital deficit (excluding the 2018 Debentures) which improved to \$8.3 million at September 30, 2017 from \$11.3 million at December 31, 2016, key components of which include:

- *Cash - \$3.3 million*; up \$0.6 million from the end of 2016 after reflecting \$7.8 million of Excess Cash Flow (see computation on page 23 of this MD&A) generated in the first nine months of 2017 that has been deposited to the sinking funds for the Senior Debentures, of which \$2.1 million was used under the NCIB to repurchase 2020 Debentures at a discount for cancellation and \$3.0 million was used for a partial redemption of the 2020 Debentures at par.
- *Accounts receivable – current portion of \$9.6 million*, down \$1.8 million from December 31, 2016 principally due to a \$2.3 million decrease in recoverable VAT.
- *Accounts payable and accrued liabilities - \$21.0 million*, up \$4.3 million from December 31, 2016, largely driven by the impact of the Company's production growth in 2017. The Company is maintaining the aging of its suppliers' accounts in line with normal terms.
- *Amounts payable for acquisitions of mining interests - \$11.1 million* related to the Marmato Project, up slightly from \$11.0 million at December 31, 2016 largely due to accrued interest and foreign exchange adjustments, offset by \$0.5 million of payments under agreements related to the acquisition of mining titles in the first nine months of 2017. Of the total amounts payable at September 30, 2017, \$10.8 million relates to compensation agreements with artisanal miners in the Croesus area of the Marmato Project. Payments related to these compensation agreements have been suspended since 2013 and the Company is currently evaluating its options with respect to these obligations in light of its expected future underground development activities.
- *Current portion of long-term debt, excluding the 2018 Debentures - \$0.3 million*, down from \$1.2 million at December 31, 2016, for payments over the next 12 months under finance leases for mining and other equipment at the Segovia Operations. The Company made the final repayments of its local Colombian bank term loan at maturity in the third quarter of 2017.
- *Current portion of provisions - \$4.8 million*, up from \$3.3 million at December 31, 2016. The September 30, 2017 balance includes \$0.8 million for the next 12 monthly payments to fund the ongoing health plan obligations at the Segovia Operations and \$4.0 million related to the payments to be made over the next 12 months for environmental discharge fees at Segovia related to 2012 through 2017.
- *Income tax payable - \$2.2 million*, down from \$6.1 million at December 31, 2016. The decrease in the first nine months of 2017 reflects \$14.8 million of income taxes paid (mainly in the first half of the year) net of \$10.4 million of current provision for income taxes recorded against earnings for the first nine

months of 2017, principally associated with the Company's Colombian mining operations.

### **Operating activities**

Net cash provided by operating activities in the first nine months of 2017 amounted to \$32.6 million, a \$7.9 million increase over the first nine months of 2016. Factors contributing to this year-over-year increase included a \$14.9 million decrease in cash used for non-cash working capital items (VAT in arrears and supplier payment programs in 2016) and a \$3.9 million decrease in equity and wealth tax payments, partially offset by a \$10.7 million net increase in income taxes paid in the first nine months of 2017 compared with the same period last year.

### **Investing activities**

Cash used in investing activities in the first nine months of 2017 largely represented additions to mining interests in the amount of \$17.9 million as follows:

- *Sustaining capital expenditures.* The Company incurred \$17.9 million of sustaining capital expenditures in the first nine months of 2017, including \$16.5 million at the Segovia Operations, \$0.9 million at the Marmato Underground mine, \$0.4 million on the Marmato Project and less than \$0.1 million at its new corporate office in Toronto;
- A \$0.5 million decrease in *amounts payable for the acquisitions of mining interests*, principally related to mining titles at the Marmato Project (refer to discussion on page 15); and,
- A \$0.5 million increase in *accounts payable and accrued liabilities* related to capital expenditures during the first nine months of 2017.

Sustaining capital expenditures at the Segovia Operations of \$16.5 million in the first nine months of 2017 included (i) \$6.8 million for exploration and mine development, (ii) \$5.8 million for the mines including completion of a ventilation shaft at the Providencia mine, commencement of ventilation improvements at the El Silencio mine, installation of mine refuge stations, mine equipment and other infrastructure upgrades, (iii) \$2.5 million for further upgrades of equipment in the Maria Dama plant and laboratory, including initiation of the project to expand the tailings storage facility, and (iv) \$1.2 million to commence installation of a water treatment plant as part of the Company's plan to improve the quality of water being discharged into the environment from dewatering of the mines and tailings ponds. It should also be noted that the Company completed a number of initiatives in the third quarter of 2017 that have eliminated the discharge of excess operational waters to the environment, thereby reducing future environmental discharge fees.

In the first nine months of 2017, the Company received \$0.4 million of the amounts receivable from the sale of its CIIGSA refinery interest in May 2015. As of September 30, 2017, there is a balance of \$0.8 million to be received in one final instalment in April 2018.

### **Financing activities**

In the first nine months of 2017, the Company used a total of \$14.5 million of its operating cash flow to fund financing activities, including \$5.8 million of net interest payments, of which \$5.1 million related to the Senior Debentures. The Company also deposited \$7.8 million of Excess Cash Flow into the sinking funds for the Senior Debentures (see discussion on page 17 regarding the use of these funds) and funded \$0.9 million of long-term debt repayments.

### ***Excess Cash Flow and Sinking Funds for the Senior Debentures***

The Company is obligated to pay 25% and 75% of its Excess Cash Flow (as defined on page 21) into separate sinking funds for the 2018 Debentures and the 2020/2024 Debentures, respectively. The payments are to be made no later than five business days following the date on which the Company files its financial information each quarter. To date, the Company has deposited a total of \$2.7 million and \$8.0 million into the sinking funds for the 2018 Debentures and the 2020/2024 Debentures, respectively, in connection with its Excess Cash Flow for the full year 2016 and the first nine months of 2017. As noted on page 4 of this MD&A, the Company commenced NCIBs in July 2016 to repurchase debentures on the open market for cancellation to be funded by these sinking funds as permitted under the indentures for the Senior Debentures. As of September 30, 2017, after NCIB repurchases and the \$3.0 million partial redemption of the 2020 Debentures on July 31, 2017, non-current cash in trust included \$2.1 million and \$1.1 million of cash on deposit in the sinking funds for the 2018 and 2020/2024 Debentures, respectively.

### ***Colombian Finance Lease Facilities***

The Company has three finance leases amounting to a total of approximately COP 1.5 billion (net of future interest) at September 30, 2017, equivalent to approximately \$0.5 million, relating to the acquisition of mining and other equipment in Segovia. These finance leases are paid on a monthly basis over terms expiring through March 2019. The Company has the option to purchase the assets under lease at the end of the lease terms for a total of approximately \$0.1 million.

### **Financial Instruments**

The carrying value of accounts payable and accrued liabilities and amounts payable for property acquisitions approximates their respective fair values as they are short-term in nature. The carrying value of the long-term debt (excluding the Senior Debentures) approximates its fair value as it is at floating rates. The Senior Debentures are carried at amortized cost. Based on the quoted TSX closing market prices on September 30, 2017, the estimated fair values of the 2018 Debentures, 2020 Debentures and 2024 Debentures would be approximately \$38.5 million, \$45.0 million and \$47.0 million, respectively.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Risks and Uncertainties**

Exploration, development and mining of precious metals involve numerous inherent risks as a result of the economic conditions in the various areas of operation. As such, the Company is subject to several financial, operational and political risks that could have a significant impact on its profitability and levels of operating cash flows. Although the Company assesses and minimizes these risks by applying high operating standards, including careful management and planning of its facilities, hiring qualified personnel and developing their skills through training and development programs, these risks cannot be eliminated.

Such risks include:

- Liquidity risks;
- Indebtedness of the Company;
- Servicing indebtedness;

- Metal price volatility;
- Future production rates;
- Financing risks;
- Indebtedness – restrictive covenants;
- Current global markets and economic conditions;
- Availability and cost of supplies;
- Exploration, development and operations;
- Risks with title to mineral properties;
- Changes in environmental laws;
- Mining risks and insurance risks;
- Additional indebtedness;
- Risks related to the 2018 Debentures:
  - Ranking; absence of covenant protection; financing the change of control provision; market for the 2018 Debentures; dilution and potential material change of control; and requirement to sell common shares in certain circumstances;
- Risks related to the 2020/2024 Debentures:
  - Ranking; collateral; voiding the 2020/2024 Debentures or guarantees; bankruptcy and insolvency laws; subordinated collateral; reduction of pool of assets securing the 2020/2024 Debentures; release of collateral; perfecting security interests; financing the change of control provision; no public market for 2020/2024 Debentures; dilution and potential material change of control; and requirement to sell common shares in certain circumstances;
- Tax risks related to the Debentures;
  - Change in tax laws; withholding tax and participating debt interest;
- No public market for the unlisted Gold-linked warrants;
- Interest rate risk;
- Price risk;
- Currency risk;
- Regulatory approvals;
- Environmental permits;
- Changes in legislation;
- Corruption;
- Labour matters and employee relations;
- Economic and political factors:
  - Colombia:
    - Emerging market country; economic and political developments; exchange controls; decline in economic growth; seizure or expropriation of assets; local legal and regulatory systems; Colombia – less developed country; sanctions by the United States government; and guerilla and other criminal activity;
  - Venezuela;
- Use of and reliance on experts outside Canada;
- Operating history in Colombia;
- Integration risks;
- Governmental regulation and permitting;
- Decommissioning liabilities;
- Shortage of experienced personnel and equipment;
- Potential conflicts of interest;
- Possible volatility of stock price;
- Repatriation of earnings;
- Enforcement of civil liabilities;
- Forward-looking information may prove inaccurate;
- Infrastructure;
- Joint ventures;
- Competition;

- Dividends;
- Service of process and enforcement of judgments outside Canada;
- Resettlement of the town of Marmato; and
- Other risks.

If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently aware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the prices of the Company's securities could decline and investors may lose all or part of their investment.

Readers are encouraged to read and consider the risk factors more specifically described in the Company's Annual Information Form dated as of March 30, 2017 which is available at [www.sedar.com](http://www.sedar.com). Such risk factors could materially affect the future operating results of the Company and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

### **Accounting Policy Changes**

On January 19, 2016, the IASB issued Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12). The amendments apply retrospectively for annual periods beginning on or after January 1, 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences. The implementation of this amendment did not have a material impact on the Company's consolidated financial statements.

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows. The amendments apply prospectively for annual periods beginning on or after January 1, 2017. These amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The implementation of this amendment did not have a material impact on the Company's financial statements.

### **Critical Accounting Policies and Estimates**

The preparation of the consolidated financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Judgments and estimates are continuously evaluated and are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ significantly from the amounts included in the interim financial statements.

The critical judgments and estimates applied in the preparation of the Company's unaudited condensed consolidated financial statements are consistent with those applied and disclosed in Notes 3 and 4 to the Company's consolidated financial statements for the year ended December 31, 2016, including:

- Exploration and evaluation;
- Assets' carrying values and impairment charges;

- Income taxes;
- Mineral reserves and resources;
- Purchase price allocations;
- Impairment;
- Amortization and depletion of mineral properties;
- Fair values of the Gold and Silver Notes; and
- Decommissioning liabilities.

## Recent Accounting Pronouncements

### *Accounting Standards Not Yet Adopted*

The following new standards, and amendments to standards and interpretations, are not effective for the year ending December 31, 2017, and have not been applied in preparing the Company's consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers*: The standard establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. The Company has completed a preliminary analysis of the new standard and has concluded that implementation of IFRS 15 will not have a material impact on the measurement of the Company's revenue.

IFRS 9, *Financial Instruments*: IFRS 9 (2014) has been introduced by the IASB and will replace IAS 39. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. IFRS 9 provides a revised model for recognition and measurement of financial instruments with two classification categories: amortized cost and fair value. As well, under the new standard a single impairment method is required, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes a substantially reformed approach to hedge accounting that aligns accounting more closely with risk management. The Company will complete the process of determining the impact of IFRS 9 on its consolidated financial statements by the end of 2017.

In January 2016, the IASB issued IFRS 16, *Leases* ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption provided that IFRS 15 is also adopted. The objective of IFRS 16 is to bring all leases on-balance sheet for lessees. IFRS 16 requires lessees to recognize a "right of use" asset and liability calculated using a prescribed methodology. The Company plans to complete the analysis of the impact of adopting IFRS 16 in its consolidated financial statements by the end of 2018.

In June 2016, the IASB issued amendments to IFRS 2, *Share-based Payments* which include guidance on how to measure the fair value of the liability incurred in a cash-settled share-based payments and clarifies that a cash-settled share-based payment is measured using the same approach as for equity-settled share-based payments (i.e. the modified grant date method). The amendments also clarify the conditions under which a share-based payment transaction with employees settled net of tax withholding is accounted for as equity-settled. Additional amendments clarify the accounting for modifications to plans that result in plans changing from equity to cash settled. Companies are required to apply the amendments for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company believes that the

implementation of the new standard will not have a material impact in its consolidated financial statements in future periods.

In December 2016, the IASB issued IFRIC 22, *Foreign Currency Transactions and Advance Consideration* (“IFRIC 22”), which clarifies the date that should be used for translation when a foreign currency transaction involves an advance payment or receipt. IFRIC 22 is applicable for annual periods beginning on or after January 1, 2018. The Company does not expect the implementation of IFRIC 22 will have a material impact on its consolidated financial statements in future periods.

In June 2017, the IASB issued IFRIC 23, *Uncertainty over Income Tax Treatments* (“IFRIC 23”). The interpretation seeks to provide guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. IFRIC 23 is applicable for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted. The Company intends to adopt IFRIC 23 in its consolidated financial statements for the annual period beginning on January 1, 2019. The Company does not expect that IFRIC 23 will have a material impact on its consolidated financial statements.

### **Disclosure Controls and Procedures and Internal Controls Over Financial Reporting**

Disclosure controls and procedures and internal controls over financial reporting have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for evaluating the disclosure controls and procedures and internal controls over financial reporting. In making its assessment of internal controls, management used the *Internal Control – Integrated Framework (2013)* published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the design of the Company’s disclosure controls and procedures and internal controls over financial reporting was effective as at September 30, 2017. There have been no changes in the Company’s internal controls over financial reporting during the three months ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

#### **Limitations of Controls and Procedures**

The Company’s management, including the Chief Executive Officer and the Chief Financial Officer, believes that any disclosure controls and procedures and internal controls over financial reporting, no matter how well designed and operated, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

### **Non-IFRS and Additional Financial Measures**

The Company has included additional financial performance measures in this MD&A, such as adjusted EBITDA, Excess Cash Flow, adjusted net income or loss and total cash costs (by-product) and AISC on a per ounce basis. These non-IFRS measures are 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. These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to other issuers. The Company reports total cash costs and AISC on a sales basis. In the gold mining industry, this is a common performance measure but does not have any standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain

investors use this information to evaluate the Company's underlying performance of its core operations and its ability to generate cash flow. Accordingly, it 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.

Additional financial measures referred to in this MD&A are defined as follows:

**“adjusted EBITDA”** represents earnings before interest (including non-cash accretion of financial obligations), income taxes and depreciation and amortization (“EBITDA”), adjusted to exclude impairment charges, allowance for doubtful accounts, gains or losses on asset dispositions, equity and wealth taxes, share-based compensation, gains/losses on financial instruments and foreign exchange gains/losses.

**“Excess Cash Flow”** is a term defined under the amended and restated indentures for the Company's Senior Debentures and represents adjusted EBITDA less capital, development and exploration expenditures, cash payments of principal and interest on debt, changes in non-cash working capital items and payment of taxes and certain other existing financial obligations of the Company.

**“adjusted net income or loss”** excludes gains/losses and other costs incurred for acquisitions and disposals of mining interests, impairment charges, unrealized and non-cash gains/losses on financial instruments, foreign exchange gains/losses, foreign exchange impacts on deferred income tax as well as other significant non-cash, non-recurring items.

**“total cash costs per ounce”** on a by-product basis is calculated by deducting by-product silver sales revenues from production cash costs, workforce reduction costs and production taxes and dividing the sum by the number of gold ounces sold. Production cash costs include mining, milling, mine site security and mine site administration costs.

**“AISC per ounce”** includes total cash costs per ounce (as defined above) and adds the sum of G&A, sustaining capital and certain exploration and evaluation (“E&E”) costs and a provision for environmental discharge fees, if applicable, all divided by the number of ounces sold. As this measure seeks to reflect the full cost of gold production from current operations, new project capital is not included in the calculation of AISC per ounce. Additionally, certain other cash expenditures, including income and equity tax payments and financing costs, are not included.

The following table provides a reconciliation of **adjusted EBITDA** to the consolidated financial statements:

	Third Quarter		Nine Months	
	2017	2016	2017	2016
<b>Net (loss) income</b>	<b>\$ (1,047)</b>	<b>\$ 8,072</b>	<b>\$ 34,341</b>	<b>\$ 18,963</b>
Depreciation and amortization	3,991	3,220	11,629	8,625
Reversal of impairment	-	-	(52,926)	-
Share-based compensation	-	-	582	548
Finance costs, net of finance income	8,020	7,815	23,705	24,980
Wealth tax	-	-	918	2,231
(Loss) gain on financial instruments	1,196	528	54	(19,161)
Foreign exchange (gain) loss	107	(103)	313	93
Income taxes	1,577	180	30,082	13,318
<b>Adjusted EBITDA</b>	<b>\$ 13,844</b>	<b>\$ 19,712</b>	<b>\$ 48,698</b>	<b>\$ 49,597</b>

The following table provides details of the primary components of **adjusted EBITDA**:

	Third Quarter		Nine Months	
	2017	2016	2017	2016
Revenue	\$ 42,737	\$ 51,224	\$ 144,427	\$ 133,708
Cost of sales, excluding depreciation and amortization	(26,126)	(29,165)	(87,176)	(77,292)
G&A, excluding depreciation and amortization	(1,988)	(1,539)	(5,728)	(4,497)
Social contributions	(779)	(808)	(2,825)	(2,322)
<b>Adjusted EBITDA</b>	<b>\$ 13,844</b>	<b>\$ 19,712</b>	<b>\$ 48,698</b>	<b>\$ 49,597</b>

The following table provides a reconciliation of **Excess Cash Flow**, as defined in the indentures for the Senior Debentures, to the consolidated financial statements:

	Third Quarter		Nine Months	
	2017	2016	2017	2016
<b>Adjusted EBITDA</b>	<b>\$ 13,844</b>	<b>\$ 19,712</b>	<b>\$ 48,698</b>	<b>\$ 49,597</b>
Additions to mining interests	(6,644)	(4,666)	(17,923)	(11,177)
Repayment of long-term debt	(385)	(383)	(1,168)	(1,111)
Change in cash held for debt service	166	(28)	218	(130)
Interest paid, net	(2,024)	(3,354)	(5,762)	(7,908)
Debt restructuring costs paid	-	-	-	(1,714)
Equity and wealth taxes paid	(463)	(2,871)	(936)	(4,807)
Income taxes paid, net of refunds	(1,150)	(1,478)	(14,836)	(4,165)
Payments of health obligations	(265)	(580)	(621)	(994)
Environmental discharges fees paid	(327)	(500)	(1,032)	(1,192)
Proceeds received from sale of CIIGSA refinery	-	125	372	125
Changes in non-cash working capital items	(459)	(5,865)	787	(14,113)
<b>Excess Cash Flow</b>	<b>\$ 2,293</b>	<b>\$ 112</b>	<b>\$ 7,797</b>	<b>\$ 2,411</b>

The following table provides a reconciliation of **adjusted net income** and **adjusted net income per share** to the consolidated financial statements:

	Third Quarter		Nine Months	
	2017	2016	2017	2016
<b>Net (loss) income</b>	<b>\$ (1,047)</b>	<b>\$ 8,072</b>	<b>\$ 34,341</b>	<b>\$ 18,963</b>
Reversal of impairment, net of tax	-	-	(35,460)	-
(Loss) gain on financial instruments, net of tax	879	388	40	(14,083)
Tax impact of conversions of Senior Debentures	-	(3,729)	67	(3,729)
Accretion of senior debt discount, net of tax	3,954	3,714	11,863	10,304
Foreign exchange loss (gain), net of tax	49	(72)	191	147
Impact of foreign exchange on provision for income taxes	-	(270)	-	609
<b>Adjusted net income</b>	<b>\$ 3,835</b>	<b>\$ 8,103</b>	<b>\$ 11,042</b>	<b>\$ 12,211</b>
<b>Adjusted net income per share</b>	<b>\$ 0.19</b>	<b>\$ 0.52</b>	<b>\$ 0.55</b>	<b>\$ 1.17</b>

The following tables reconcile **total cash costs per ounce sold** and **AISC per ounce sold** as disclosed in this MD&A to the consolidated financial statements:

(\$000's except ounces and per ounce data)	Third Quarter		Nine Months	
	2017	2016	2017	2016
Gold sales (ounces)	33,932	39,017	117,545	107,605
<b>Total cash costs</b>				
Production costs	\$ 23,939	\$ 26,137	\$ 80,154	\$ 70,597
Production taxes	1,886	2,184	6,235	5,731
Workforce reduction costs	-	728	-	728
Silver revenues	(450)	(657)	(1,708)	(1,876)
Total cash costs on a by-product basis	\$ 25,375	\$ 28,392	\$ 84,681	\$ 75,180
<b>Total cash costs per ounce sold</b>	<b>\$ 748</b>	<b>\$ 728</b>	<b>\$ 720</b>	<b>\$ 699</b>
<b>AISC</b>				
Total cash costs on a by-product basis	\$ 25,375	\$ 28,392	\$ 84,681	\$ 75,180
G&A, excluding depreciation and amortization	1,934	1,539	5,674	4,497
Sustaining capital and E&E costs	5,298	4,462	17,852	9,584
Provision for environmental charges	301	116	787	236
Total AISC	\$ 32,908	\$ 34,509	\$ 108,994	\$ 89,497
<b>AISC per ounce sold</b>				
Total cash costs on a by-product basis	\$ 748	\$ 728	\$ 720	\$ 699
G&A, excluding depreciation and amortization	57	39	48	42
Sustaining capital and E&E costs	156	114	152	89
Provision for environmental charges	9	3	7	2
AISC per ounce sold	<b>\$ 970</b>	<b>\$ 884</b>	<b>\$ 927</b>	<b>\$ 832</b>

Sustaining capital expenditures are defined as those expenditures which do not increase annual gold ounce production and, if applicable, excludes all expenditures at the Company's special projects and certain expenditures at the Company's operations which are deemed by management to be expansionary in nature. The following table reconciles **sustaining capital expenditures and E&E costs** to the Company's total additions as reported in the consolidated statements of cash flows:

	Third Quarter		Nine Months	
	2017	2016	2017	2016
<b>Additions to mining interests</b>				
Sustaining capital and E&E costs	\$ 5,298	\$ 4,462	\$ 17,852	\$ 9,584
Segovia plant expansion project	-	195	-	995
Change in accounts payable and accrued liabilities related to capital expenditures	1,269	(381)	(464)	(433)
Change in amounts payable for acquisitions of mining interests	77	390	535	1,031
	<b>\$ 6,644</b>	<b>\$ 4,666</b>	<b>\$ 17,923</b>	<b>\$ 11,177</b>

## Outlook

The Company has produced a total of 139,117 ounces of gold through the first ten months of 2017 and now believes it will produce a total of 165,000 to 170,000 ounces for the full year compared with the 149,708 ounces produced in 2016. Production growth at the Company's Segovia Operations has been solid in 2017, even with the impact of a 42-day disruption in operations in the third quarter. With a total of 117,931 ounces of gold produced through the first ten months of 2017, Segovia is on pace to produce between 140,000 and 145,000 ounces this year, up from 126,261 ounces in 2016 and the Marmato Underground mine is expected to meet its 2017 production guidance range of 24,000 to 26,000 ounces of gold.

The Company's total cash cost and AISC averaged \$720 and \$927 per ounce sold, respectively, in the first nine months of 2017. These results were adversely impacted by the civil disruption at Segovia in the third quarter of 2017. Despite this, the Company continues to expect that its fourth quarter 2017 operating and financial performance will bring the total cash cost and AISC averages for the full year 2017 to below \$720 and about \$900 per ounce sold, respectively.

The Company has deposited a total of \$7.8 million representing its Excess Cash Flow for the first nine months of 2017 into the sinking funds for the Senior Debentures. Provided gold prices remain at least at the current level over the final two months of the year and Segovia's gold production in November and December meets expectations, the Company expects to generate Excess Cash Flow for the full year in the order of \$16 million and it will continue to consider, as appropriate, additional NCIB purchases and /or partial redemptions, if appropriate, as a means to reduce its 2020 Debentures ahead of maturity.

## Cautionary Note Regarding Forward Looking Statements

Certain statements in this MD&A constitute forward-looking information. Often, but not always, forward-looking statements use words or phrases such as: "expects", "does not expect" or "is expected", "anticipates" or "does not anticipate", "plans" or "planned", "estimates" or "estimated", "projects" or "projected", "forecasts" or "forecasted", "believes", "intends", "likely", "possible", "probable", "scheduled", "positioned", "goal", "objective" or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking statements, including but not limited to statements with respect to anticipated business plans or strategies, reductions of total cash costs and AISC per ounce sold and interest payments, sinking funds and NCIBs related to the Senior Debentures, involve known and unknown risks, uncertainties and other factors which may cause the actual actions, events and results to be materially different from estimated actions, events or results expressed or implied by such forward-looking statements. The Company believes the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "*Risk Factors*" in the Company's Annual Information Form dated as of March 30, 2017, which is available for review on SEDAR at [www.sedar.com](http://www.sedar.com). 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 information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws.