

GRAN COLOMBIA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED SEPTEMBER 30, 2018 November 13, 2018

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 condensed consolidated financial statements and related notes thereto for the three and nine months ended September 30, 2018 (the "Interim Financial Statements"), which are available on the Company's web site at www.grancolombiagold.com and on www.sedar.com. Readers are encouraged to read the Cautionary Note Regarding Forward Looking Information included on page 34 of this MD&A and the Company's Annual Information Form dated as of March 27, 2018, also available on the Company's website 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"). Reference should also be made to pages 24-27 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 First Nine Months 2018 Highlights

- Total **gold production** of 57,163 ounces in the third quarter of 2018, up 54% over the third quarter of 2017, brought the total gold production for the first nine months of 2018 to 162,741 ounces, up 33% over the first nine months last year. The Company followed this up with a further 18,065 ounces of gold produced in October 2018. Fueled by continued growth in the Company's high-grade Segovia Operations, the Company's trailing 12-months' total gold production increased to 215,509 ounces as of October 2018, up 24% over the total for 2017 of 173,821 ounces. The Company expects that it will produce between 214,000 and 220,000 ounces of gold this year.
- **Revenue** increased 56% in the third quarter of 2018 over the third quarter last year to \$66.6 million bringing the first nine months 2018 total revenue to \$200.3 million, up 39% over the first nine months last year, of which 35% was driven by the increased level of gold production this year. The average realized gold price in the first nine months of 2018 was \$1,253 per ounce, up 3% over the first nine months last year. However, most of this improvement occurred in the first half of 2018 as spot gold prices in the third quarter of 2018 fell about 8% compared to the average for the first half of 2018, reducing the Company's realized gold price in the third quarter of 2018 to \$1,186 per ounce compared with \$1,246 per ounce in the third quarter last year.
- The Company continued to hold its **total cash costs** and **all-in sustaining costs ("AISC")** in the third quarter and first nine months of 2018 below its guidance range. For the third quarter of 2018, total cash costs and AISC averaged \$657 per ounce and \$888 per ounce, respectively, bringing the first nine months 2018 averages to \$674 per ounce and \$899 per ounce, respectively. See page 26 for the computation of these non-IFRS measures. For 2018, the Company continues to expect that its total cash costs and AISC averages for the full year will remain below \$735 per ounce and \$950 per ounce, respectively.
- The Company reported **adjusted EBITDA** of \$24.7 million for the third quarter of 2018, up from \$13.8 million in the third quarter of 2017, bringing the first nine months 2018 adjusted EBITDA to a total of \$78.7 million, up 62% over the first nine months last year. The trailing 12-months adjusted EBITDA at the end of September 2018 stood at \$105.4 million, up 40% over 2017's annual adjusted EBITDA of \$75.5 million, driven by production growth, better realized gold prices and continued efforts to control operating costs. See page 25 for the computation of this non-IFRS measure.

- The Company **successfully transformed its capital structure in 2018**, eliminating the convertible debentures which exposed shareholders to further dilution and providing the Company with greater access to its internally generated free cash flow to explore, expand and modernize its mining operations. In the process, the Company strengthened its balance sheet by reducing its debt to equity ratio, improving its working capital, and increasing its cash position, which stood at \$29.5 million at September 30, 2018.
- Key to the capital structure transformation was the completion of a **\$98 million Offering of Units** at the end of April 2018, comprising 8.25% senior secured gold-linked notes due 2024 (the “Gold Notes”) and warrants (the “2024 Warrants”), which facilitated the redemption at par of the remaining 2020 and 2024 Debentures in May 2018 and the return of \$9.6 million of cash held in a sinking fund for the debentures. The 2024 Warrants commenced trading on the Toronto Stock Exchange (“TSX”) under the symbol “GCM.WT.B” in early September 2018 and the Gold Notes commenced trading on the TSX under the symbol “GCM.NT.U” in early October 2018. As of October 31, 2018, the aggregate principal amount of Gold Notes issued and outstanding had been reduced through quarterly repayments to \$88.3 million.
- In August 2018, the Company **completed the repayment of its 2018 Debentures**, exercising its option to repay the remaining \$32.1 million aggregate principal amount of the 2018 Debentures outstanding, together with accrued interest, entirely with common shares, increasing the total issued and outstanding common shares of the Company to 48.2 million and recovering \$3.5 million of cash held in a sinking fund for these debentures. Including the 2024 Warrants, the Company’s fully diluted common shares would total approximately 60.3 million.
- On October 29, 2018, the Company announced that **Fitch Ratings** has upgraded it to ‘B’ from ‘B-’ with a Stable Outlook citing the foregoing capital structure improvements and the enhanced mine plan at its Segovia Operations focused on cost reductions and high grade ore bodies which are driving cash flow generation as the key factors leading to the upgrade.
- To facilitate trading of the Company’s common shares in the United States, in early October 2018, the Company upgraded its listing to the **OTCQX® Best Market** where its common shares now trade under the symbol “TPRFF”.
- The Company reported **net income** for the third quarter of 2018 of \$12.4 million, or \$0.31 per share, compared with a net loss of \$1.0 million, or \$0.05 per share, in the third quarter last year. For the first nine months of 2018, the Company reported a net loss of \$13.0 million, or \$0.43 per share, compared with net income of \$32.0 million or \$1.58 per share, in the first nine months last year. The net loss reported for the first nine months of 2018 includes \$22.2 million of losses on financial instruments, primarily triggered by the extinguishment of the 2020 and 2024 Debentures in the second quarter, and a \$7.6 million charge for the costs associated with the Offering completed in the second quarter of 2018. The net earnings in the first nine months of 2017 included a reversal of impairment of the Segovia Operations in the amount of \$45.3 million.
- **Adjusted net income** for the third quarter of 2018 was \$9.9 million, or \$0.25 per share, up from \$3.8 million, or \$0.19 per share, in the third quarter last year, bringing the adjusted net income for the first nine months of 2018 to \$28.0 million, or \$0.93 per share, compared with \$13.8 million, or \$0.69 per share, in the first nine months last year. The year-over-year improvement in adjusted EBITDA was the primary driver behind the improved adjusted net earnings in 2018. See the reconciliation on page 27 for the computation of this non-IFRS measure.
- The Company continues to prioritize its **exploration** and development activities to identify avenues to expand its reserves and resources, and ultimately to increase production, from its cash-generating, high-grade Segovia Operations. Through the first nine months of 2018, the Company completed 128 holes representing approximately 81% of the 20,000 meters of drilling planned for Segovia this year. On October 3, 2018, the Company announced that it had identified a new structure at its Sandra K mine, interpreted as a splay off the Techo Vein and termed the 6640 Vein, and in-fill drilling at the Providencia

mine was successful in outlining a new high-grade zone to the west of and near the high-grade orebody that is currently in production. Overall, results from the 2018 drilling program thus far are continuing to increase confidence in the mineral resources at the three producing mines and initial results from step-out drilling at the Cristales Vein, one of the other 24 known vein systems in the Segovia title which has the potential to become a future mining operation, have been encouraging. Follow-up directional drilling will be getting underway by the end of this year in the deep zones below the currently delineated resource at El Silencio.

- On October 4, 2018, the Company announced that the early results from the 2018 drilling campaign, which commenced in June 2018, at the **Marmato Project** have outlined two new zones of Deeps-style mineralization and continue to increase confidence in the geological model.
- On October 9, 2018, the Company announced that drilling carried out by IAMGOLD in 2017 and thus far in 2018 on the Company's **Zancudo Project** has identified a new manto structure in the North Zone and a potential ore shoot on both the Manto Antiguo and Manto Inferior structures in the South Zone, all of which merit further evaluation. IAMGOLD has approximately 2,000 meters of drilling to complete for the remainder of this year to confirm the continuity of the new manto structure in the North Zone.
- In 2018, the Company has acquired an approximately 17% equity investment in Sandspring Resources Ltd. ("Sandspring"), a Canadian junior mining company currently moving toward a feasibility study for the multi-million-ounce Toroparu Project in the western Guyana gold district. Sandspring concurrently completed the acquisition of a 100% interest in the Chicharron Project located within the Company's mining title at Segovia.

Selected Financial Information

	Third Quarter		First Nine Months	
	2018	2017	2018	2017
Operating data				
Gold produced (ounces)	57,163	37,039	162,741	122,122
Gold sold (ounces)	55,601	33,932	158,262	117,545
Average realized gold price (\$/oz sold)	\$ 1,186	\$ 1,246	\$ 1,253	\$ 1,214
Total cash costs (\$/oz sold) ⁽¹⁾	657	748	674	720
All-in sustaining costs (\$/oz sold) ⁽¹⁾	888	971	899	928
Financial data (\$000's, except per share amounts)				
Revenue	\$ 66,605	\$ 42,737	\$ 200,318	\$ 144,427
Adjusted EBITDA ⁽¹⁾	24,701	13,844	78,650	48,698
Net income (loss)	12,397	(1,047)	(12,993)	31,952
Per share - basic	0.31	(0.05)	(0.43)	1.58
Per share - diluted	0.19	(0.05)	(0.53)	0.50
Adjusted net income ⁽¹⁾	9,930	3,835	27,981	13,758
Per share - basic	0.25	0.19	0.93	0.69
Per share - diluted	0.21	0.06	0.43	0.19
			September 30, 2018	December 31, 2017
Balance sheet (\$000's):				
Cash and cash equivalents			\$ 29,540	\$ 3,272
Cash in trust for Senior Debentures ⁽²⁾			-	11,911
Gold Trust Account ⁽³⁾			3,087	-
Gold Notes, including current portion – principal amount outstanding ⁽⁴⁾			93,125	-
Senior Debentures, including current portion – principal amount outstanding ⁽⁵⁾			-	140,811
Other debt, including current portion			218	439

- (1) Refer to "Non-IFRS Measures" on pages 24-27.
- (2) Represents amounts deposited into sinking funds for the 2018, 2020 and 2024 Debentures (collectively, the "Senior Debentures"), net of amounts used for repurchases and partial redemptions. The remaining cash balances in the sinking funds were returned to the Company after the extinguishment of the Senior Debentures in 2018.
- (3) Represents physical gold deposited by the Company into a trust account to be used to fund the next quarterly Amortization Payment. At September 30, 2018, there were 2,600 ounces accumulated in the Gold Trust Account.
- (4) The Gold Notes are recorded in the Interim Financial Statements at fair value. At September 30, 2018, the carrying amount of the Gold Notes outstanding was \$81.1 million.
- (5) The Senior Debentures were recorded in the Interim Financial Statements at amortized cost and, as such, their carrying amount was at a discount to principal amounts outstanding. At December 31, 2017, the carrying amount of the Senior Debentures outstanding was \$98.7 million.

Outlook

The Company produced a total of 162,741 ounces of gold production in the first nine months of 2018 and another 18,065 ounces in October 2018 with 16,023 ounces from the Segovia Operations and 2,042 ounces from the Marmato Underground mine. The Company has refined its guidance for 2018 and now expects that it will produce between 214,000 and 220,000 ounces of gold for the full year compared with the 173,821 ounces produced in 2017. Production growth will continue to be fuelled by the Company's mines at its high-grade Segovia Operations which are expected to produce about 190,000 ounces in 2018.

With the initiatives in 2018 to simplify the Company's capital structure and strengthen its balance sheet now complete, the Company's focus will centre on taking its Segovia Operations to the next level. Capital investment in 2018 at the Segovia Operations amounted to \$23.1 million in the first nine months of 2018 and is expected to total about \$30 million this year. Emphasis continues to focus on exploration, including the additional 10,000 meters of drilling announced in early August at the deepest levels of the El Silencio mine which will get underway in November, and ongoing mine development at its Providencia and El Silencio mines. Mine development is also expanding production operations at the Sandra K mine in 2018. Capital spending at Segovia in 2018 also includes ongoing investments in mine infrastructure upgrades, ventilation, health, safety and environmental initiatives, mine equipment and expansion of tailings storage facilities at El Chocho.

At Marmato, the Company completed a conceptual study in 2017 to consider the potential for underground mining operations combining the existing operating mine with the new mineralization identified below the existing mine ("Deeps"). In 2018, the Company is following up with further technical studies and, in mid-June, commenced a drilling program of up to 8,500 meters to gather additional data related to the Deeps mineralization to support the technical studies. These efforts are intended to provide further analysis of the underground mine expansion opportunity at Marmato, leading toward the expected completion of a preliminary economic assessment in 2019.

The Company's total cash cost averaged \$674 per ounce sold in the first nine months of 2018 and the Company continues to expect that its total cash cost will average less than \$735 per ounce sold for the full year. The Company also continues to expect that its AISC, which has averaged \$899 per ounce through the first nine months of 2018 will remain below \$950 per ounce for the full year.

The Company is continuing to deposit 1,300 ounces on a monthly basis into the Gold Trust Account as required for the Gold Notes. As the spot gold price was below \$1,250 per ounce, the Company used a put option at \$1,250 per ounce it had acquired to complete the quarterly repayment on October 31, 2018, reducing the aggregate principal amount of the Gold Notes to \$88.3 million. The next scheduled quarterly repayment will take place on January 31, 2019 and the Company has a put option contract in place at \$1,250 per ounce to protect the guaranteed floor price for this repayment as well as the following one on April 30, 2019.

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, PO Box 15, 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 exploration, expansion and modernization activities at its high-grade Segovia Operations.

Issued and Outstanding Securities

At November 13, 2018, the Company had the following securities issued and outstanding:

Securities	TSX Symbol	Number	Shares Issuable	Exercise price per share	Expiry date
<i>Common shares</i>	GCM	48,150,305			
<i>Stock options</i>		47,000	47,000	CA\$27.60	July 2019
		699,999	699,999	CA\$2.55	April 2021
		992,995	992,995	CA\$2.55	April 2022
		81,666	81,666	CA\$2.55	December 2022
		1,200,000	1,200,000	CA\$3.16	June 2023
		3,021,660	3,021,660		
<i>Gold Notes</i>	GCM.NT.U	\$88,250,000	N/A	N/A	April 30, 2024
<i>Warrants</i>	GCM.WT.A	4,211,918	280,795	CA\$48.75	March 18, 2019
	GCM.WT.B	12,151,008	12,151,008	CA\$2.21	April 30, 2024

In 2018, the Company has successfully completed several initiatives to simplify its capital structure, reduce its debt to equity ratio, strengthen its balance sheet and reduce the exposure for its shareholders to potential dilution from the conversion of its Senior Debentures. As outlined in further detail below, these initiatives included the issuance of the Gold Notes to refinance its remaining 2020 and 2024 Debentures and the repayment of the remaining 2018 Debentures at Maturity with common shares. As the funds accumulated in the respective sinking funds were not required to achieve either of these initiatives, a total of \$13.1 million of cash (including a net amount of \$1.2 million deposited by the Company in 2018) was returned in the second and third quarters of 2018 by the Trustee for the Senior Debentures to the Company.

Issuance of Gold Notes on April 30, 2018 to Refinance 2020 and 2024 Debentures

On April 30, 2018 (the "Closing Date"), the Company completed a private placement of 97,992 Units of the Company for aggregate gross proceeds of \$97,992,000 (the "Offering") to refinance its 2020 and 2024 Debentures. Each Unit consisted of \$1,000 principal amount of Gold Notes and 124 of the 2024 Warrants (12,151,008 of the 2024 Warrants in aggregate). Each 2024 Warrant has an exercise price of CA\$2.21 and entitles the holder thereof to purchase one common share in the capital of the Company at any time prior to April 30, 2024. The Gold Notes and 2024 Warrants comprising each Unit separated 45 days following the Closing Date. The 2024 Warrants were listed for trading on the TSX under the symbol "GCM.WT.B" in early

September 2018. In early October 2018, the Gold Notes were listed for trading on the TSX under the symbol “GCM.NT.U”.

Total proceeds from the Offering comprised approximately \$75.1 million received in cash and approximately \$22.9 million aggregate principal amount of 2020 and 2024 Debentures rolled over by holders at par into the Offering in exchange for their 2020 and 2024 Debentures. After paying approximately \$7.5 million for fees and expenses related to the Offering, net cash proceeds amounted to approximately \$67.6 million.

On the Closing Date, the Company provided notice to the Trustee of its Senior Debentures that, on May 14, 2018 (the “Redemption Date”), the Company would redeem all of the principal amount of its outstanding 2020 and 2024 Debentures at a redemption price equal to \$1 for each \$1 principal amount, plus accrued and unpaid interest up to (but excluding) the Redemption Date. During the period from January 1 to May 11, 2018, holders had elected to convert \$2.0 million aggregate principal amount of 2020 Debentures and \$7.4 million aggregate principal amount of 2024 Debentures into a total of 4,784,795 common shares. This left a total of \$46.7 million aggregate principal amount of 2020 Debentures and \$39.6 million aggregate principal amount of 2024 Debentures to be redeemed on the Redemption Date. Of these amounts, holders of \$7.6 million aggregate principal amount of 2020 Debentures and \$15.3 million aggregate principal amount of 2024 Debentures elected to roll their debt into the Offering in lieu of receiving cash from the redemption. As such, the Company required only \$63.5 million of the net cash proceeds from the Offering to complete the redemptions of the 2020 and 2024 Debentures, adding approximately \$4.1 million to the Company’s cash position in the second quarter of 2018. The Company’s cash position was also bolstered in the second quarter of 2018 by the return of the \$9.6 million balance of the sinking fund for the 2020 and 2024 Debentures that was not required by the Trustee to fund the redemptions.

The Gold Notes have a six-year term, bear interest at 8.25% per annum (paid monthly) and represent a senior secured obligation of the Company. The Company is required to deposit an amount of physical gold each month in a trust account (the “Gold Trust Account”) and the proceeds from the quarterly sale of the gold will be used to repay the principal amount of the Gold Notes based on a guaranteed floor price of \$1,250 per ounce. Any proceeds on the quarterly sale of the gold from the Gold Trust Account resulting from the London PM Fix being higher than \$1,250 per ounce at the 15th of the month prior to the end of each quarterly period will be paid to holders as a Gold Premium and will not be applied to the amortization of the principal amount of the Gold Notes. The scheduled number of physical gold ounces to be deposited annually into the Gold Trust Account ranges from 15,594 ounces in the first year down to 10,000 ounces in the final year of the term of the Gold Notes. In total, the Company will deposit 78,394 ounces of gold into the Gold Trust Account over the full term of the Gold Notes, representing approximately 10% of the currently projected total gold production from the Company’s Segovia Operations over the entire period.

The indenture for the Gold Notes requires that the Company use commercially reasonable efforts to put in place commodity hedging contracts to eliminate or substantially reduce its exposure to gold price fluctuations below \$1,250 per ounce on a rolling four quarters basis. During the second quarter of 2018, the Company purchased put options with a strike price of \$1,250 per ounce, paying a total premium of less than \$0.1 million, to mitigate gold price risk for the first two quarterly repayments on July 31, 2018 and October 31, 2018. The London PM Fix on July 16, 2018 was \$1,241.10 per ounce, and as such, no Gold Premium was applicable. As such, the Company delivered the 3,894 ounces accumulated in the Gold Trust Account against the put option at \$1,250 per ounce to realize the approximately \$4.9 million principal repayment made to Gold Notes’ holders on July 31, 2018. Similarly, on October 15, 2018, the London PM Fix was \$1,229.95, and as such, no Gold Premium was applicable. The Company delivered the 3,900 ounces

accumulated in the Gold Trust Account against the put option at \$1,250 per ounce on October 15, 2018 to realize the approximately \$4.9 million principal repayment made to Gold Notes' holders on October 31, 2018.

As of November 13, 2018, the total principal amount of the Gold Notes outstanding is approximately \$88.3 million, equivalent to 70,600 ounces of gold at the \$1,250 per ounce guaranteed floor price.

Early Settlement of \$7.3 Million of 2018 Debentures and Increase in Interest Rate to 5% Per Annum

On the Closing Date, the Company also completed the early redemption of approximately \$7.3 million aggregate principal amount of 2018 Debentures from holders who elected to exchange their 2018 Debentures for a cash payment equal to 19% of the principal amount of their 2018 Debentures, representing a total payment of approximately \$1.4 million funded by cash held in the sinking fund for the 2018 Debentures, and the remaining 81% of the principal amount settled with common shares, representing the issuance of a total of 3,015,966 common shares, based on the conversion price of \$1.95 per common share.

Furthermore, in accordance with the 2018 Debenture holders consent solicitation process to facilitate the Offering, the Company increased the annual interest rate on the remaining issued and outstanding 2018 Debentures from 1% to 5% effective the Closing Date and through to Maturity.

2018 Debentures' Maturity

During the first half of 2018, holders of the 2018 Debentures elected to convert a total of \$4.3 million aggregate principal amount of 2018 Debentures into 2,186,112 common shares. Subsequent to June 30, 2018 and through to August 10, 2018, debenture holders elected to convert an additional \$1.5 million aggregate principal amount of 2018 Debentures into 791,081 common shares. These conversions, together with the early settlement on the Closing Date, reduced the aggregate principal amount of the 2018 Debentures outstanding at Maturity to \$32.1 million.

The volume weighted average trading price of the Company's common shares on the TSX for the 20 consecutive trading days ending five trading days before Maturity exceeded \$1.95 per share. As such, pursuant to the provisions of the indenture, the Company gave notice on August 3, 2018 to the Trustee that it had elected to satisfy its obligation to repay 100% of the outstanding principal amount of its 2018 Debentures, and all accrued and unpaid interest thereon (collectively, the "Outstanding Balance"), by issuing and delivering common shares. On August 13, 2018, the Company issued a total of 16,483,269 common shares to repay the Outstanding Balance and the Trustee returned the cash held in the sinking fund for the 2018 Debentures in the amount of \$3.5 million (included in cash in trust in current assets at June 30, 2018) to the Company.

Reserves and Resources

Mineral Reserves

On March 27, 2018, the Company announced that SRK Consulting (U.S.), Inc. ("SRK") had completed preliminary results of a Preliminary Feasibility Study ("PFS") for the Segovia Operations effective December 31, 2017. On May 10, 2018, the Company filed a NI 43-101 independent technical report on the Company's website and SEDAR profile that includes the final PFS and detailed information on the key assumptions, parameters and methods used in the PFS. The PFS has provided Segovia's first reported Mineral Reserve of 660,000 ounces of gold based on 1.7 million tonnes of material at an average head grade of 12.4 g/t. For this

PFS, SRK included the geological and resource modelling of the various deposits and mining areas that comprise the operating mine site of the Segovia Operations.

The following table shows a breakdown of the Mineral Reserve as of December 31, 2017 by classification and area:

	Proven			Probable			Proven & Probable		
	Tonnes (000s)	Grade (g/t)	Oz Au (000s)	Tonnes (000s)	Grade (g/t)	Oz Au (000s)	Tonnes (000s)	Grade (g/t)	Oz Au (000s)
Providencia	46	45.4	68	144	19.1	88	190	25.5	156
Sandra K	-	-	-	187	8.3	50	187	8.3	50
El Silencio	-	-	-	1,148	11.3	417	1,148	11.3	417
Carla	-	-	-	135	8.6	37	135	8.6	37
Total	46	45.4	68	1,614	11.4	592	1,660	12.4	660

- (1) Sourced from the NI 43-101 Technical Report, Prefeasibility Study, Segovia Project, Colombia dated May 10, 2018 and effective as of December 31, 2017, prepared by SRK. Some production at Segovia is sourced from mining areas that are not currently included in the Company's Mineral Reserve.
- (2) Ore reserves are reported using a gold cut-off grade (CoG) ranging from 3.5 to 4.6 g/t depending on mining area and mining method. The CoG calculation assume a \$1,250.50/oz Au price, 90.5% metallurgical recovery, \$24/oz smelting and refining charges, \$25/t G&A, \$24/t Processing cost, and mining costs ranging from \$71 to 110/t. Note that costs/prices used here may be somewhat different than those in the final economic model. This is due to the need to make assumptions early on for mine planning prior to finalizing other items and using long term forecasts for the life of mine plan. The reserves are valid as of December 31, 2017. Mining dilution is applied to a minimum mining height and estimated overbreak (values differ by area/mining method) using a zero grade. Reserves are inclusive of Mineral Resources. All figures are rounded to reflect the relative accuracy of the estimates. Totals may not sum due to rounding. Mineral Reserves have been stated on the basis of a mine design, mine plan, and cash-flow model. The underground Mineral Reserves are effective as of December 31, 2017. Proven reserves are stated for the main Providencia area at depth. Other areas of Measured material did not convert to Proven reserves at this time due to potential survey unknowns. The Mineral Reserves were estimated by Fernando Rodrigues, BS Mining, MBA, MMSAQP #01405, MAUSIMM #304726 of SRK, a Qualified Person.

Mineral Resource Estimates

On March 27, 2018, the Company also announced that it had completed an updated Mineral Resource estimate for its Segovia Operations prepared in accordance with the Canadian Institute of Mining Metallurgy and Petroleum ("CIM") Definition Standards incorporated by reference in NI 43-101 with an effective date of December 31, 2017. The Segovia Operations' NI 43-101 independent report filed by the Company on May 10, 2018 also includes detailed information on the key assumptions, parameters and methods used in this Mineral Resource estimate.

The following table summarizes the Company's Mineral Resource estimates ("MRE") for gold at the Segovia Operations and the Marmato Project effective as of December 31, 2017:

	Measured			Indicated			Measured & Indicated			Inferred		
	Tonnes (000s)	Grade (g/t)	Oz Au (000s)	Tonnes (000s)	Grade (g/t)	Oz Au (000s)	Tonnes (000s)	Grade (g/t)	Oz Au (000s)	Tonnes (000s)	Grade (g/t)	Oz Au (000s)
Segovia Operations (1)	213	21.3	146	3,189	10.7	1,100	3,402	11.4	1,246	3,420	10.1	1,107
Marmato Project (2)	2,516	4.8	388	38,467	2.8	3,485	40,983	2.9	3,872	52,219	2.5	4,194

(1) Sourced from the NI 43-101 Technical Report, Prefeasibility Study, Segovia Project, Colombia dated May 10, 2018 and effective as of December 31, 2017, prepared by prepared by Ben Parsons, MSc MAUSIMM (CP#222568) of SRK. Some production at Segovia is sourced from mining areas that are not currently included in the Company's Mineral Resource estimate.

(2) Derived from the NI 43-101 Mineral Resource Estimate on the Marmato Project, Colombia dated November 20, 2017 and effective as of June 16, 2017, prepared by Ben Parsons MSc MAUSIMM (CP#222568) of SRK, an independent Qualified Person under NI 43-101, and updated by SRK for production to December 31, 2017. No open pit Mineral Resources have been declared in this MRE.

Results of Operations and Overall Performance

Gold production

(Ounces)	Third Quarter		First Nine Months	
	2018	2017	2018	2017
Segovia Operations				
Company mines ⁽¹⁾				
El Silencio	23,282	16,256	64,014	57,250
Providencia	22,070	11,408	65,354	34,110
Sandra K	2,080	831	7,003	2,495
Total Company mines	47,432	28,495	136,371	93,855
Other contract mines ⁽²⁾	3,266	1,580	7,870	9,216
Total Segovia Operations	50,698	30,075	144,241	103,071
Marmato Underground	6,465	6,964	18,500	19,051
Total	57,163	37,039	162,741	122,122

(1) Includes Company-operated and contractor-operated areas within the mines. Production from the mines is included in the Company's Mineral Reserve and Resource estimates.

(2) Comprises other small mining operations within the Company's mining title that are operated by miners under contract to deliver the ore mined to the Company's Maria Dama plant for processing. Production from these sources is not included in the Company's Mineral Reserve and Resource estimates.

At the Segovia Operations, gold production in the third quarter of 2018 amounted to 50,698 ounces, bringing the total for the first nine months of 2018 to 144,241 ounces, up 40% compared to the first nine months of 2017, which included the adverse impact of the civil disruption on operations in August last year. In October 2018, Segovia produced 16,023 ounces bringing its trailing 12-months' total gold production as of October 2018 to 190,991 ounces, up 28% from 2017 fuelled by continuing growth in the Company's three operating mines. The Company processed an average of 994 tonnes per day ("tpd") in the first nine months of 2018 with an overall average head grade of 17.1 g/t, continuing to benefit from growth in production from its high-grade Providencia mine. Gold production from the other contract mines operating within the Company's Segovia mining title has been lower in 2018 compared with the prior year as certain of the mines have seen reductions in volume this year as they prepare new blocks for mining. Tonnes received from the other contract mines have also declined in 2018 compared with last year as the Company has raised the cut-off grade for material it will accept from the contract mines to improve its tailings management process while maintaining gold production. There are also several of the new contract mines that have been signed that are still in the certification stage of being onboarded to ensure they are compliant with social security, health and safety and explosives requirements prior to commencing operation with the Company. The Company expects that the Segovia Operations' will produce between 190,000 and 195,000 ounces of gold in 2018.

An improvement in head grades helped the Company's Marmato mine increase its production in the third quarter of 2018 to 6,465 ounces of gold, bringing the total for the first nine months of 2018 to 18,500 ounces, about 3% below the first nine months of 2017. In October 2018, Marmato produced 2,042 ounces bringing its trailing 12-months' total gold production as of October 2018 to 24,518 ounces, down 3% from 2017. The Company continues to expect that 2018's annual gold production from Marmato will range between 24,000 and 26,000 ounces.

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

	2018			2017				2016
	3 rd Qtr	2 nd Qtr	1 st Qtr	4 th Qtr	3 rd Qtr ⁽³⁾	2 nd Qtr	1 st Qtr	4 th Qtr
Segovia Operations								
<i>Company mines ⁽¹⁾</i>								
Tonnes milled	78,703	76,493	65,696	59,567	34,262	49,156	51,158	56,534
Head grade (g/t)	20.10	19.69	19.47	21.43	25.72	22.54	16.68	16.82
Gold produced (ozs) ⁽²⁾	47,432	44,530	44,409	43,484	28,495	36,890	28,470	31,980
<i>Other contract mines ⁽⁴⁾</i>								
Tonnes milled	16,816	15,585	18,137	17,564	10,850	27,479	28,165	19,066
Head grade (g/t)	6.85	5.65	3.91	4.11	5.00	4.12	5.24	5.13
Gold produced (ozs)	3,266	2,541	2,063	2,104	1,580	3,338	4,298	2,846
<i>Total Segovia Operations</i>								
Tonnes milled	95,519	92,078	83,833	77,131	45,112	76,635	79,323	75,600
Tonnes per day (tpd)	1,038	1,012	931	838	490	842	881	822
Head grade (g/t)	17.77	17.31	16.10	17.48	20.73	15.93	12.62	13.87
Mill recovery	90.0%	89.8%	90.5%	90.6%	90.6%	90.6%	90.1%	89.7%
Gold produced (ozs) ⁽²⁾	50,698	47,071	46,472	45,588	30,075	40,228	32,768	34,826
Silver produced (ozs)	42,294	39,263	36,692	35,610	23,068	35,810	31,844	33,215
Marmato Underground								
Tonnes milled	83,077	83,672	88,146	90,752	101,234	84,772	89,727	88,024
Tonnes per day (tpd)	903	919	979	986	1,100	932	997	957
Head grade (g/t)	2.83	2.59	2.55	2.44	2.45	2.48	2.48	2.55
Mill recovery	85.4%	83.7%	85.7%	85.9%	87.4%	86.6%	87.2%	83.9%
Gold produced (ozs)	6,465	5,835	6,200	6,111	6,964	5,847	6,240	6,053
Silver produced (ozs)	10,073	8,667	9,114	9,881	11,067	8,881	9,835	9,174
Total Company								
Gold produced (ozs)	57,163	52,906	52,672	51,699	37,039	46,075	39,008	40,879
Silver produced (ozs)	52,367	47,930	45,806	45,491	34,135	44,691	41,679	42,389

- (1) Comprises the El Silencio, Providencia and Sandra K mines. Includes Company-operated and contractor-operated areas within the mines. Production from these mines is included in the Company's Mineral Reserve and Mineral Resource estimate.
- (2) 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.
- (3) Segovia Operations' production data for the third quarter of 2017 reflects the impact of a 42-day civil disruption that slowed down mining and milling operations.
- (4) Comprises other small mining operations within the Company's mining title that are operated by miners under contract to deliver the ore mined to the Company's Maria Dama plant for processing. Production from these sources is not included in the Company's Mineral Reserve and Mineral Resource estimate.

Revenues

(\$000's except ounce and \$/oz data)	Third Quarter		First Nine Months	
	2018	2017	2018	2017
Gold				
Ounces sold	55,601	33,932	158,262	117,545
Average realized price (\$/oz)	1,186	1,246	1,253	1,214
Silver				
Ounces sold	55,006	31,467	146,292	117,090
Average realized price (\$/oz)	12	14	13	15
Revenues				
Gold	\$ 65,959	\$ 42,287	\$ 198,378	\$ 142,719
Silver	646	450	1,940	1,708
	\$ 66,605	\$ 42,737	\$ 200,318	\$ 144,427

Revenues of \$66.6 million in the third quarter of 2018 brought the total for the first nine months of 2018 to \$200.3 million, up 39% over the first nine months last year, benefitting from 35% higher gold sales volumes, driven by the production growth at the Segovia Operations. The average realized gold price in the first nine months of 2018 was \$1,253 per ounce, up 3% over the first nine months last year. However, most of this improvement occurred in the first half of 2018 as spot gold prices in the third quarter of 2018 fell about 8% compared to the average for the first half of 2018, reducing the Company's realized gold price in the third quarter of 2018 to \$1,186 per ounce compared with \$1,246 per ounce in the third quarter last year. While the Company expects that revenue performance in the fourth quarter of 2018 will continue to benefit from stronger gold sales volumes compared to last year as a result of its projected gold production guidance for 2018, the weaker spot gold prices seen so far in the second half of 2018, if sustained, will continue to have an adverse impact on realized gold prices and revenue compared with the first half of 2018.

Cost of sales

	Third Quarter		First Nine Months	
	2018	2017	2018	2017
Production costs	\$ 34,454	\$ 23,939	\$ 100,316	\$ 80,154
Production taxes	2,705	1,886	8,299	6,235
Provision for environmental fees	1,246	301	2,073	787
Depreciation, depletion and amortization ("DD&A")	7,974	3,987	20,627	11,582
Total cost of sales	\$ 46,379	\$ 30,113	\$ 131,315	\$ 98,758
Total cash costs per ounce ⁽¹⁾				
Production costs	\$ 620	\$ 705	\$ 634	\$ 682
Production taxes	49	56	52	53
By-product credits (silver)	(12)	(13)	(12)	(15)
	\$ 657	\$ 748	\$ 674	\$ 720

(1) See "Non-IFRS Measures" on pages 24-27.

The Company's total cash cost per ounce sold continues to be heavily influenced by the optimized production costs of its Segovia Operations as Segovia accounted for 89% of total gold sales in the first nine months of 2018. The Company's total cash costs decreased to \$657 per ounce in the third quarter of 2018,

as Segovia's total cash costs per ounce continue to benefit from ongoing efforts to control operating costs and a reduction in fixed operating costs per ounce driven by its increased production level this year. For the first nine months of 2018, the Company's total cash cost averaged \$674 per ounce sold, about 6% lower than the first nine months last year, which included the adverse impact of the civil disruption on Segovia's total cash cost per ounce in the third quarter of 2017. The Company continues to expect to meet its guidance for the full year of 2018 with an average total cash cost for the Company below \$735 per ounce sold.

In 2017, the Company completed a number of initiatives at Segovia that resulted in the elimination of the discharge of excess operational waters to the environment by the third quarter last year, thereby reducing future environmental fees related to the operation of the Maria Dama processing plant. In 2017, the Company had recorded its estimated amount of the discharge fees at Segovia that it expected would be applicable to the period in 2017 in which discharges took place. In April 2018, Corantioquia (the local environmental authority) issued an invoice to the Company in the amount of \$1.5 million for its final assessment of 2017's discharge fees which reflected a higher tariff rate than expected by the Company. As such, the Company recorded the additional amount of \$0.8 million as a charge to cost of sales in the second quarter of 2018. In July 2018, Corantioquia issued a resolution assessing a fine in the amount of COP 3.7 billion (equivalent to approximately \$1.2 million at the September 30, 2018 exchange rate) associated with the Company's construction of a tailings storage facility, known as "Pomarossa", on its property which operated between 2014 and 2017. Although the facility was not fully permitted at the time, it was constructed and operated in accordance with environmental norms and standards with minimal environmental impact and has since been fully rehabilitated. In August 2018, the Company filed an appeal of the assessment. In the third quarter of 2018, the Company recorded a provision in the amount of \$1.2 million in cost of sales in connection with this assessment.

DD&A in the first nine months of 2018 of \$20.6 million, up from \$11.6 million in the first nine months last year, reflected the increased gold sales volume in the current year and an increase in the DD&A rate per ounce sold from \$98 in the first nine months of 2017 to \$130 in the first nine months this year as a result of the reversal of impairment at Segovia recorded at the end of the second quarter of 2017 and additional capital investment, predominantly in the Segovia Operations.

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

	2018			2017				2016
	3 rd Qtr	2 nd Qtr	1 st Qtr	4 th Qtr	3 rd Qtr	2 nd Qtr	1 st Qtr	4 th Qtr
Segovia Operations	\$ 616	\$ 624	\$ 616	\$ 662	\$ 700	\$ 620	\$ 690	\$ 664
Marmato Underground	1,052	1,204	1,141	1,109	958	1,062	1,061	1,023
Company average	\$ 657	\$ 696	\$ 670	\$ 719	\$ 748	\$ 676	\$ 748	\$ 725

At the Company's Segovia Operations, total cash costs per ounce of \$616 per ounce in the third quarter of 2018 brought the average for the first nine months of 2018 to \$618 per ounce, down from \$665 per ounce in the first nine months last year. Overall, the increased production level at Segovia in 2018 continues to have a positive impact reducing fixed operating costs on a per ounce basis compared with 2017. The Company continues to expect that Segovia's total cash costs will remain below \$700 per ounce in 2018.

At the Company's Marmato Underground mine, total cash costs per ounce increased to an average of \$1,138 per ounce in the first nine months of 2018 compared with \$1,025 per ounce in the first nine months of

2017 as head grades of material mined in the early part of the second quarter of 2018 declined, having an adverse impact on gold production and total costs per ounce. Mine management responded by raising the cut-off grade and by June 2018 and continuing into the third quarter, the mine's total cash cost per ounce had decreased to below \$1,100 per ounce.

Social contributions

(\$000's)	Third Quarter		First Nine Months	
	2018	2017	2018	2017
Segovia social contributions	\$ 1,109	\$ 779	\$ 3,605	\$ 2,651
Road paving in municipality of Marmato	-	-	-	174
	\$ 1,109	\$ 779	\$ 3,605	\$ 2,825

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 increased production level at Segovia in the first nine months of 2018 compared with the same period last year contributed to the year-over-year increase in social contribution expense.

Other items

(\$000's)	Third Quarter		First Nine Months	
	2018	2017	2018	2017
G&A expenses	\$ 2,394	\$ 1,992	\$ 7,391	\$ 5,775
Reversal of impairment (before tax)	-	-	-	45,307
Share-based compensation expense	-	-	903	582
Finance costs	3,921	8,073	28,726	23,938
Wealth tax expense	-	-	-	918
Gain (loss) on financial instruments	4,163	(1,196)	(22,217)	(54)
Income tax expense	4,808	1,577	19,485	24,852

G&A expenses in the third quarter of 2018 amounted to \$2.4 million, up from \$2.0 million in the third quarter last year. This brings the total G&A expenses for the first nine months of 2018 to \$7.4 million, equivalent to \$47 per ounce sold, compared with \$5.8 million, or \$49 per ounce sold, in the first nine months last year. The increased level of G&A expenses in 2018 reflects several factors including additional personnel-related costs, an increase in investor and public relations initiatives, costs associated with the new corporate office established in Toronto in September 2017 and costs associated with filing a request for institution of arbitration proceedings with the International Centre for Settlement of Investment Disputes against the Republic of Colombia in May 2018. The basis for this arbitration request is being maintained on a confidential basis by the Company at this time as the parties attend to the preliminary procedural matters related to the arbitration process.

The Company recorded a \$45.3 million **reversal of impairment** (\$30.4 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 \$0.9 million in the second quarter of 2018 related to the grant and vesting of 1.2 million stock options at an exercise price of CA\$3.16 per share to directors and senior management of the Company. In 2017, the Company recorded share-based compensation expense of \$0.6 million in the first half related to the grant and vesting of 1.1 million stock options at an exercise price of CA\$2.55 per common share to directors, management and employees. The stock options granted in the current and prior years have a term of five years.

Finance costs amounted to \$2.8 million in the third quarter of 2018 bringing the first nine months 2018 total to \$27.6 million, up from \$23.9 million in the first nine months last year. Finance costs comprise four primary categories as follows:

- *Interest expense - \$6.4 million (net) in the first nine months of 2018*, down from \$6.2 million in the first nine months last year. Of this total:
 - interest on the Senior Debentures has historically been the largest component, amounting to \$2.9 million in the first nine months of 2018, down \$2.2 million compared with the first nine months of 2017, primarily as a result of the redemption of the 2020 and 2024 Debentures in the second quarter of 2018 and maturity of the 2018 Debentures in the third quarter of 2018.
 - interest expense in the first nine months of 2018 included \$3.3 million for the first five months of the newly issued Gold Notes which carry a higher interest rate (8.25% per annum) than the former Senior Debentures. However, the total interest cost to the Company from the Gold Notes will benefit from quarterly reductions in the total principal amount outstanding as a result of the fixed repayment schedule associated with the new debt.
 - the balance of the interest expense is primarily related to the local Colombian long-term debt, Segovia environmental fees payment plans, and amounts payable for mining titles and compensation agreements at the Marmato Project. In total, the interest expense on these obligations amounted to \$0.9 million in the first nine months of 2018 compared with \$1.1 million in the first nine months last year.
 - interest expense in the third quarter and first nine months of 2018 benefitted from a \$0.7 million reversal of accumulated accrued interest associated with a portion of the compensation agreements that were cancelled in September 2018 (see page 18).
- *Non-cash accretion of the debt discount on the Senior Debentures - \$12.7 million in the first nine months of 2018* compared with \$16.1 million in the first nine months of 2017. The fair values assigned by the Company to the Senior Debentures on issuance reflected a discount to their total principal amounts. The debt discount was being accreted to the carrying values of the Senior Debentures over the remaining terms of the debentures using the effective interest method. Accretion of the debt discounts related to the 2020 and 2024 Debentures ceased with their extinguishment in the second quarter of 2018 and ceased with the repayment at Maturity of the 2018 Debentures in the third quarter of 2018.
- *Non-cash accretion of financial obligations - \$2.0 million in the first nine months of 2018* compared with \$1.6 million in the first nine months last year. The Company has financial obligations associated with its funding of health plan contributions at Segovia, decommissioning liabilities at Segovia and Marmato Underground and environmental 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.
- *Debt financing costs - \$7.6 million in the second quarter and first nine months of 2018* (Nil in the prior year) associated with the completion of the Offering since the Gold Notes are carried at fair value.

The Company recorded **wealth tax expense** of \$0.9 million in the first quarter of 2017. Under the December 2016 Colombian tax reform, the wealth tax expired after 2017.

The Company recorded a **loss on financial instruments** in the first nine months of 2018 in the amount of \$22.2 million (compared with \$0.1 million in the first nine months of 2017) that included:

- \$24.8 million of loss associated with the extinguishment of the 2020 and 2024 Debentures in the second quarter of 2018, essentially representing the unamortized debt discount remaining on the 2020 and 2024 Debentures outstanding at the time of their redemption since the debt was redeemed at par.
- \$3.3 million of fair value gain related to the 2024 Warrants, which represent a financial liability to the Company as their exercise price is in Canadian dollars, different than the Company's US dollar functional currency. Consequently changes in the fair value of the 2024 Warrants will be recognized through profit and loss on a quarterly basis.
- Similarly, the Company will recognize changes in the fair value of the Gold Notes through profit and loss on a quarterly basis going forward, other than changes in the fair value of the Gold Notes attributable to changes in the Company's credit risk which will be recognized through other comprehensive income. During the first nine months of 2018, the Company recorded a fair value loss on financial instruments of \$0.6 million through profit and loss related to an increase in the fair value of the Gold Notes and a fair value loss of \$1.7 million through other comprehensive income due to the impact of the reduced credit risk which increased the fair value of the Gold Notes.

The Company recorded **provisions for income taxes** in the third quarter and first nine months of 2018 of \$4.8 million and \$19.5 million, respectively, compared with provisions for income taxes recorded in the third quarter and first nine months of 2017 of \$1.6 million and \$24.9 million, respectively. 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 differences in tax rates in Colombia and other foreign jurisdictions, non-deductible expenses, the tax impact of future tax rate differences and other less individually significant items. Under the December 2016 tax reform, the corporate tax rate (including surcharge) in Colombia is 37% in 2018 and 33% thereafter.

The Company reported **net income** for the third quarter of 2018 of \$12.4 million, or \$0.31 per share, compared with a net loss of \$1.0 million, or \$0.05 per share, in the third quarter last year. For the first nine months of 2018, the Company reported a net loss of \$13.0 million, or \$0.43 per share, compared with net income of \$32.0 million or \$1.58 per share, in the first nine months last year. The net loss reported for the first nine months of 2018 includes \$22.2 million of losses on financial instruments, primarily triggered by the extinguishment of the 2020 and 2024 Debentures in the second quarter, and a \$7.6 million charge for the costs associated with the Offering completed in the second quarter of 2018. The net earnings in the first nine months of 2017 included a reversal of impairment of the Segovia Operations in the amount of \$45.3 million.

After adjustments to the net income/loss in accordance with IFRS for the after-tax impact of accretion of the Senior Debentures' discounts included in finance costs, fair value losses and gains on financial instruments, reversal of impairment, debt financing costs and certain other items as set out in the reconciliation on page 27 of this MD&A, the Company reported **adjusted net income** for the third quarter of 2018 of \$9.9 million, or \$0.25 per share, up from \$3.8 million, or \$0.19 per share, in the third quarter last year, bringing the adjusted net income for the first nine months of 2018 to \$28.0 million, or \$0.93 per share, compared with \$13.8 million, or \$0.69 per share, in the first nine months last year. The year-over-year improvement in adjusted EBITDA was the primary driver behind the improved adjusted net earnings in 2018.

Summary of Quarterly Results

\$000's except ounce, per ounce and per share data	2018			2017				2016
	3 rd Qtr	2 nd Qtr	1 st Qtr	4 th Qtr	3 rd Qtr	2 nd Qtr (3)	1 st Qtr	4 th Qtr
Operating data:								
Gold produced (ounces)	57,163	52,906	52,672	51,699	37,039	46,075	39,008	40,879
Gold sold (ounces)	55,601	53,051	49,610	56,100	33,932	45,179	38,434	41,357
Average realized gold price (1)	\$ 1,186	\$ 1,286	\$ 1,293	\$ 1,252	\$ 1,246	\$ 1,225	\$ 1,174	\$ 1,201
Silver sold (ounces)	55,006	48,129	43,157	49,145	31,467	44,199	41,424	47,786
Average realized silver price (1)	\$ 12	\$ 14	\$ 14	\$ 14	\$ 14	\$ 15	\$ 15	\$ 15
Total cash costs (1, 2)	657	694	670	719	748	676	748	725
All-in sustaining cost (1, 2)	888	912	896	899	971	884	941	899
Financial data:								
Revenue								
Gold	\$ 65,959	\$ 68,249	\$ 64,170	\$ 70,243	\$ 42,287	\$ 55,326	\$ 45,106	\$ 49,671
Silver	646	678	616	695	450	647	611	695
Total	66,605	68,927	64,786	70,938	42,737	55,973	45,717	50,366
Cost of sales	46,379	44,999	39,937	47,794	30,113	35,634	33,011	34,448
G&A	2,394	2,738	2,259	1,899	1,992	1,956	1,827	2,573
Impairment (reversal) charges and loss on disposals of mining interests	-	-	-	-	-	(45,307)	-	18,203
Share-based compensation	-	903	-	52	-	-	582	-
Social contributions	1,109	1,267	1,229	1,274	779	1,200	846	836
Income (loss) from operations	16,723	19,020	21,361	19,919	9,853	62,490	9,451	(5,694)
Finance costs, net of income (4)	(3,768)	(15,514)	(9,090)	(8,300)	(8,020)	(7,911)	(7,774)	(7,542)
Gain (loss) on financial instruments (4)	4,163	(26,380)	-	(1)	(1,196)	1,142	-	(346)
Wealth tax	-	-	-	-	-	16	(934)	-
Foreign exchange and other	87	(92)	(18)	20	(107)	(271)	65	(151)
Income (loss) before taxes	17,205	(22,966)	12,253	11,638	530	55,466	808	(13,733)
Income tax provision	(4,808)	(7,776)	(6,901)	(6,742)	(1,577)	(21,683)	(1,592)	(1,521)
Net income (loss)	12,397	(30,742)	5,352	4,896	(1,047)	33,783	(784)	(15,254)
Per share								
Basic	0.31	(1.09)	0.25	0.23	(0.05)	1.65	(0.04)	(0.82)
Diluted	0.19	(1.09)	0.12	0.11	(0.05)	0.39	(0.04)	(0.82)
Adjusted EBITDA (2)	24,701	26,506	27,443	26,758	13,844	21,263	13,591	16,447
Adjusted net income (2)	9,930	8,502	9,846	9,137	3,835	6,839	3,084	3,430
Adjusted per share (2)								
Basic	0.25	0.29	0.46	0.44	0.19	0.33	0.16	0.19
Diluted	0.21	0.13	0.12	0.11	0.06	0.08	0.04	0.05

(1) Per ounce sold.

(2) Refer to "Non-IFRS Measures" on pages 24-27.

(3) Net income for the second quarter of 2017 was adjusted at December 31, 2017 from the amounts previously reported to correct the amount of reversal of impairment and tax expense related to extension of 2020 Debentures to 2024. The reversal of impairment was reduced by \$7.6 million for accumulated foreign exchange impact on the initial impairment of the Segovia Operations and income taxes were reduced by \$2.5 million for the related tax effect. Also, income taxes were reduced by \$2.7 million for the tax effect on contributed surplus associated with the issuance of the 2024 Debentures. The correction of these amounts has been reflected in filings in 2018 containing financial information for the second quarter and first half of 2017 and for the first nine months of 2017.

- (4) Finance costs in the second quarter of 2018 include \$7.6 million of debt financing fees associated with the Offering. The loss on financial instruments in the second quarter of 2018 includes \$24.8 million associated with the extinguishment of the Senior Debentures.

Liquidity and Capital Resources

In the second quarter of 2018, the Company completed a \$98 million Offering of Units (refer to details on page 5), the net proceeds of which were used to fully redeem the issued and outstanding 2020 and 2024 Debentures at par. On August 13, 2018, the Company repaid the remaining \$32.1 million aggregate principal amount of the 2018 Debentures outstanding with common shares at the conversion price of \$1.95 per share. These actions, together with the Company's operating cash flow, have significantly improved the Company's working capital and debt to equity ratio compared with the end of 2017.

The Company's cash position increased from \$3.3 million at the end of 2017 to \$29.5 million at September 30, 2018, primarily fuelled by its increased operating cash flow in 2018. The Company's cash position also benefitted in 2018 from \$4.1 million of excess cash proceeds from the Offering over the amount required to redeem the 2020 and 2024 Debentures in the second quarter of 2018 and an \$11.9 million net decrease in the cash held in the sinking funds for the Senior Debentures that was returned to the Company once the Senior Debentures were extinguished in 2018.

The Company had positive working capital at September 30, 2018 of \$6.3 million compared to a working capital deficit at December 31, 2017 of \$5.6 million (excluding the 2018 Debentures). Key components of the Company's working capital at September 30, 2018 include:

- *Cash* - \$29.5 million, up from \$3.3 million at the end of 2017 as noted above.
- *Cash in trust* - \$Nil, down from \$4.9 million at the end of 2017 as \$1.4 million was used in a special redemption on April 30, 2018 to reduce the 2018 Debentures and the balance, all related to the 2018 Debentures, was returned to the Company on August 13, 2018 when the 2018 Debentures were fully settled at Maturity with common shares.
- *Accounts receivable* – \$15.6 million, up \$1.2 million from December 31, 2017. Trade receivables in 2018 have generally increased from the level at the end of 2017 as a result of the increased volume of gold sales this year, of which the receipt of \$1.4 million related to a shipment in the third quarter of 2018 has been delayed and the counterparty is being charged interest on the overdue amount. In the second quarter of 2018, the Company received the final \$0.7 million installment receivable from the sale of its refinery interest in 2015.
- *Gold Trust Account* - \$3.1 million, compared with Nil at the end of 2017. This represents the physical gold the Company has deposited in accordance with the terms of the Gold Notes to meet the quarterly repayments. At September 30, 2018, a total of 2,600 ounces was held in the Gold Trust Account and in the first half of October 2018, the Company deposited a further 1,300 ounces as required. On October 15, 2018, as the London PM Fix was below \$1,250 per ounce, no Gold Premium was applicable and the 3,900 ounces of gold were sold against a put option contract at \$1,250 per ounce to generate the \$4.9 million required for the quarterly principal payment completed on October 31, 2018. For the next 12 months, the Company must continue to deposit 1,300 ounces of physical gold on a monthly basis to the Gold Trust Account, from which 3,900 ounces will be sold quarterly to meet the scheduled repayments.
- *Inventories* - \$18.1 million, up \$5.2 million from the end of 2017, with \$4.3 million of the increase in mineral inventories principally resulting from the production growth in the Segovia Operations and the balance of the increase in materials and supplies.
- *Accounts payable and accrued liabilities* - \$22.1 million, up \$3.3 million from December 31, 2017 reflecting the impact of 2018's production growth on operating expenses. The Company is continuing to

manage its trade creditors within normal payment terms.

- *Income tax payable* - \$13.1 million, up from \$8.4 million at December 31, 2017. The change in the first nine months of 2018 principally reflects \$22.5 million of current provision for income taxes recorded against earnings for the first nine months of 2018, primarily associated with the Company's Colombian mining operations, net of \$17.5 million of income taxes paid in Colombia during the first nine months of 2018.
- *Current portion of long-term debt (excluding the 2018 Debentures)* - \$17.2 million, up from \$0.4 million at the end of 2017 reflecting the allocation of the fair value (\$17.0 million) of the Gold Notes to be repaid over the next 12 months with the physical gold being deposited in the Gold Trust Account.
- *Current portion of provisions* - \$2.6 million, down from \$4.0 million at December 31, 2017. The September 30, 2018 balance includes \$0.7 million for the next 12 monthly payments to fund the ongoing health plan obligations at the Segovia Operations, \$1.6 million related to the payments to be made over the next 12 months for environmental fees at Segovia and \$0.3 million of rehabilitation costs to be paid over the next 12 months to complete the closure of a tailings storage facility at the Segovia Operations.
- *Amounts payable for acquisitions of mining interests* - \$7.8 million related to the Marmato Project, down \$3.2 million since December 31, 2017. The principal component of the \$11.0 million balance at December 31, 2017 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 has been evaluating its options with respect to these obligations in light of the shift in its expected future development at Marmato from an open pit concept to an expansion of the underground mining operations. The Company took steps in September 2018 to terminate several of these compensation agreements, reducing its total obligation by approximately \$3.7 million, including \$0.7 million of accumulated accrued interest. The Company is continuing to seek a resolution to its obligations under the remaining compensation agreements, which amount to approximately \$7.5 million, including accumulated interest, at September 30, 2018.

Operating activities

Net cash provided by operating activities in the first nine months of 2018 amounted to \$56.2 million, a \$23.6 million increase over the first nine months of 2017. Factors contributing to this year-over-year increase included the positive impact of the increased production levels in the first nine months of 2018 on operating cash flow together with higher realized gold prices (primarily in the first half of the year) and lower total cash cost per ounce, partially offset by an increase in G&A expenses, working capital changes and a \$2.6 million increase in income taxes paid in the first nine months of 2018 compared with the first nine months last year.

Investing activities

Net cash used in investing activities in the first nine months of 2018 of \$28.9 million comprised additions to mining interests in the amount of \$26.6 million, up from \$8.7 million in the first nine months last year, and \$3.1 million used in connection with the Sandspring Transactions (page 19) in July 2018, net of \$0.8 million received in the second quarter of 2018 for the final installment of the proceeds from the sale of the Company's refinery interest in 2015.

Additions to mining interests in the first nine months of 2018 comprised:

- *Sustaining capital expenditures.* The Company incurred \$26.2 million of sustaining capital expenditures in the first nine months of 2018, including \$23.1 million at the Segovia Operations, \$1.7 million at the Marmato Underground mine and processing plant, and \$1.4 million on the Marmato Project;

- A \$0.1 million decrease in *amounts payable for the acquisitions of mining interests*, principally related to mining titles at the Marmato Project; and,
- A \$0.3 million decrease in *accounts payable and accrued liabilities* related to capital expenditures during the first nine months of 2018.

Sustaining capital expenditures at the Segovia Operations were \$23.1 million in the first nine months of 2018, the major components of which included (i) \$11.5 million for exploration and mine development, including approximately 16,200 meters of the 2018 drilling program, (ii) \$6.1 million for the mines including underground equipment and ventilation improvements at the El Silencio mine, completion of a ventilation shaft and further infrastructure upgrades at the Providencia mine, and underground equipment and infrastructure improvements at the Sandra K mine, (iii) \$3.6 million for further upgrades of equipment in the Maria Dama plant and laboratory together with costs associated with a new filter press and the project to construct the new El Chocho tailings storage facility, (iv) \$0.8 million related to the 44kV connection at the mines and (v) \$1.1 million associated with upgrades to minesite buildings and facilities, IT infrastructure and security.

The Marmato Project sustaining capital expenditures of \$1.4 million in the first nine months of 2018 is comprised of \$1.3 million incurred in connection with the 2018 drilling program which commenced in June with two diamond drill rigs in operation and \$0.1 million for technical studies. By the end of September, the Company had completed nine holes, totaling approximately 2,900 meters, representing 34% of its planned 8,500 meters to be drilled in 2018. Underground drilling at Marmato is intended only as “infill” for the upper part of the Deeps Zone (the “Transitional Zone”), approximately 150 vertical meters below Level 21, the deepest level of the existing operating mine. This drilling is aimed to convert the Inferred mineral resources estimated in 2017 to Indicated mineral resources, and to expand the size and confirm the continuity of the high-grade core zone outlined by previous drilling within the Leapfrog geological model at 1 g/t Au. The 2018 campaign also includes 4,000 meters of drilling to increase confidence and definition in the down-dip extension of the above-mentioned high-grade core zone within a block 100 meters high below the Transitional Zone.

Sandspring Transactions

On July 26, 2018, the Company completed its acquisition of a 14.8% equity investment (20.8% on a diluted basis if only the Company exercises its warrants as described below) in Sandspring, a Canadian, TSXV-listed, junior mining company currently moving toward a feasibility study for its Toroparu Project in the western Guyana gold district. The Company received 15,000,000 common shares of Sandspring in consideration for its 30% carried participating interest in the Chicharron Project located within its Segovia mining title. Concurrently, the Company acquired an additional 16,000,000 Units of Sandspring at CA\$0.25 per Unit (equivalent to approximately \$3.1 million) in connection with Sandspring’s CA\$10.25 million private placement of 41,000,000 Units. Each Unit included one common share and one common share purchase warrant entitling the holder to purchase one additional common share of Sandspring at CA\$0.40 for a period of sixty (60) months. In conjunction with this transaction, the Company received the right to nominate one director to Sandspring’s board and certain anti-dilution rights associated with any future financings of Sandspring.

On October 2, 2018, the Company acquired an additional 4,000,000 common shares of Sandspring in a private transaction with an unrelated party for cash consideration of CA\$1.0 million (equivalent to approximately \$0.8 million), increasing its equity interest to approximately 16.7% on an undiluted basis (22.6% on a diluted basis if only the Company exercised its warrants as described above). In connection

with this transaction, the Company also received the right to nominate a second director to Sandspring's board.

The Company has determined that it holds significant influence over Sandspring by virtue of its equity ownership interest, the share purchase warrants, its board participation and its technical advisory role to Sandspring's management in connection with both the Toroparu and Chicharron Projects. As a result, the Company will account for the investment in Sandspring using the equity method. Under the equity method, the investment has initially been recorded at cost and the carrying value will be adjusted subsequently to include the Company's proportionate share of Sandspring's earnings on a three-month lag basis commencing in the fourth quarter of 2018. The amount of the adjustment each period will be included in the Company's statement of operations.

Financing activities

In the first nine months of 2018, net cash used in financing activities was \$0.7 million, compared with \$14.5 million used in the first nine months last year. In the first nine months of 2018:

- the Company generated \$4.1 million of net cash proceeds from the Offering after redemption of the 2020 and 2024 Debentures;
- the Company added \$11.9 million to its cash position through the release of the sinking funds for the Senior Debentures;
- the Company completed the first quarterly repayment of the Gold Notes on July 31, 2018 in the amount of \$4.9 million and deposited 2,600 ounces of gold equivalent to \$3.2 million to the Gold Trust Account to be used for the next quarterly repayment of the Gold Notes on October 31, 2018;
- the Company used \$1.4 million of cash in the second quarter of 2018 to pay 19% of certain 2018 Debentures where the holders elected to accept the Company's offer to settle their debt at par ahead of Maturity. The other 81% of the principal amount of these 2018 Debentures was settled with common shares; and,
- the Company paid net interest totaling \$7.0 million.

Excess Cash Flow and Sinking Funds for the Senior Debentures

Under the former Senior Debentures, the Company was obligated to deposit 25% and 75% of its Excess Cash Flow, as defined under the indentures for the Senior Debentures, on a quarterly basis into separate sinking funds for each of the 2018 Debentures and the 2020/2024 Debentures, respectively. Since inception of the Senior Debentures in January 2016, the Company had deposited a total of \$5.5 million and \$16.4 million into the sinking funds for the 2018 Debentures and the 2020/2024 Debentures, respectively, in connection with its Excess Cash Flow for 2016 (\$2.9 million), 2017 (\$16.4 million) and the first quarter of 2018 (\$2.6 million).

The Company commenced normal course issuer bids ("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. By the end of the first quarter of 2018, after NCIB repurchases and a \$3.0 million partial redemption of the 2020 Debentures on July 31, 2017, there was a balance of \$4.9 million of cash on deposit in the sinking fund for the 2018 Debentures and a balance of \$9.6 million of cash on deposit in the sinking fund for the 2020/2024 Debentures. Then, on April 30, 2018, as discussed on page 7, the Company used \$1.4 million of the sinking fund for the 2018 Debentures to settle a portion of the 2018 Debentures ahead of maturity, leaving a balance in the sinking fund for the 2018 Debentures of \$3.5 million which was

returned to the Company on August 13, 2018 following the final repayment of the 2018 Debentures at Maturity with common shares. The \$9.6 million in the sinking fund for the 2020/2024 Debentures was released to the Company in May 2018 following the redemption of the 2020 and 2024 Debentures.

Colombian Finance Lease Facilities

The Company has three finance leases amounting to a total of approximately COP 0.6 billion (net of future interest) at September 30, 2018, equivalent to approximately \$0.2 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 and Gold Notes) approximates its fair value as it is at floating rates. At September 30, 2018, the Gold Notes were unlisted and are carried at fair value through profit and loss. Fair value of the Gold Notes has been determined based on Monte-Carlo simulations that capture all the features of the Gold Notes, including the holders' right to receive the gold premium above \$1,250 per ounce and the Company's options to early redeem the outstanding Gold Notes prior to maturity.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Accounting Policy Changes

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

In May 2014, the IASB issued IFRS 15 which replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRS Interpretations Committee ("IFRIC") 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. This standard is effective for annual periods beginning on or after January 1, 2018. Under IFRS 15, revenue is recognized when control of a good or service transfers to a customer and is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Under IAS 18, revenue was recognized when the significant risks and rewards of ownership had been transferred to the customer and was measured at the fair value of the consideration received or receivable. The Company is under a long-term supply agreement to sell all of its production to a single customer. The Company has analyzed the supply agreement and determined that the implementation of IFRS 15 did not have any impact on the timing of recognition and measurement of the Company's revenue. Under IFRS 15, revenue from the sale of gold and silver is recognized when control has been transferred to the customer, which is considered to occur when products have been delivered to the location specified by the customer and the risks of loss have been passed to the customer. Revenue is measured based on the spot price agreed to between the Company and the customer prior to each delivery, in accordance with the supply agreement, which does not include any provisional pricing arrangements.

IFRS 9, Financial Instruments (“IFRS 9”)

In July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39, *Financial Instruments* (“IAS 39”). This standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 provides a revised model for recognition and measurement of financial instruments with the following classification categories: amortized cost, fair value through profit or loss (“FVTPL”), and fair value through other comprehensive income (“FVTOCI”). 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 classification and measurement of financial assets under IFRS 9 is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. The implementation of the new standard did not have an impact on the Company's financial statements except for certain equity securities that were previously classified as available-for-sale (“AFS”) investments. These are now classified as financial assets at FVTOCI, where they will be recorded initially at fair value. Subsequent changes in fair value will be recognized in other comprehensive income only and will not be transferred into earnings (loss) upon disposition. The measurement of the investments at FVTOCI is based on level 1 inputs in accordance with the fair value input hierarchy in IFRS 13, *Fair Value Measurement*.

The Company has assessed the classification and measurement of its financial assets and financial liabilities and have summarized below the original classification under IAS 39 and the new classification under IFRS 9:

	Classification category	
	Original (IAS 39)	New (IFRS 9)
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivables	Loans and receivables	Amortized cost
Investment in Tolima Gold Inc.	AFS financial assets	FVTOCI
Bank indebtedness	Other financial liabilities	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Term loans	Other financial liabilities	Amortized cost
Finance leases	Other financial liabilities	Amortized cost
Senior Debentures	Other financial liabilities	Amortized cost
Gold Notes	Other financial liabilities	FVTPL
2024 Warrant liability	Other financial liabilities	FVTPL

The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, did not have any impact on the transition date given the Company's financial assets are comprised primarily of VAT recoverable and amounts receivable from one customer for which there is no history of default.

IFRIC 22, Foreign Currency Transactions and Advance Consideration (“IFRIC 22”)

In December 2016, the IASB issued IFRIC 22 which clarifies that when a foreign currency transaction involves an advance payment or receipt, the exchange rate should be the rate used to initially measure the non-monetary asset (prepaid asset) or liability (deferred credit) when the advance was made. If there were multiple advances, each receipt or payment would be measured at the date the non-monetary asset or liability is recognized. IFRIC 22 is applicable for annual periods beginning on or after January 1, 2018, and is

consistent with the Company's existing policies, and therefore did not have any effect 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 consolidated financial statements.

The critical judgments and estimates applied in the preparation of the Company's Interim 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, 2017, 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 Senior Debentures, Gold Notes and 2024 Warrant liability; 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, 2018, and have not been applied in preparing the Company's consolidated financial statements.

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 is in the process of identifying and evaluating all leasing contracts that may be impacted by IFRS 16.

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 financial statements for the annual period beginning on January 1, 2019. The Company is in the process of determining the impact of IFRIC 23 on its financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the financial statements of the Company.

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, 2018. There have been no changes in the Company’s internal controls over financial reporting during the three months ended September 30, 2018 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 Measures

The Company has included non-IFRS measures in this MD&A, such as adjusted EBITDA, total cash costs (by-product) and AISC on a per ounce basis, and adjusted net income or loss. 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.

Non-IFRS 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 and reversals, 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.

“total cash costs per ounce sold” 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 sold” 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 provision for environmental 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 other tax payments, financing costs and debt repayments, are not included.

“adjusted net income or loss” excludes gains/losses and other costs incurred for acquisitions and disposals of mining interests, impairment charges and reversals, non-cash accretion of the Senior Debentures, debt financing costs, unrealized and non-cash gains/losses on financial instruments, foreign exchange gains/losses as well as other significant non-cash, non-recurring items.

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

	Third Quarter		First Nine Months	
	2018	2017	2018	2017
Net income (loss)	\$ 12,397	\$ (1,047)	\$ (12,993)	\$ 31,952
Income taxes	4,808	1,577	19,485	24,852
Finance costs, net of finance income	3,768	8,020	28,372	23,705
Depreciation and amortization	7,978	3,991	20,643	11,629
EBITDA	28,951	12,541	55,507	92,138
Reversal of impairment	-	-	-	(45,307)
Share-based compensation	-	-	903	582
Wealth tax	-	-	-	918
Loss (gain) on financial instruments	(4,163)	1,196	22,217	54
Foreign exchange (gain) loss	(87)	107	23	313
Adjusted EBITDA	\$ 24,701	\$ 13,844	\$ 78,650	\$ 48,698

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

	Third Quarter		First Nine Months	
	2018	2017	2018	2017
Revenue	\$ 66,605	\$ 42,737	\$ 200,318	\$ 144,427
Cost of sales, excluding DD&A	(38,405)	(26,126)	(110,688)	(87,176)
G&A, excluding DD&A	(2,390)	(1,988)	(7,375)	(5,728)
Social contributions	(1,109)	(779)	(3,605)	(2,825)
Adjusted EBITDA	\$ 24,701	\$ 13,844	\$ 78,650	\$ 48,698

The following table reconciles **total cash costs per ounce sold** and **AISC per ounce sold** as disclosed in this MD&A to the interim financial statements:

(\$000's except ounces and per ounce data)	Third Quarter		First Nine Months	
	2018	2017	2018	2017
Gold sales (ounces)	55,601	33,932	158,262	117,545
Total cash costs				
Production costs	\$ 34,454	\$ 23,939	\$ 100,316	\$ 80,154
Production taxes	2,705	1,886	8,299	6,235
Silver revenues	(646)	(450)	(1,940)	(1,708)
Total cash costs on a by-product basis	\$ 36,513	\$ 25,375	\$ 106,675	\$ 84,681
Total cash costs per ounce sold	\$ 657	\$ 748	\$ 674	\$ 720
AISC				
Total cash costs on a by-product basis	\$ 36,513	\$ 25,375	\$ 106,675	\$ 84,681
G&A, excluding depreciation and amortization	2,390	1,988	7,375	5,728
Sustaining capital and E&E costs	9,248	5,298	26,163	17,852
Provision for environmental fees	1,246	301	2,073	787
Total AISC	\$ 49,397	\$ 32,962	\$ 142,286	\$ 108,994
AISC per ounce sold				
Total cash costs on a by-product basis	\$ 657	\$ 748	\$ 674	\$ 720
G&A, excluding depreciation and amortization	43	58	47	49
Sustaining capital and E&E costs	166	156	165	152
Provision for environmental fees	22	9	13	7
AISC per ounce sold	\$ 888	\$ 971	\$ 899	\$ 928

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		First Nine Months	
	2018	2017	2018	2017
Additions to mining interests				
Sustaining capital and E&E costs	\$ 9,248	\$ 5,298	\$ 26,163	\$ 17,852
Change in accounts payable and accrued liabilities related to capital expenditures	57	1,269	334	(464)
Change in amounts payable for acquisitions of mining interests	26	77	87	535
Total additions to mining interests	\$ 9,331	\$ 6,644	\$ 26,584	\$ 17,923

The following table provides a reconciliation of **adjusted net income** to the interim financial statements:

	Third Quarter		First Nine Months	
	2018	2017	2018	2017
Net income (loss)	\$ 12,397	\$ (1,047)	\$ (12,993)	\$ 31,952
Reversal of impairment	-	-	-	(45,307)
(Gain) loss on financial instruments	(4,163)	1,196	22,217	54
Accretion of discount on Senior Debentures	1,754	5,380	12,715	16,141
Debt financing costs	-	-	7,578	-
Foreign exchange (gain) loss	(87)	107	23	313
Income tax effect on adjustments	29	(1,801)	(1,559)	10,605
Adjusted net income	\$ 9,930	\$ 3,835	\$ 27,981	\$ 13,758

The following table provides the computation of **adjusted basic and diluted earnings per share**:

	Third Quarter		First Nine Months	
	2018	2017	2018	2017
Adjusted net income	\$ 9,930	\$ 3,835	\$ 27,981	\$ 13,758
Add: Interest expense on Senior Debentures, net of tax	191	1,337	2,216	3,765
Adjusted net income for fully diluted computation	\$ 10,121	\$ 5,172	\$ 30,197	\$ 17,523
Weighted average number of shares (000's)				
Basic	40,321	20,450	30,132	20,022
Add: Impact of warrants	1,012	-	538	-
Add: Impact of conversions of Senior Debentures	7,829	73,256	39,713	73,607
Fully diluted	49,162	93,706	70,383	93,629
Adjusted earnings per share				
Basic	\$ 0.25	\$ 0.19	\$ 0.93	\$ 0.69
Diluted	0.21	0.06	0.43	0.19

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;
- Tax risks related to the 2018 Debentures:
 - Change in tax laws; withholding tax and participating debt interest;
- 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; 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 listed above, which are more specifically described in the Company's Annual Information Form dated as of March 27, 2018 which is available at 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.

In addition, there are certain risk factors associated with the Units issued pursuant to the Offering, as described on page 5, completed on April 30, 2018. These risks include:

Ranking of the Gold Notes

The Gold Notes will not be guaranteed by certain of the Company's subsidiaries. Accordingly, claims against the Gold Notes will be structurally subordinated to the claims of creditors of these non-guarantor subsidiaries, including trade creditors. All obligations of these subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon liquidation or otherwise, to the Company or its creditors, including the Gold Notes.

In addition, the Gold Notes Indenture, subject to some limitations, permits these subsidiaries to incur additional indebtedness and does not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by these subsidiaries.

For the twelve months ended September 30, 2018, the Company's non-guarantor subsidiaries accounted for less than 1% of the Company's consolidated revenue and adjusted EBITDA, respectively. As of September 30, 2018, the Company's non-guarantor subsidiaries accounted for less than 1% of the Company's consolidated assets and consolidated liabilities.

In addition, the Company's subsidiaries that provide, or will provide, guarantees of the Gold Notes will be automatically released from those guarantees upon the occurrence of certain events, including the following:

- the designation of that guarantor as an unrestricted subsidiary;
- the release or discharge of any guarantee or indebtedness that resulted in the creation of the guarantee of the Gold Notes by such guarantor; or
- the sale or other disposition, including the sale of substantially all of the assets, of that guarantor.

If any guarantor is released, no holder of the Gold Notes will have a claim as a creditor against that subsidiary, and the indebtedness and other liabilities, including trade payables and preferred stock, if any, whether secured or unsecured, of that subsidiary will be effectively senior to the claim of any Gold Notes holders.

Collateral

The value of the collateral which secures the Gold Notes may not be sufficient to satisfy the obligations thereunder.

The Gold Notes and the guarantors' obligations under the guarantees are secured by a) a general pledge of assets of Gran Colombia Gold, S.A. (a Panamanian company) (excluding its interest in the Equity Interests of Unrestricted Subsidiaries or in any joint ventures and any cash or other distributions received on account of such interests); (b) a general pledge of assets registered against Gran Colombia Gold Segovia, S.A. (a Panamanian company); (c) a pledge of the securities of Gran Colombia Gold Segovia, S.A.; (d) a general pledge of assets in Colombia of the Colombian branch of Gran Colombia Gold Segovia, S.A. (which branch is named Zandor Capital, S.A. Colombia), the registered owner of the assets comprising the Segovia/Carla Project; (e) a pledge of the securities of Mineros Nacionales, S.A.S, Minerales Andinos de Occidente, S.A.S. and Minera Croesus, S.A.S. (each a Colombian corporation); (f) a general pledge of assets of Mineros Nacionales S.A.S., Minerales Andinos de Occidente, S.A.S. and Minera Croesus, S.A.S., which are the registered owners of the assets comprising the Marmato Project; (g) direct security on material mining titles to and production from the Segovia/Carla Project and the Marmato Project; (h) mortgages on land where mine and plant relating to the Segovia/Carla Project are located; and (i) additional security documents covering all other property and assets related exclusively to, or useful in the operation of, the Segovia/Carla Project and Marmato Project; but excluding all Excluded Assets.

No appraisal of the collateral has been made in connection with the issuance of the Gold Notes. The value of the collateral in the event of a liquidation may be less than book value and will depend upon, among other things, market and economic conditions, the availability of buyers, the quantity of assets being sold and the speed at which they are to be sold. By their nature, portions of the collateral may be illiquid and may have no readily ascertainable market value. In addition, a significant portion of the collateral includes assets that may only be usable, and thus retain value, as part of the Company's operating business. Accordingly, any such sale of collateral separate from the sale of the Company's operating business may not be feasible or of significant value.

In addition, the Gold Notes Indenture, subject to some limitations, permits the Company to incur certain amounts of indebtedness that have a priority lien on the collateral. In the event that the Company is declared bankrupt, becomes insolvent or is liquidated or reorganized, the lenders under any such priority debt could declare all of the funds borrowed thereunder, together with accrued interest, to be immediately due and payable and terminate all commitments to extend further credit. If the Company is unable to repay such indebtedness, the lenders could foreclose or otherwise realize on the pledged assets to the exclusion of Gold Notes holders, even if an event of default exists under the Gold Notes Indenture. Furthermore, if the lenders foreclose or otherwise realize upon and sell the pledged equity interests in any guarantor under the Gold Notes, then that guarantor will be released from its guarantee of the Gold Notes automatically and immediately upon such sale.

Bankruptcy and Insolvency Laws

Certain bankruptcy and insolvency laws may impair an investor's ability to enforce its rights or remedies under the Gold Notes Indenture. An investor's ability and the rights of the trustee, or any co-trustee or collateral agent, who represents the Gold Notes holders to enforce its rights or remedies under the Gold Notes Indenture may be significantly impaired by the provisions of applicable Colombian and Canadian federal bankruptcy, insolvency and other restructuring legislation or by Colombian and Canadian federal or provincial receivership laws.

For example, the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and the *Winding-up and Restructuring Act* (Canada) contain provisions enabling an insolvent debtor to obtain a stay of proceedings against its creditors and others and to prepare and file a proposal or a

plan of arrangement and reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or arrangement and reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the debtor within the affected classes, including those creditors who vote against such a proposal. Moreover, certain provisions of the relevant Canadian insolvency legislation permit an insolvent debtor to retain possession and administration of its property in certain circumstances, subject to court oversight, even though such debtor may be in default in respect of certain of its obligations during the period that the stay of proceedings remains in place.

The powers of the court under Canadian bankruptcy, insolvency and restructuring legislation and Canadian federal and provincial receivership laws, and particularly under the *Companies' Creditors Arrangement Act* (Canada), are exercised broadly to protect a debtor and its estate from actions taken by creditors and others. The Company cannot predict whether payments under the Gold Notes would be made during any proceedings in bankruptcy, receivership, insolvency or other restructuring, whether or when a holder or the trustee, or any co-trustee or collateral agent, could exercise their rights under the Gold Notes Indenture or whether, and to what extent, the Gold Notes holders would be compensated for any delays in payment of principal, interest and costs, including fees and disbursements of the trustee, or any co-trustee or collateral agent. Accordingly, if the Company were to become subject to such proceedings, the Company may cease making payments on the Gold Notes and an investor and the trustee, or any co-trustee or collateral agent, may not be able to exercise an investor's rights under the Gold Notes Indenture following commencement of or during such proceedings without leave of the court.

Similarly, insolvency processes involving assets that are located in Colombia could be highly uncertain and potentially be unfavourable to the Gold Notes holders. For example, given that most of the assets of the Company are in Colombia and are held through Colombian entities the insolvency laws of Colombia, including Colombian bankruptcy and liquidation procedures, which differ greatly from Canadian insolvency proceedings, could apply to such assets and entities. Considering the nature and location of the Company's main assets, the tax and labor contingencies of the Company and the potential of a weak market for gold and silver assets, an insolvency process of the Company would be expected to take a substantial amount of time and may not yield proceeds allowing for a substantial repayment of the Gold Notes.

Priority Liens on Collateral

The Gold Notes Indenture permits the Company to incur a certain amount of indebtedness that is secured by a priority lien on the collateral pursuant to the terms of the Company's Collateral Trust Agreement (as defined in the Gold Notes Indenture), and the security interest in the collateral that secures the Gold Notes and any guarantees will be contractually subordinated to any such priority liens. Consequently, a Gold Notes holder's rights to be satisfied out of the proceeds of the collateral will be effectively subordinated to the rights of the lenders of any such priority lien indebtedness. Under the Gold Notes Indenture, at any time that obligations that have the benefit of the priority liens are outstanding, certain actions that may be taken with respect to or in respect of the collateral, including the ability to cause the commencement of enforcement proceedings against the collateral and to control the conduct of such proceedings, will generally be at the direction of the holders of the obligations secured by the priority liens, which may adversely affect a Gold Notes holder's rights.

Reduction of Pool of Assets Securing the Gold Notes

The Company or its Restricted Subsidiaries (as defined in the Gold Notes Indenture) will, in most cases, have control over the collateral, and the sale or pledge of particular assets by the Company or Restricted Subsidiaries could reduce the pool of assets securing the Gold Notes and the guarantees. The Collateral Documents (as defined in the Gold Notes Indenture) generally allow the Company or the Restricted Subsidiaries, as the case may be, to remain in possession of, retain exclusive control over, freely operate, dispose of and collect, and invest and dispose of any income from, the collateral, with certain limited exceptions. Therefore, the pool of assets constituting the collateral will change from time to time, and its fair market value may decrease from its value on the date the Gold Notes are originally issued.

Release of Collateral for the Gold Notes

There are circumstances other than repayment or discharge of the Gold Notes under which the collateral securing the Gold Notes and the guarantees will be released automatically, without a Gold Notes holder's consent or the consent of the trustee or collateral agent and a Gold Notes holder may not realize any payment upon disposition of such collateral.

Under various circumstances, all or a portion of the collateral may be released, including:

- to enable the disposition of such collateral to the extent not prohibited under the Gold Notes Indenture;
- to the extent such collateral is comprised of property leased to the Company or a subsidiary Guarantor, upon termination or expiration of such lease; and
- in connection with an amendment to the Gold Notes Indenture or the related Collateral Documents that has received the required consent.

In addition, the guarantee of a subsidiary guarantor will be released in connection with a sale of such subsidiary guarantor in a transaction not prohibited by the Gold Notes Indenture, in which case the liens on the assets of such subsidiary guarantor pledged as collateral, will also be released.

Designation of a guarantor as an Unrestricted Subsidiary (as defined in the Gold Notes Indenture) will reduce the aggregate value of the collateral securing the Gold Notes to the extent that liens on the assets of the Unrestricted Subsidiary and its subsidiaries are released. In addition, the creditors of any Unrestricted Subsidiary and its subsidiaries will have a senior claim on the assets of such Unrestricted Subsidiary and its subsidiaries.

Perfecting Security Interests of the Gold Notes

Rights of Gold Notes holders in the collateral may be adversely affected by the failure to perfect security interests in the collateral. Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens on the collateral securing the Gold Notes and the guarantees may not be perfected with respect to the claims of the Gold Notes guarantees if the Collateral Agent (as defined in the Gold Notes Indenture) is not able to take the actions necessary to perfect any of these liens on or prior to the date of the Gold Notes Indenture. If a security interest is not perfected with respect to any portion of the collateral, the Gold Notes guarantees may not be effectively secured by such collateral. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. The Company and the guarantors have limited obligations to perfect the security interest for the benefit of the Gold Notes holders in specified collateral. The

Company cannot assure that the trustee or the Collateral Agent will monitor, or that, despite the Company's obligation to do so under the Gold Notes Indenture, that the Company will inform such trustee or Collateral Agent of, the future acquisition of assets and rights that constitute collateral or whether assets have been relocated to a different jurisdiction, and that the necessary action will be taken to properly perfect the security interest in such after-acquired or relocated collateral. Neither the trustee nor the Collateral Agent has an obligation to monitor the acquisition of additional assets or rights that constitute collateral or the perfection of any security interest. Such failure to monitor may result in the loss of the security interest in the collateral or the priority of the security interest in favour of the Gold Notes and the guarantees against third parties. Furthermore, certain actions are required to be taken periodically to maintain certain security interests granted in the collateral, and a failure to do so may result in the loss of the security interest in the collateral or the priority of the security interest in favour of the Gold Notes and the guarantees, in each case, against third parties.

Financing the Change of Control Provision in the Gold Notes

The Company may not have the ability to finance the change of control repurchase offer required by the Gold Notes Indenture. Upon certain change of control events, as defined in the Gold Notes Indenture, the Company shall, within 30 days following any change of control, make an offer to repurchase all or any part of the outstanding Gold Notes at a purchase price in cash of at least 101% of the aggregate principal amount of Gold Notes repurchased plus accrued and unpaid interest, if any, on the Gold Notes to be repurchased. However, the Company shall not be required to make a change of control offer upon a change of control if a third party makes an offer to purchase all of the outstanding Gold Notes in the manner, at the times and otherwise in substantial compliance with the requirements set forth in the Gold Notes Indenture.

The source of funds for any such repurchase would be the Company's available cash or cash generated from operations or other sources, including borrowings, sales of equity or funds provided by a new controlling person or entity. The Company cannot assure that sufficient funds would be available at the time of any change of control event to repurchase all tendered Gold Notes pursuant to this requirement. The Company's failure to offer to repurchase Gold Notes, or to repurchase Gold Notes tendered, following a change of control will result in a default under the Gold Notes Indenture, which could lead to a cross-default under the terms of the Company's other indebtedness. Additionally, the Company may be prohibited from repurchasing the Gold Notes by the terms of the Company's indebtedness.

Voiding the Gold Notes or Guarantees

In certain circumstances, a court could void the Gold Notes and/or the guarantees, and if that occurs, a holder may not receive any payments on the Gold Notes. Canadian and U.S. federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the Gold Notes and the incurrence of the guarantees of the Gold Notes. Other jurisdictions in which the guarantors are organized could have similar laws that could cause a guarantee to be voided. Under Canadian federal bankruptcy laws and comparable provisions of provincial fraudulent conveyance and preferential legislation, payment of money or transfers of property made to a creditor or third party can be attacked as a fraudulent conveyance or preference in circumstances where the party making the payment was insolvent or on the verge of insolvency at the time it entered into the guarantee or entered into the guarantee with the intent to hinder, delay or defraud its creditors.

Accordingly, any payment made by such an insolvent guarantor pursuant to its guarantee could be voided and required to be returned to the guarantor or a fund for the benefit of the creditors of the guarantor in the

event that it is determined to be a fraudulent conveyance or preference. If a court voided a guarantee of the Gold Notes by one or more of the Company's subsidiaries, or held it unenforceable for any reason, Gold Notes holders would cease to have a claim against such subsidiary based upon its guarantee.

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, gold production, total cash costs and AISC per ounce sold and interest payments, sinking funds and redemption and settlement of 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 27, 2018, which is available for review on SEDAR at www.sedar.com, and on pages 27 to 34 herein. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking 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.