GRAN COLOMBIA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED JUNE 30, 2018
August 14, 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 six months ended June 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.***

Second Quarter and First Half 2018 Highlights

- The Company has ***successfully transformed its capital structure in 2018***, eliminating the convertible debentures which exposed shareholders to further dilution, and in the process, strengthened its balance sheet by reducing its debt to equity ratio and increasing its cash position, which stood at $24.9 million at June 30, 2018.
- On April 30, 2018 (the "Closing Date"), the Company completed a ***$98 million Offering of Units***, comprising 8.25% senior secured gold-linked notes due 2024 (the "Gold Notes") and warrants (the "2024 Warrants"), to refinance its 2020 and 2024 Debentures, providing the Company with greater access to its internally generated free cash flow to explore, expand and modernize its mining operations, and significantly reducing the potential dilution to the Company's shareholders compared with the previous capital structure. Holders of $22.9 million aggregate principal amount of 2020 and 2024 Debentures elected to roll their debt into the Offering and the net cash proceeds raised through the Offering of approximately $67.6 million was more than sufficient to complete the redemption of the remaining 2020 and 2024 Debentures totaling $63.5 million aggregate principal amount on May 14, 2018 (the "Redemption Date"). In addition, the $9.6 million of cash held in the sinking fund for the 2020 and 2024 Debentures was also released to the Company in the second quarter of 2018, helping to bolster its cash position.
- On August 13, 2018, the Company ***completed the repayment of its 2018 Debentures***. As the weighted average trading price during the 20-day measurement period prior to maturity on August 11, 2018 ("Maturity") exceeded $1.95 per share, the Company was able to exercise its option to repay the remaining $32.1 million aggregate principal amount of the 2018 Debentures outstanding and accrued interest entirely with common shares, increasing the total issued and outstanding common shares of the Company as of August 13, 2018 to 48.2 million. Earlier in the second quarter, the Company had settled $7.3 million aggregate principal amount of its 2018 Debentures on April 30, 2018 through an offer to holders of its 2018 Debentures to voluntarily settle their debt prior to Maturity with a combination of 19% in cash, funded by the 2018 Debentures' sinking fund, and 81% in common shares at the conversion price.
- Following three consecutive quarters with over 50,000 ounces of ***gold production***, the Company has ***raised its guidance for 2018*** and now expects that it will produce over 200,000 ounces of gold this

year. Total gold production of 52,906 ounces in the second quarter of 2018, up 15% over the second quarter of 2017, brought the total gold production for the first half of 2018 to 105,578 ounces, up 24% over the first half last year. The Company followed this up with a further 19,296 ounces of gold produced in July 2018. Fueled by continued growth in the Company's high-grade Segovia Operations, the Company's trailing 12-months' total gold production increased to 198,632 ounces as of July 2018, up 14% over the total for 2017 of 173,821 ounces and above the Company's initial guidance range for 2018 of between 182,000 and 193,000 ounces.

- The Company will continue to prioritize its ***exploration*** and development activities to identify avenues to increase production from its cash-generating, high-grade Segovia Operations. Through the first half of 2018, the Company completed 88 holes representing approximately 56% of the 20,000 meters of drilling planned for Segovia this year with three rigs carrying out resource definition within the underground developments of the Providencia and El Silencio mines and one drill rig operating from surface at Sandra K targeting peripheral extensions to the known vein system. On June 18, 2018, the Company announced multiple high-grade results from the ongoing underground sampling program in the deepest levels of the El Silencio mine and that it had identified a new structure at the El Silencio mine. On August 7, 2018, the Company announced that it will follow up on these results with additional drilling at El Silencio in 2018 to extend the north, middle and south ore-shoots down-plunge with the objective of testing extensions another 200 meters below the currently delineated resource. This drilling program, expected to commence in September, will be a combination of conventional drilling with 50 meter by 50 meter nominal center spacing on the north ore-shoot and directional drilling on the middle and south ore-shoots.
- ***Revenue*** increased 23% in the second quarter of 2018 over the second quarter last year to $68.9 million bringing the first half 2018 total revenue to $133.7 million, up 31% over the first half last year. 2018's revenue has been positively impacted by the increased level of gold production as described above and higher realized gold prices in the first half of 2018 as spot gold prices rose 6% compared with the first half last year.
- The Company continued to hold its ***total cash costs*** and ***all-in sustaining costs ("AISC")*** in the second quarter and first half of 2018 within its guidance range. For the second quarter of 2018, total cash costs and AISC averaged $696 per ounce and $913 per ounce, respectively, bringing the first half 2018 averages to $683 per ounce and $905 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.
- For the third consecutive quarter, the Company reported a***djusted EBITDA*** in excess of $26 million. The trailing 12-months adjusted EBITDA at the end of June 2018 stood at $94.6 million, up 25% over 2017's adjusted EBITDA of $75.5 million, driven by production growth, better realized gold prices and continued efforts to control total cash costs per ounce. Adjusted EBITDA for the second quarter of 2018 increased to $26.5 million compared with $21.3 million in the second quarter of 2017, bringing the first half 2018 adjusted EBITDA to a total of $53.9 million, up 55% over the first half last year. See page 25 for the computation of this non-IFRS measure.
- The Company generated $11.2 million of ***Excess Cash Flow*** (see page 25 for the computation) in the second quarter of 2018, up from $2.6 million in the first quarter this year which included a heavier burden of income tax payments in Colombia. This brings the total Excess Cash Flow generated during the first half of 2018 to $13.8 million, more than double the amount generated during the first half of 2017, fueled by the improvement in adjusted EBITDA.
- The Company reported a ***net loss*** for the second quarter of 2018 of $30.7 million, or $1.09 per share, compared with net income of $33.8 million, or $1.65 per share, in the second quarter last year. For the first half of 2018, the Company reported a net loss of $25.4 million, or $1.02 per share, compared with net income of $33.0 million or $1.64 per share, in the first half last year. The net losses reported for 2018

include $26.4 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 second quarter and first half of 2017 included a reversal of impairment of the Segovia Operations in the amount of $45.3 million.

- ***Adjusted net income*** for the second quarter of 2018 was $8.2 million, or $0.29 per share, up from $6.8 million, or $0.33 per share, in the second quarter last year, bringing the adjusted net income for the first half of 2018 to $18.1 million, or $0.72 per share, compared with $9.9 million, or $0.50 per share, in the first half 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.
- On July 26, 2018, the Company completed the acquisition of an approximately 15% 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 emerging 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

	Second Quarter		First Half	
	2018	2017	2018	2017
Operating data				
Gold produced (ounces)	52,906	46,075	105,578	85,083
Gold sold (ounces)	53,051	45,179	102,661	83,613
Average realized gold price ($/oz sold)	$ 1,286	$ 1,225	$ 1,290	$ 1,201
Total cash costs ($/oz sold) (1)	696	676	683	709
All-in sustaining costs ($/oz sold) (1)	913	884	905	910
Financial data *($000's, except per share amounts*)				
Revenue	$ 68,927	$ 55,973	$ 133,713	$ 101,690
Adjusted EBITDA (1)	26,506	21,263	53,949	34,854
Net (loss) income	(30,742)	33,783	(25,390)	32,999
Per share - basic	(1.09)	1.65	(1.02)	1.64
Per share - diluted	(1.09)	0.39	(1.02)	0.44
Adjusted net income (1)	8,205	6,839	18,051	9,923
Per share - basic	0.29	0.33	0.72	0.50
Per share - diluted	0.13	0.08	0.25	0.13
Excess Cash Flow (1)	11,208	3,228	13,762	5,504

	June 30, 2018	December 31, 2017
Balance sheet ($000's):		
Cash and cash equivalents	$ 24,915	$ 3,272
Cash in trust for Senior Debentures (2)	3,530	11,911
Gold Notes, including current portion, net of gold in Gold Trust Account (3)	78,235	-
Senior Debentures, including current portion (4)	31,870	98,713
Other debt, including current portion	299	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 $3.5 million balance as of June 30, 2018 was returned to the Company on August 13, 2018 following full repayment of the remaining 2018 Debentures at Maturity with common shares.

(3) Represents carrying amounts, which are at a discount to principal amounts, for the Gold Notes. At June 30, 2018, the principal amount of the Gold Notes outstanding was $98.0 million and the Gold Trust Account included $3.8 million of physical gold used toward the $4.9 million quarterly Amortizing Payment completed on July 31, 2018.

(4) Represents carrying amounts, which are at a discount to principal amounts, for the Senior Debentures. At June 30, 2018, only the 2018 Debentures were outstanding and the aggregate principal amount was $33.6 million. The 2018 Debentures were fully repaid at Maturity on

August 13, 2018. At December 31, 2017, the aggregate principal amounts of the 2018, 2020 and 2024 Debentures outstanding were $45.2 million, $48.7 million and $47.0 million, respectively. The remaining 2020 and 2024 Debentures were fully redeemed in the second quarter of 2018.

Outlook

The Company produced a total of 105,578 ounces of gold production in the first half of 2018 and another 19,296 ounces in July 2018 with 17,164 ounces from the Segovia Operations and 2,132 ounces from the Marmato Underground mine. The Company has raised its guidance for 2018 and now expects that it will produce over 200,000 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 more than 175,000 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 center on taking its Segovia Operations to the next level. Capital investment in 2018 at the Segovia Operations amounted to $15.6 million in the first half of 2018 and is expected to total close to $30 million this year. Emphasis will continue to focus on exploration, including the additional $2.3 million of drilling announced in early August at the deepest levels of the El Silencio mine, and ongoing mine development at its Providencia and El Silencio mines. Mine development has also commenced to expand production operations at the Sandra K mine in the second half of 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 10,000 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 early 2019.

The Company's total cash cost averaged $683 per ounce sold in the first half 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 for the full year will remain below $950 per ounce.

The Company generated $13.8 million of Excess Cash Flow in the first half of 2018. Spot gold prices, which averaged $1,318 per ounce in the first half of 2018, have dropped thus far in the first half of the third quarter to a range from $1,262 to as low as $1,209 per ounce, averaging about $1,233 per ounce. If gold prices remain at this level throughout the back half of 2018, the Company expects that it will continue to generate positive Excess Cash Flow, but it will be at a reduced level compared with the first half of this year.

The Company is continuing to deposit 1,300 ounces on a monthly basis in 2018 into the Gold Trust Account as required for the Gold Notes. The next scheduled quarterly principal repayment will take place on October 31, 2018 and the Company has a put option contract in place at $1,250 per ounce to protect the guaranteed floor price for this repayment. The Company is continuing to review its strategy to hedge quarterly repayments beyond 2018 on a commercially reasonable basis.

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

Securities	TSX Symbol	Number	Shares Issuable	Exercise price per share	Expiry date
Common shares	GCM	48,150,305			
Stock options		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		
Gold Notes	Unlisted (1)	$93,125,000	N/A	N/A	April 30, 2024
Warrants	GCM.WT.A	4,211,918	280,795	CA$48.75	March 18, 2019
	Unlisted (1)	12,151,008	12,151,008	CA$2.21	April 30, 2024

(1) The Gold Notes and 2024 Warrants are subject to a hold period equal to four months and a day following the Closing Date. The 2024 Warrants will begin trading on the TSX on or about September 4, 2018 under the symbol GCM.WT.B. The Company is currently in a process seeking approval for the listing and trading of the Gold Notes on the TSX by the end of the hold period.

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 has been returned by the Trustee for the Senior Debentures to the Company in 2018.

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

On 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 Gold Notes and the 2024 Warrants are subject to a hold period equal to four months and a day following the Closing Date. The Company has received notice from the Toronto Stock Exchange ("TSX") that the 2024 Warrants will be listed and begin trading under the symbol GCM.WT.B on or about September 4, 2018. The Company is taking all commercially reasonable steps to obtain approval for the listing and trading of the Gold Notes on the TSX by the end of the hold period.

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 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 set aside 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 annual number of physical gold ounces to be deposited into the Gold Trust Account will vary by year, representing approximately 10% of the currently projected annual gold production from the Company's Segovia Operations and ranging from 15,594 ounces in the first year down to 10,000 ounces in the final year of the term of the Gold Notes.

The Company is required to 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 and October 31, 2018. The London PM Fix on July 16, 2018 was $1,241.10 per ounce, and as such, the Company delivered the approximately 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. As of August

13, 2018, the total principal amount of the Gold Notes outstanding is approximately $93.1 million, equivalent to 74,500 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

	Second Quarter		First Half	
(Ounces)	2018	2017	2018	2017
Segovia Operations				
Company mines (1)				
El Silencio	19,045	21,707	40,732	40,994
Providencia	22,618	14,294	43,284	22,702
Sandra K	2,867	889	4,923	1,664
Total Company mines	44,530	36,890	88,939	65,360
Other contract mines (2)	2,541	3,338	4,604	7,636
Total Segovia Operations	47,071	40,228	93,543	72,996
Marmato Underground	5,835	5,847	12,035	12,087
Total	52,906	46,075	105,578	85,083

(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 second quarter of 2018 amounted to 47,071 ounces, bringing the total for the first half of 2018 to 93,543 ounces, up 28% compared to the first half of 2017. This brings Segovia's trailing 12-months' total gold production as of June 2018 to 169,206 ounces, up 14% from 2017 fuelled by continuing growth in the Company's three mines which represented 95% of Segovia's first half 2018 and trailing 12-months' total gold production. The Company processed an average of 972 tonnes per day ("tpd") in the first half of 2018 with an overall average head grade of 16.7 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.

In July 2018, Segovia's gold production amounted to 17,164 ounces. Based on its performance to-date, the Company now expects that the Segovia Operations' annual gold production will surpass 175,000 ounces for 2018, above the top end of its initial 2018 gold production guidance of 167,000 ounces.

The Company's Marmato mine produced 5,835 ounces of gold in the second quarter of 2018, bringing the total for the first half of 2018 to 12,035 ounces, on par with the first half of 2017. In April 2018, the grades at the Marmato mine dropped to about 2.2 g/t, having an adverse impact of total cash costs per ounce. To improve the situation, mine management increased the cut-off grades for material being mined and in June 2018, head grades improved to just over 3 g/t, reducing tonnes processed in the month to an average of 832 tpd and the average for the second quarter of 2018 fell to 919 tpd. As of June 2018, Marmato's trailing 12-months' total gold production amounted to 25,110 ounces, on par with 2017's annual production and within the Company's guidance range for 2018 of between 24,000 and 26,000 ounces. Tonnes processed in July 2018 averaged 890 tpd at an average head grade of 2.9 g/t resulting in gold production of 2,132 ounces for the month.

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

	2018		2017				2016	
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr (3)	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr
Segovia Operations								
Company mines (1)								
Tonnes milled	76,493	65,696	59,567	34,262	49,156	51,158	56,534	52,820
Head grade (g/t)	19.69	19.47	21.43	25.72	22.54	16.68	16.82	17.75
Gold produced (ozs) (2)	44,530	44,410	43,484	28,495	36,890	28,470	31,980	30,166
Other contract mines (4)								
Tonnes milled	15,585	18,137	17,564	10,850	27,479	28,165	19,066	19,880
Head grade (g/t)	5.65	3.91	4.11	5.00	4.12	5.24	5.13	5.90
Gold produced (ozs)	2,541	2,062	2,104	1,580	3,338	4,298	2,846	3,386
Total Segovia Operations								
Tonnes milled	92,078	83,833	77,131	45,112	76,635	79,323	75,600	72,700
Tonnes per day (tpd)	1,012	931	838	490	842	881	822	790
Head grade (g/t)	17.31	16.10	17.48	20.73	15.93	12.62	13.87	14.51
Mill recovery	89.8%	90.5%	90.6%	90.6%	90.6%	90.1%	89.7%	90.1%
Gold produced (ozs) (2)	47,071	46,472	45,588	30,075	40,228	32,768	34,826	33,552
Silver produced (ozs)	39,263	36,692	35,610	23,068	35,810	31,844	33,215	27,993
Marmato Underground								
Tonnes milled	83,672	88,146	90,752	101,234	84,772	89,727	88,024	88,883
Tonnes per day (tpd)	919	979	986	1,100	932	997	957	966
Head grade (g/t)	2.59	2.55	2.44	2.45	2.48	2.48	2.55	2.40
Mill recovery	83.7%	85.7%	85.9%	87.4%	86.6%	87.2%	83.9%	81.0%
Gold produced (ozs)	5,835	6,200	6,111	6,964	5,847	6,240	6,053	5,559
Silver produced (ozs)	8,667	9,114	9,881	11,067	8,881	9,835	9,174	9,639
Total Company								
Gold produced (ozs)	52,906	52,672	51,699	37,039	46,075	39,008	40,879	39,111
Silver produced (ozs)	47,930	45,806	45,491	34,135	44,691	41,679	42,389	37,632

(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 $/oz data)	Second Quarter 2018	Second Quarter 2017	First Half 2018	First Half 2017
Gold				
Ounces sold	53,051	45,179	102,661	83,613
Average realized price ($/oz)	1,286	1,225	1,290	1,201
Silver				
Ounces sold	48,129	44,199	91,286	85,623
Average realized price ($/oz)	14	15	14	15
Revenues				
Gold	$ 68,249	$ 55,326	$ 132,419	$ 100,432
Silver	678	647	1,294	1,258
	$ 68,927	$ 55,973	$ 133,713	$ 101,690

Revenues of $68.9 million in the second quarter of 2018 brought the total for the first half of 2018 to $133.7 million, up 31% over the first half last year, benefitting from 23% higher gold sales volumes, driven by the production growth at the Segovia Operations. Revenues in the first half of 2018 also benefitted from 7% higher realized gold prices than the first half last year, as spot gold prices in the first half of 2018 were up 6% over spot gold prices in the first half of 2017. While the Company expects that revenue performance in the second half 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 third quarter of 2018, if sustained, may have an adverse impact on realized gold prices and revenue compared with the first half of 2018.

Cost of sales

	Second Quarter 2018	Second Quarter 2017	First Half 2018	First Half 2017
Production costs	$ 34,696	$ 28,851	$ 65,862	$ 56,215
Production taxes	2,902	2,356	5,594	4,349
Provision for environmental discharges	827	332	827	486
Depreciation, depletion and amortization ("DD&A")	6,574	4,095	12,653	7,595
Total cost of sales	$ 44,999	$ 35,634	$ 84,936	$ 68,645
Total cash costs per ounce (1)				
Production costs	$ 654	$ 639	$ 642	$ 672
Production taxes	55	52	54	52
By-product credits (silver)	(13)	(15)	(13)	(15)
	$ 696	$ 676	$ 683	$ 709

(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 half of 2018. The Company's total cash costs increased to $696 per ounce in the second quarter of 2018, impacted by an increase in the Marmato Underground mine's total cash cost to $1,204 per ounce sold. However, for the first half of 2018, the Company's total cash cost averaged $683 per ounce sold, 4% lower than the first half last year, and the Company continues to expect to meet its guidance for the full year of 2018 with an average total cash cost below $735 per ounce sold.

The Company completed a number of initiatives at Segovia in 2017 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 discharge fees. 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 has recorded the additional amount of $0.8 million as a charge to cost of sales in the second quarter of 2018.

DD&A in the first half of 2018 of $12.7 million, up from $7.6 million in the first half last year, reflected the increased gold sales volume in the current year and an increase in the DD&A rate per ounce sold as a result of the reversal of impairment at Segovia recorded at the end of the second quarter of 2017.

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

	2018		2017				2016	
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr
Segovia Operations	$ 624	$ 616	$ 662	$ 700	$ 620	$ 690	$ 664	$ 672
Marmato Underground	1,204	1,141	1,109	958	1,062	1,061	1,023	1,094
Company average	$ 696	$ 670	$ 719	$ 748	$ 676	$ 748	$ 725	$ 728

At the Company's Segovia Operations, total cash costs per ounce of $624 per ounce were slightly higher than the first quarter of 2018 and the second quarter 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 as Segovia's total cash costs per ounce averaged $620 in the first half of 2018 compared with $652 in the first half last year. 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 $1,176 per ounce in the first half of 2018 compared with $1,061 per ounce in the first half 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, the mine's total cash cost per ounce had decreased to below $1,100 per ounce.

Social contributions

	Second Quarter		First Half	
($000's)	2018	2017	2018	2017
Segovia social contributions	$ 1,267	$ 1,026	$ 2,496	$ 1,872
Road paving in municipality of Marmato	-	174	-	174
	$ 1,267	$ 1,200	$ 2,496	$ 2,046

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 and higher spot gold prices in the second quarter and first half of 2018 compared with the same periods last year contributed to the year-over-year increase in social contribution expense.

Other items

	Second Quarter		First Half	
($000's)	2018	2017	2018	2017
G&A expenses	$ 2,738	$ 1,956	$ 4,997	$ 3,783
Reversal of impairment (before tax)	-	45,307	-	45,307
Share-based compensation	903	-	903	582
Finance costs	15,655	7,977	24,805	15,865
Wealth tax expense	-	(16)	-	918
(Loss) gain on financial instruments	(26,380)	1,142	(26,380)	1,142
Income taxes	7,776	21,683	14,677	23,275

G&A expenses in the second quarter of 2018 amounted to $2.7 million, up from $2.0 million in the second quarter last year. This brings the total G&A expenses for the first half of 2018 to $5.0 million compared with $3.7 million in the first half of last year. The increased level of G&A expenses in 2018 reflects several factors including additional personnel-related costs, additional activity-based costs associated with investor and public relations, 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 to allow the newly elected government officials to take office and to pave the way for further discussion between the Company and the Colombian government toward a resolution of the matters the Company has raised in its arbitration request.

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 $15.7 million in the second quarter of 2018 bringing the first half 2018 total to $24.8 million, up from $15.9 million in the first half last year. Finance costs comprise four primary categories as follows:

- *Interest expense - $4.8 million in the first half of 2018*, up from $4.0 million in the first half last year. Of this total, interest on the 2018, 2020 and 2024 Debentures is the largest component, amounting to $2.8

million in the first half of 2018, down $0.5 million compared with the first half of 2017, primarily as a result of the redemption of the 2020 and 2024 Debentures in the second quarter of 2018. Interest expense in the second quarter of 2018 included $1.3 million for the first two months of the newly issued Gold Notes which carry a higher interest rate (8.25% per annum) than the 2020 and 2024 Debentures (average of about 7% per annum). 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 discharge fee payment plans, and amounts payable for mining titles and compensation agreements at the Marmato Project which amounted to a total of $0.7 million in each of the first half of 2018 and 2017.

- *Non-cash accretion of the debt discount on the Senior Debentures - $11.0 million in the first half of 2018* compared with $10.8 million in the first half of 2017. The fair values assigned by the Company to the 2018 Debentures and the 2020 Debentures on issuance in 2016 and to the 2024 Debentures in 2017 reflected a discount to their total principal amount. 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 will cease with the repayment at Maturity of the 2018 Debentures in the third quarter of 2018.
- *Non-cash accretion of financial obligations - $1.4 million in the first half of 2018* compared with $1.1 million in the first half of 2017. The Company has financial obligations associated with its funding of health plan contributions at Segovia, decommissioning liabilities at Segovia and Marmato Underground and environmental discharge fees at Segovia, all of which will be paid over time and therefore are recorded at the present value of the future obligations. Non-cash finance costs are recognized as these liabilities are accreted with the passage of time.
- *Debt financing costs - $7.6 million in the second quarter and first half of 2018* (Nil in the prior year) associated with the completion of the Offering.

The Colombian government levied a ***wealth tax*** applicable for the 2015 through 2017 fiscal years. The taxable basis accrued annually on January 1st of each year and was then payable in two instalments in May and September. The Company recorded wealth tax expense of $0.9 million in the first 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 second quarter and first half of 2018 in the amount of $26.4 million including:

- $24.8 million 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.
- $1.2 million of fair value loss in the second quarter of 2018 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 second quarter of 2018, the Company recorded a fair value loss on financial instruments related to the Gold Notes of $0.2 million through profit and loss and a fair value gain of $1.8 million due to changes in credit risk of $1.8 million through other comprehensive income.

In the second quarter and first half of 2017, the Company recorded a $1.1 million gain on financial instruments related to the extinguishment and repurchases of a portion of its 2020 Debentures.

The Company recorded ***provisions for income taxes*** in the second quarter and first half of 2018 of $7.8 million and $14.7 million, respectively, that were lower than the provisions for income taxes recorded in the second quarter and first half of 2017 of $21.7 million and $23.3 million, respectively. The Company recorded pre-tax losses in the second quarter and first half of 2018 as a result of the debt financing costs and the loss on financial instruments whereas the Company had recorded much higher pre-tax income in the second quarter and first half of 2017 which included the benefit of a $45.3 million reversal of impairment. In addition, the effective income tax rate on the Company's reported pre-tax income will ordinarily vary from the expected provision for income taxes based on the 26.5% combined statutory tax rate in Canada as a result of 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 a net loss for the second quarter of 2018 of $30.7 million, or $1.09 per share, compared with net income of $33.8 million, or $1.65 per share, in the second quarter last year. For the first half of 2018, the Company reported a net loss of $25.9 million, or $1.02 per share, compared with net income of $33.0 million or $1.64 per share, in the first half last year. The net losses reported for 2018 include $26.4 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 second quarter and first half of 2017 included a reversal of impairment of the Segovia Operations in the amount of $45.3 million.

After adjustments to the net loss/ income 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 second quarter of 2018 of $8.5 million, or $0.29 per share, up from $6.8 million, or $0.33 per share, in the second quarter last year. This brought the adjusted net income for the first half of 2018 to $18.1 million, or $0.72 per share, compared with $9.9 million, or $0.50 per share, in the first half last year, reflecting the improvement in adjusted EBITDA this year.

Summary of Quarterly Results

$000's except ounce, per ounce and per share data	2018 2nd Qtr	2018 1st Qtr	2017 4th Qtr	2017 3rd Qtr	2017 2nd Qtr (4)	2017 1st Qtr	2016 4th Qtr	2016 3rd Qtr
Operating data:								
Gold produced (ounces)	52,906	52,672	51,699	37,039	46,075	39,008	40,879	39,111
Gold sold (ounces)	53,051	49,610	56,100	33,932	45,179	38,434	41,357	39,017
Average realized gold price (1)	$ 1,286	$ 1,293	$ 1,252	$ 1,246	$ 1,225	$ 1,174	$ 1,201	$ 1,296
Silver sold (ounces)	48,129	43,157	49,145	31,467	44,199	41,424	47,786	39,723
Average realized silver price (1)	$ 14	$ 14	$ 14	$ 14	$ 15	$ 15	$ 15	$ 17
Total cash costs (1, 2)	694	670	719	748	676	748	725	728
All-in sustaining cost (1, 2)	912	896	899	970	884	941	899	863
Financial data:								
Revenue								
Gold	$ 68,249	$ 64,170	$ 70,243	$ 42,287	$ 55,326	$ 45,106	$ 49,671	$ 50,567
Silver	678	616	695	450	647	611	695	657
Total	68,927	64,786	70,938	42,737	55,973	45,717	50,366	51,224
Cost of sales	44,999	39,937	47,794	30,113	35,634	33,011	34,448	32,383
G&A	2,738	2,259	1,899	1,992	1,956	1,827	2,573	1,541
Impairment (reversal) charges and loss on disposals of mining interests	-	-	-	-	(45,307)	-	18,203	-
Share-based compensation	903	-	52	-	-	582	-	-
Social contributions	1,267	1,229	1,274	779	1,200	846	836	808
Income (loss) from operations	19,020	21,361	19,919	9,853	62,490	9,451	(5,694)	16,492
Finance costs, net of income (5)	(15,514)	(9,090)	(8,300)	(8,020)	(7,911)	(7,774)	(7,542)	(7,815)
(Loss) gain on financial Instruments (5)	(26,380)	-	(1)	(1,196)	1,142	-	(346)	(528)
Wealth tax	-	-	-	-	16	(934)	-	-
Foreign exchange and other	(92)	(18)	20	(107)	(271)	65	(151)	103
(Loss) income before taxes	(22,966)	12,253	11,638	530	55,466	808	(13,733)	8,252
Income tax provision	(7,776)	(6,901)	(6,742)	(1,577)	(21,683)	(1,592)	(1,521)	(180)
Net (loss) income	(30,742)	5,352	4,896	(1,047)	33,783	(784)	(15,254)	8,072
Per share								
Basic	(1.09)	0.25	0.23	(0.05)	1.65	(0.04)	(0.82)	0.52
Diluted	(1.09)	0.12	0.11	(0.05)	0.39	(0.04)	(0.82)	0.13
Adjusted EBITDA (2)	26,506	27,443	26,758	13,844	21,263	13,591	16,447	19,712
Adjusted net income (2)	8,502	9,846	9,137	3,835	6,839	3,084	3,430	8,103
Adjusted per share (2)								
Basic	0.29	0.46	0.44	0.19	0.33	0.16	0.19	0.52
Diluted	0.13	0.12	0.11	0.06	0.08	0.04	0.05	0.10
Excess Cash Flow (3)	11,208	2,554	8,659	2,293	3,228	2,276	503	112

(1) Per ounce sold.
(2) Refer to "Non-IFRS Measures" on pages 24-27.
(3) As defined by the indentures for the Senior Debentures. See page 25 for the reconciliation for the second quarter and first half for each of 2018 and 2017.
(4) 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 will be reflected prospectively in future filings containing financial information for the second quarter and first half of 2017 and for the first nine months of 2017.

(5) 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 $25.0 million associated with the extinguishment of the Senior Debentures.

Liquidity and Capital Resources

In the second quarter of 2018, the Company completed its $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 have significantly improved the Company's working capital deficit and debt to equity ratio compared with the end of 2017.

In addition, the Company's cash position increased from $3.3 million at the end of 2017 to $24.9 million at June 30, 2018, fuelled by Excess Cash Flow generated in the second quarter of 2018 of $11.2 million which was no longer required to be swept into the sinking funds for the Senior Debentures as in previous quarters, $4.1 million of excess cash proceeds from the Offering over the amount required to redeem the 2020 and 2024 Debentures and the return of $9.6 million of cash from the sinking fund for the 2020 and 2024 Debentures, net of the value of gold deposited to the new Gold Trust Account for the Gold Notes during the second quarter of 2018 in the amount of $3.9 million.

Subsequent to June 30, 2018, the Company received the $3.5 million balance of the 2018 Debentures' sinking fund from the Trustee as it was not required for the repayment of the 2018 Debentures at Maturity. In July 2018, the Company used $3.0 million of its cash position to complete its acquisition of an interest in Sandspring (as described further in *Investing Activities*).

Excluding the 2018 Debentures, the Company had positive working capital at June 30, 2018 of $1.8 million compared to a working capital deficit of $5.6 million at December 31, 2017. Key components of the Company's working capital at June 30, 2018 include:

- *Cash - $24.9 million,* up from $3.3 million at the end of 2017 as described above.
- *Cash in trust - $3.5 million*, 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. The balance, all related to the 2018 Debentures, was returned to the Company on August 13, 2018 as described above.
- *Accounts receivable – current portion of $11.0 million*, down $3.4 million from December 31, 2017 principally due to a $4.7 million decrease in recoverable VAT as certain refund claims delayed from 2017 have been received during the first half of 2018. The Company also received the final $0.7 million installment receivable from the sale of its refinery interest in 2015. Trade receivables in 2018 have increased from the level at the end of 2017 as a result of the increased volume of gold sales this year and higher spot gold prices.
- *Gold Trust Account - $3.8 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 for the Gold Notes. At June 30, 2018, a total of 3,044 ounces were held in the Gold Trust Account and in July 2018, the Company deposited the remaining 850 ounces needed to bring the total for the first quarterly repayment to 3,894 ounces which were later sold against a put option contract at $1,250 per ounce on July 16, 2018 to generate the $4.9 million quarterly repayment completed on July 31, 2018. For the next 12 months, the Company must 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 debt repayments.

- *Inventories - $15.3 million,* up $2.3 million from the end of 2017, mainly due to an increase in mineral inventories as a result of the production growth in the Segovia Operations.
- *Accounts payable and accrued liabilities - $18.0 million*, down $0.8 million from December 31, 2017. The Company is continuing to manage its trade creditors within normal payment terms.
- *Income tax payable - $10.4 million,* up from $8.4 million at December 31, 2017. The change in the first half of 2018 principally reflects $17.6 million of current provision for income taxes recorded against earnings for the first half of 2018, primarily associated with the Company's Colombian mining operations, net of $15.4 million of income taxes paid in Colombia during the first half of 2018.
- *Current portion of long-term debt, excluding the 2018 Debentures - $16.6 million*, up from $0.4 million at the end of 2017 reflecting the allocation of the fair value ($16.3 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 - $2.8 million*, down from $4.0 million at December 31, 2017. The June 30, 2018 balance includes $0.7 million for the next 12 monthly payments to fund the ongoing health plan obligations at the Segovia Operations and $2.1 million related to the payments to be made over the next 12 months for environmental discharge fees at Segovia related to 2012 through 2017.
- *Amounts payable for acquisitions of mining interests - $11.6 million* related to the Marmato Project, up $0.6 million since December 31, 2017 with $0.2 million due to foreign exchange change and the balance to additional interest accruing on the unpaid amounts. Of the total amounts payable at June 30, 2018, $11.3 million relates to compensation agreements with artisanal miners in the Croesus area of the Marmato Project. Payments related to these compensation agreements have been suspended since 2013 and the Company is continuing to evaluate its options with respect to these obligations in light of its expected future underground development activities.

Operating activities

Net cash provided by operating activities in the first half of 2018 amounted to $35.6 million, a $14.5 million increase over the first half of 2017. Factors contributing to this year-over-year increase included the positive impact of the increased production levels in the first half of 2018 on operating cash flow together with higher realized gold prices and lower total cash cost per ounce, partially offset by a $1.8 million increase in income taxes paid in the first half of 2018 compared with the first half last year.

Investing activities

Net cash used in investing activities in the first half of 2018 comprised additions to mining interests in the amount of $17.3 million, up from $11.3 million in the first half last year, net of $0.8 million received 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 half of 2018 comprised:

- *Sustaining capital expenditures*. The Company incurred $16.9 million of sustaining capital expenditures in the first half of 2018, including $15.7 million at the Segovia Operations, $1.1 million at the Marmato Underground mine and $0.1 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 half of 2018.

Sustaining capital expenditures at the Segovia Operations were $15.7 million in the first half of 2018, the major components of which included (i) $7.7 million for exploration and mine development, including 11,186 meters of the 2018 drilling program, (ii) $4.9 million for the mines including underground equipment and ventilation improvements at the El Silencio mine and completion of a ventilation shaft and further infrastructure upgrades at the Providencia mine, (iii) $2.3 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, and (iv) $0.8 million related to the 44kV connection at the mines.

Sustaining capital expenditures at the Marmato Underground mine of $1.1 million in the first half of 2018 included $0.5 million related to the technical studies and the initial 164 meters of the 2018 drilling program which commenced in June 2018 and $0.6 million of expenditures related to the existing mine and plant.

Subsequent Event – Acquisition of 15% Interest in Sandspring

On July 26, 2018, the Company completed its acquisition of an investment in Sandspring. 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. The Company acquired a further 16,000,000 Units of Sandspring at CA$0.25 per Unit (equivalent to $3.0 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. The securities acquired in connection with Sandspring's private placement are subject to a four-month-and-one-day hold period. The common shares acquired by the Company represent approximately 14.8% of the outstanding common shares of Sandspring. Assuming exercise of the warrants acquired by the Company, when combined with the common shares, the Company would have control and direction over 47,000,000 common shares representing approximately 20.8% of the outstanding common shares of Sandspring on July 26, 2018. Lombardo Paredes, the Company's Chief Executive Officer, has also joined the Board of Sandspring.

Financing activities

In the first half of 2018, net cash provided by financing activities was $2.6 million, compared with $10.0 million used in the first half last year.

In the first half 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 $9.6 million to its cash position in the second quarter of 2018 through the release of the sinking fund for the 2020 and 2024 Debentures, $1.9 million of which had been contributed in 2018 to the sinking fund related to the Excess Cash Flow generated in the first quarter this year.
- the Company used $3.9 million related to the value of the physical gold deposited to Gold Trust Account for the Gold Notes in the second quarter of 2018.
- the Company contributed $0.7 million to the sinking fund for the 2018 Debentures related to the Excess Cash Flow generated in the first quarter this year and then used $1.4 million of the sinking fund balance to pay 19% of the 2018 Debentures in cash that were settled at par (the other 81% was paid with common shares) ahead of Maturity in the second quarter of 2018.
- the Company paid net interest of $4.4 million in the first half of 2018.

Excess Cash Flow and Sinking Funds for the Senior Debentures

The Company was obligated to pay 25% and 75% of its Excess Cash Flow (refer to page 25 for the computation) into separate sinking funds for the 2018 Debentures and the 2020/2024 Debentures, respectively. Since inception of the Senior Debentures, 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 the $3.0 million partial redemption of the 2020 Debentures on July 31, 2017, current cash in trust included $4.9 million of cash on deposit in the sinking fund for the 2018 Debentures and non-current cash in trust included $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 connection with the Offering and redemption of the 2020 and 2024 Debentures completed in the second quarter of 2018. As a result of the redemptions of the 2020 and 2024 Debentures in May 2018 and the repayment of the 2018 Debentures in August 2018, the Company was not required to deposit any of its Excess Cash Flow generated in the second quarter of 2018 into the sinking funds for the Senior Debentures.

Colombian Finance Lease Facilities

The Company has three finance leases amounting to a total of approximately COP 0.9 billion (net of future interest) at June 30, 2018, equivalent to approximately $0.3 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. The Senior Debentures are carried at amortized cost. Based on the quoted TSX closing market prices on June 30, 2018, the estimated fair value of the 2018 Debentures would be approximately $39.0 million. The Gold Notes are 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
Investments	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
Debentures	Other financial liabilities	Amortized cost
Gold Notes	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 June 30, 2018. There have been no changes in the Company's internal controls over financial reporting during the three months ended June 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, Excess Cash Flow, adjusted net income or loss and total cash costs (by-product) and AISC on a per ounce basis. These non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to other issuers. The Company reports total cash costs and AISC on a sales basis. In the gold mining industry, this is a common performance measure but does not have any standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's underlying performance of its core operations and its ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

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, allowance for doubtful accounts, gains or losses on asset dispositions, equity and wealth taxes, share-based compensation, gains/losses on financial instruments and foreign exchange gains/losses.

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

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

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

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

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

	Second Quarter 2018	Second Quarter 2017	First Half 2018	First Half 2017
Net income	**$ (30,742)**	**$ 33,783**	**$ (25,390)**	**$ 32,999**
Depreciation and amortization	6,583	4,080	12,665	7,638
Reversal of impairment	-	(45,307)	-	(45,307)
Share-based compensation	903	-	903	582
Finance costs, net of finance income	15,514	7,911	24,604	15,685
Wealth tax	-	(16)	-	918
Loss (gain) on financial instruments	26,380	(1,142)	26,380	(1,142)
Foreign exchange (gain) loss	92	271	110	206
Income taxes	7,776	21,683	14,677	23,275
Adjusted EBITDA	**$ 26,506**	**$ 21,263**	**$ 53,949**	**$ 34,854**

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

	Second Quarter 2018	Second Quarter 2017	First Half 2018	First Half 2017
Revenue	$ 68,927	$ 55,973	$ 133,713	$ 101,690
Cost of sales, excluding DD&A	(38,425)	(31,539)	(72,283)	(61,050)
G&A, excluding DD&A	(2,729)	(1,971)	(4,985)	(3,740)
Social contributions	(1,267)	(1,200)	(2,496)	(2,046)
Adjusted EBITDA	**$ 26,506**	**$ 21,263**	**$ 53,949**	**$ 34,854**

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

	Second Quarter 2018	Second Quarter 2017	First Half 2018	First Half 2017
Adjusted EBITDA	**$ 26,506**	**$ 21,263**	**$ 53,949**	**$ 34,854**
Additions to mining interests	(9,056)	(6,468)	(17,253)	(11,279)
Repayment of long-term debt	(82)	(393)	(154)	(783)
Change in cash held for debt service	-	(73)	-	52
Interest paid, net	(2,363)	(1,857)	(4,352)	(3,738)
Debt financing costs paid	-	69	-	-
Wealth taxes paid	-	(473)	-	(473)
Income taxes paid	(2,167)	(7,617)	(15,444)	(13,686)
Payments of health obligations and increase in cash in trust	(241)	(140)	(470)	(356)
Environmental discharges fees paid	(1,911)	(282)	(2,635)	(705)
Proceeds received from sale of CIIGSA refinery	804	178	804	372
Changes in non-cash working capital items	(282)	(979)	(683)	1,246
Excess Cash Flow	**$ 11,208**	**$ 3,228**	**$ 13,762**	**$ 5,504**

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:

	Second Quarter		First Half	
($000's except ounces and per ounce data)	2018	2017	2018	2017
Gold sales (ounces)	53,051	45,179	102,661	83,613
Total cash costs				
Production costs	$ 34,696	$ 28,851	$ 65,862	$ 56,215
Production taxes	2,902	2,356	5,594	4,349
Silver revenues	(678)	(647)	(1,294)	(1,258)
Total cash costs on a by-product basis	$ 36,920	$ 30,560	$ 70,162	$ 59,306
Total cash costs per ounce sold	**$ 696**	**$ 676**	**$ 683**	**$ 709**
AISC				
Total cash costs on a by-product basis	$ 36,920	$ 30,560	$ 70,162	$ 59,306
G&A, excluding depreciation and amortization	2,729	1,971	4,985	3,740
Sustaining capital and E&E costs	7,982	7,061	16,915	12,554
Provision for environmental charges	827	332	827	486
Total AISC	$ 48,458	$ 39,924	$ 92,889	$ 76,086
AISC per ounce sold				
Total cash costs on a by-product basis	$ 696	$ 676	$ 683	$ 709
G&A, excluding depreciation and amortization	51	44	49	45
Sustaining capital and E&E costs	150	157	165	150
Provision for environmental charges	16	7	8	6
AISC per ounce sold	**$ 913**	**$ 884**	**$ 905**	**$ 910**

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:

	Second Quarter		First Half	
	2018	2017	2018	2017
Additions to mining interests				
Sustaining capital and E&E costs	$ 7,982	$ 7,061	$ 16,915	$ 12,554
Change in accounts payable and accrued liabilities related to capital expenditures	1,074	(759)	276	(1,733)
Change in amounts payable for acquisitions of mining interests	-	166	62	458
Total additions to mining interests	**$ 9,056**	**$ 6,468**	**$ 17,253**	**$ 11,279**

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

	Second Quarter		First Half	
	2018	2017	2018	2017
Net income	**$ (30,742)**	**$ 33,783**	**$ (25,390)**	**$ 32,999**
Reversal of impairment	-	(45,307)	-	(45,307)
Loss (gain) on financial instruments	26,380	(1,142)	26,380	(1,142)
Accretion of senior debt discount	4,841	5,445	9,339	10,761
Debt financing costs	7,578	-	7,578	-
Foreign exchange loss	92	271	110	206
Income tax effect on adjustments	56	13,789	34	12,406
Adjusted net income	**$ 8,205**	**$ 6,839**	**$ 18,051**	**$ 9,923**

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

	Second Quarter		First Half	
	2018	2017	2018	2017
Adjusted net income	**$ 8,205**	**$ 6,839**	**$ 18,051**	**$ 9,923**
Add: Interest expense, net of tax	746	1,242	2,025	2,428
Adjusted net income for fully diluted computation	**$ 8,951**	**$ 8,081**	**$ 20,076**	**$ 12,351**
Weighted average number of shares (000's)				
Basic	28,302	20,450	24,954	20,022
Add: Impact of options and warrants	633	-	248	-
Add: Impact of conversions of Senior Debentures	41,460	76,810	55,988	77,520
Fully diluted	70,395	97,260	81,190	97,542
Adjusted earnings per share				
Basic	**$ 0.29**	**$ 0.33**	**$ 0.72**	**$ 0.50**
Diluted	**0.13**	**0.08**	**0.25**	**0.13**

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 June 30, 2018, the Company's non-guarantor subsidiaries accounted for less than 1% of the Company's consolidated revenue and EBITDA, respectively. As of June 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.

No Public Market for the Gold Notes and 2024 Warrants Issued in the Units

There is currently no public market through which the Gold Notes and 2024 Warrants, issued in conjunction with the Offering, may be sold. The Gold Notes and the 2024 Warrants are also subject to a hold period equal to four months and a day following the Closing Date. The 2024 Warrants have been approved for listing and trading on the TSX on or about September 4, 2018. The Company will take commercially reasonable steps to obtain approval for the listing and trading of the Gold Notes on the TSX, although there can be no assurance such steps will be successful. In addition, there can be no assurance that a secondary market for trading in such Gold Notes will develop or that any secondary market, which does develop, will continue. Also there can be no assurances that any such secondary market will be active.

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. 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.