

GRAN COLOMBIA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED JUNE 30, 2020 AUGUST 13, 2020

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, 2020 (the "Interim Financial Statements") and the annual audited financial statements and annual MD&A for the year ended December 31, 2019, 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 pages 30-31 of this MD&A and the Company's Annual Information Form dated as of March 30, 2020, 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") for interim financial statements in International Accounting Standard – Interim Financial Reporting ("IAS34"). Reference should also be made to pages 24-29 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 2020 Highlights

- In light of the Company's continuing strong free cash flow generation, the Board of Directors has approved the initiation of the Company's **quarterly dividend** program. The first quarterly dividend of CA\$0.015 per common share will be paid on October 15, 2020 to shareholders of record as of the close of business on September 30, 2020.
- Despite the challenges associated with the **COVID-19 national quarantine in Colombia** during the second quarter of 2020, mining operations continued at both Segovia and Marmato and the Company supported the local communities, providing medical equipment, supplies and sanitation kits to the local hospitals and groceries to families who have been economically affected by the COVID-19 crisis.
- Gran Colombia's **gold production** in the second quarter of 2020 of 48,228 ounces, down from 57,882 ounces in the second quarter last year, reflected the initial adverse impact of the COVID-19 quarantine on Segovia's workforce in the first half of April. Protocols implemented by the Company facilitated increased availability of workers thereafter and production at Segovia returned to about 95% of normal. Gold production at Marmato in the second quarter of 2020 was only 62% of the second quarter last year as the quarantine had a greater impact on worker availability throughout the quarter. With a total of 104,475 ounces of gold produced in the first half of 2020, down from 118,483 ounces in the first half of last year, and another 18,111 ounces in July, the Company has updated its 2020 annual production guidance to a range between 218,000 and 226,000 ounces of gold.
- **Revenue** amounted to \$77.1 million in the second quarter of 2020, almost on par with the second quarter last year, as the 31% year-over-year improvement in spot gold prices increased the Company's realized gold price to an average of \$1,696 per ounce sold and compensated for the 24% lower gold sales volumes attributable to the COVID-19 impact on production. For the first half of 2020, revenue of \$178.1 million was up 15% over the first half last year.
- **Total cash costs** ⁽¹⁾ per ounce averaged \$713 per ounce in the second quarter of 2020 compared with \$655 per ounce in the second quarter last year, reflecting the COVID-19 impact on production which

(1) Refer to "Non-IFRS" Measures on pages 24-29.

increased fixed production costs on a “per ounce” basis. Higher spot gold prices increased production taxes by approximately \$19 per ounce in the second quarter of 2020 compared with the same period last year and the Company incurred additional costs to implement the COVID-19 protocols required to protect the health and safety of its workers. For the first half of 2020, total cash costs averaged \$686 per ounce compared with \$638 per ounce in the first half last year.

- **All-in sustaining costs (“AISC”)** ⁽¹⁾ and **All-in costs** ⁽¹⁾ were \$1,045 per ounce and \$1,114 per ounce, respectively, in the second quarter of 2020 compared with \$878 per ounce and \$903 per ounce, respectively, in the second quarter last year. The year-over year increase in these metrics can largely be attributed to new spending on G&A and social contributions in Caldas Gold and an increased level of non-sustaining capex for the Marmato Project. Similar to total cash costs per ounce, the lower production in the second quarter of 2020 also contributed to an increase in these “per ounce” metrics. For the first half of 2020, AISC and All-in costs averaged \$954 and \$1,034 per ounce, respectively, compared with \$855 and 873 per ounce, respectively, in the first half last year.
- The Company reported **adjusted EBITDA** ⁽¹⁾ of \$37.6 million for the second quarter of 2020, up 13% over the second quarter last year. For the first half of 2020, adjusted EBITDA totalled \$88.0 million, up 29% over the first half last year. The Company’s trailing 12-months’ adjusted EBITDA at the end of June 2020 was \$166.2 million, up 13% over 2019.
- **Net cash provided by operating activities** in the second quarter of 2020 of \$6.4 million, down from \$18.2 million in the second quarter last year, reflected income tax payments in Colombia totalling \$35.3 million compared with only \$14.1 million in the second quarter last year. For the first half of 2020, net cash provided by operating activities was \$38.2 million, up from \$38.0 million in the first half last year.
- **Free Cash Flow** ⁽¹⁾ in the second quarter of 2020 was also impacted by the increased level of income tax payments compared with the second quarter last year. For the first half of 2020, Free Cash Flow amounted to \$13.5 million, about \$5.6 million lower than the first half last year due to an increased level of non-sustaining capital and exploration expenditures.
- The Company’s **balance sheet** remained solid with total cash of \$87.7 million at the end of June 2020 and further reduction in the aggregate principal amount of Gold Notes outstanding to \$41.3 million.
- Non-cash fair value changes in financial instruments totaling \$35.4 million in the second quarter of 2020, largely driven by the Company’s 70% share price improvement, contributed to a **net loss** of \$18.9 million (\$0.27 per share) compared with net income of \$0.8 million (\$0.02 per share) in the second quarter last year. For the first half of 2020, the Company reported net income of \$5.7 million (\$0.13 per share) compared with \$8.7 million (\$0.18 per share) in the first half last year. The first half 2020 net income was net of a \$16.7 million charge related to the Caldas Gold RTO Transaction.
- **Adjusted net income** ⁽¹⁾ for the second quarter of 2020 was \$17.5 million (\$0.29 per share), up from \$14.2 million (\$0.29 per share) in the second quarter last year. For the first half of 2020, adjusted net income improved to \$38.7 million (\$0.66 per share) compared with \$27.2 million (\$0.56 per share) in the first half last year. The year-over-year improvement in adjusted net income for the second quarter and first half of 2020 largely reflects the positive impact of higher gold prices in 2020, partially offset by the COVID-19 impact on gold sales volumes in the second quarter of 2020.
- In July 2020, the Company announced high-grade intercepts from the latest 72 diamond drill holes totaling 10,523 meters (approximately 33%) of the 2020 in-mine and near-mine **drilling programs at its Segovia Operations**. At Carla, the Company’s fourth mine which is coming into production later this year, drilling intercepted high-grade mineralization down-dip below the existing underground mine development confirming a high-grade intercept from a prior drilling program. Results at Sandra K and El Silencio continue to increase the Company’s confidence in the potential to expand mineral resources at Segovia and add to the mine life for this project.

- Caldas Gold is making progress in its action plans to **build Colombia's next major gold mine**. On July 6, 2020, Caldas Gold announced the results of a Preliminary Feasibility Study (the "2020 PFS") for its Marmato Project. On July 29, 2020, Caldas Gold completed a CA\$50 million bought deal private placement of Special Warrants, of which Gran Colombia acquired CA\$20 million to maintain its equity ownership above 50%. Caldas Gold is also finalizing a private placement offering of senior secured gold-linked notes expected to raise between \$80 million to \$90 million and completing a \$110 million stream financing with Wheaton Precious Metals International Ltd., all of which will fund the planned expansion of mining operations into the Marmato Deep Zone ("MDZ") commencing in the second half of this year.

Selected Financial Information

	Second Quarter		First Half	
	2020	2019	2020	2019
Operating data				
Gold produced (ounces)	48,228	57,882	104,475	118,483
Gold sold (ounces)	45,078	59,368	108,779	118,413
Average realized gold price (\$/oz sold)	\$ 1,696	\$ 1,293	\$ 1,622	\$ 1,296
Total cash costs (\$/oz sold) ⁽¹⁾	713	655	686	638
AISC (\$/oz sold) ⁽¹⁾	1,045	878	954	855
All-in costs (\$/oz sold) ⁽¹⁾	1,114	903	1,034	873
Financial data (\$000's, except per share amounts)				
Revenue	\$ 77,134	\$ 77,610	\$ 178,110	\$ 155,065
Adjusted EBITDA ⁽¹⁾	37,563	33,198	88,000	68,473
Net (loss) income	(18,578)	768	5,677	8,671
Per share - basic	(0.27)	0.02	0.13	0.18
Per share - diluted	(0.27)	0.02	0.13	0.18
Adjusted net income ⁽¹⁾	17,504	14,164	38,736	27,179
Per share - basic	0.29	0.29	0.66	0.56
Per share - diluted	0.24	0.25	0.56	0.49
Net cash provided by operating activities ⁽⁴⁾	6,431	18,217	38,242	38,035
Free cash flow ^{(1) (4)}	(4,375)	7,751	13,456	19,028
			June 30, 2020	December 31, 2019
Balance sheet (\$000's):				
Cash and cash equivalents			\$ 87,749	\$ 84,239
Gold Notes, including current portion – principal amount outstanding ⁽²⁾			41,300	68,750
Convertible Debentures – principal amount outstanding ⁽³⁾			CA20,000	CA20,000

(1) Refer to "Non-IFRS Measures" on pages 24-29.

(2) The Gold Notes are recorded in the Interim Financial Statements at fair value. At June 30, 2020 and December 31, 2019, the carrying amounts of the Gold Notes outstanding were \$43.5 and \$69.0 million, respectively.

(3) The Convertible Debentures are recorded in the Interim Financial Statements at fair value. At June 30, 2020 and December 31, 2019, the carrying amount of the Convertible Debentures outstanding was \$23.7 million and \$21.1 million, respectively.

(4) Net of income taxes paid of \$35.3 million in the second quarter of 2020 (\$14.1 million in the second quarter of 2019) and \$42.6 million in the first half of 2020 (\$30.4 million in the first half of 2019).

Description of Business

The Company is incorporated under the laws of the Province of British Columbia and is a Canadian-based mid-tier gold producer with its primary focus in Colombia where it is currently the largest underground gold and silver producer with several mines in operation at its high-grade Segovia Operations. 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 1166 Alberni Street, Suite 1604, Vancouver, British Columbia, V6E 3Z3. The Company also has an office in Medellin, Colombia. As of the date of this MD&A, the Company owns 57.5% of Caldas Gold Corp., a Canadian mining company currently advancing a major expansion and modernization of its underground mining operations at its Marmato Project in Colombia. The Company's project pipeline includes its Zancudo Project in Colombia together with an approximately 20% equity interest in Gold X Mining Corp. (TSXV: GLDX) (Guyana – Toroparu) and an approximately 26% equity interest in Western Atlas Resources Inc. ("Western Atlas") (TSX-V: WA) (Nunavut – Meadowbank).

Outlook

The Company started 2020 with the completion of two significant transactions in February. The CA\$40 million non-brokered private placement that closed in early February which enabled the Company to deleverage its balance sheet and reduce its debt service costs with an early redemption at the end of March of 30% of the aggregate principal amount of the Gold Notes issued and outstanding. The spin-out in late February of the Marmato Mining Assets in Zona Baja into Caldas Gold set the stage for Caldas Gold to move forward with its financing of the expansion of the existing underground mining operation to incorporate the MDZ mineralization. Caldas Gold is nearing completion of the financing and is commencing execution of the PFS expansion plan in the second half of 2020.

On March 11, 2020, the World Health Organization declared COVID-19 to be a global pandemic. Since then, actions taken globally in response to COVID-19 have interrupted business activities and supply chains; disrupted travel; contributed to significant volatility in the financial markets, impacted social conditions and adversely impacted local, regional, national and international economic conditions, as well as the labor market. In response, on March 25, 2020, the Colombian government implemented a national quarantine, which continues to remain in effect at this time. The Company immediately activated its business continuity program at its mine sites and implemented additional procedures to protect the health and safety of its workers. Employees in the Company's Toronto and Medellin offices have been working remotely since March. The Company also responded to the needs of the local communities surrounding its operations by providing food, medical and sanitation supplies and masks. Despite the challenges associated with the COVID-19 national quarantine in Colombia, the Company has continued to operate its mines, albeit at a reduced production rate compared to normal, most notably at Marmato. Through the end of July 2020, the Company has produced a total of 122,586 ounces of gold. In light of its performance to date and the continuing COVID-19 situation, the Company has adjusted its 2020 annual production guidance to a range of 195,000 to 200,000 ounces of gold from Segovia and 23,000 to 26,000 ounces of gold at Marmato.

At Segovia, the planned 2020 in-mine and near-mine infill drilling campaigns commenced in early January with six diamond drill rigs operating from purpose-built underground and surface drill stations and comprise a total of 159 drill holes totaling approximately 31,400 meters or about 70% of the total drilling program for this year. The execution of the planned drilling programs has been somewhat hampered by the restrictions resulting from the COVID-19 pandemic that has resulted in logistical difficulties and schedule disruptions. The other 30% of the planned drilling campaign for 2020 is focused on the regional exploration targets encompassing the 24 veins within the Segovia title not currently in production. As a result of COVID-19 limitations to access these areas, this portion of the program has been delayed until the second half of the year and the Company expects to complete approximately 50% of its original plan for these targets.

Issued and Outstanding Securities

At August 13, 2020, the Company had the following securities issued and outstanding:

Securities	TSX Symbol	Number	Shares Issuable	Exercise price per share	Expiry or maturity date
<i>Common shares</i>	GCM	61,938,729			
<i>Stock options</i>		83,333	83,333	CA\$2.55	April 2021
		194,999	194,999	CA\$2.55	April 2022
		53,333	53,333	CA\$2.55	December 2022
		475,000	475,000	CA\$3.16	June 2023
		330,000	330,000	CA\$3.67	April 2024
		575,000	575,000	CA\$4.05	April 2025
		50,000	50,000	CA\$6.88	July 2025
		1,761,665	1,761,665		
<i>Gold Notes</i>	GCM.NT.U	\$38,412,500	N/A	N/A	April 30, 2024
<i>Convertible Debentures</i>	Unlisted	CA\$20,000,000	4,210,526	CA\$4.75	April 5, 2024
<i>Warrants</i>	GCM.WT.B	11,129,542	11,129,542	CA\$2.21	April 30, 2024
	Unlisted	3,260,870	3,260,870	CA\$5.40	November 5, 2023
	Unlisted	7,142,857	7,142,857	CA\$6.50	February 6, 2023

Normal Course Issuer Bids (“NCIBs”) for the Company’s Common Shares and 2024 Warrants

The Company had NCIBs in place for its common shares (“Common Share NCIB”) and its 2024 Warrants (“2024 Warrant NCIB”) from June 12, 2019 through June 11, 2020, the date the NCIBs expired. From June 12, 2019 through December 31, 2019, the Company did not purchase any common shares under the Common Share NCIB and purchased a total of 137,100 warrants for cancellation under the 2024 Warrant NCIB at an average price of CA\$2.41 per 2024 Warrant. From January 1, 2020 through June 11, 2020, the Company purchased a total of 56,000 common shares for cancellation at an average price of CA\$3.42 per share under the Common Share NCIB and did not make any purchases under the 2024 Warrant NCIB.

2020 Private Placement; Early Redemption of 30% of Gold Notes

On February 6, 2020, the Company completed the 2020 Private Placement receiving gross proceeds of CA\$40.0 million (equivalent to approximately \$30.1 million) through the issuance of 7,142,857 units at a price of CA\$5.60 per unit. Each unit consists of one common share and one common share purchase warrant (“2020 PP Warrant”) exercisable into a full common share at CA\$6.50 per share expiring on February 6, 2023.

The Company used a portion of the net proceeds of the 2020 Private Placement to redeem 30% of the aggregate principal amount of the Gold Notes outstanding, equivalent to approximately \$19.2 million, on March 31, 2020, reducing the aggregate principal amount outstanding to approximately \$44.7 million. The redemption price was equal to 100% of the aggregate principal amount of the Gold Notes redeemed plus the Applicable Premium calculated in accordance with the provisions of the Gold Notes Indenture of

approximately 10.32%.

Caldas Gold RTO Transaction and Equity Investments

In December 2019, the Company transferred the Marmato Zona Baja operations in a common control transaction to Caldas Finance Corp. (“CFC”), a newly incorporated subsidiary of the Company. The Marmato Mining Assets principally comprise the existing producing underground gold mine, including the right to mine in the lower portion of the Echandia license area, the existing 1,200 tonnes per day processing plant and the area encompassing the Deeps mineralization, all located within the mining license area referred to as Zona Baja.

On February 24, 2020, the Company completed the Caldas RTO transaction in which it sold CFC to Bluenose Gold Corp. (“Bluenose”) in a share for share exchange that resulted in Gran Colombia controlling Bluenose after the transaction. The resulting issuer, and subsidiary of the Company, is named Caldas Gold, and it commenced trading on the TSX-V on February 28, 2020 under the symbol “CGC”.

Immediately subsequent to the completion of the Caldas RTO Transaction, the Subscription Receipt Financing and the Gran Colombia Private Placement (both financings as further described below), the shares held by the Company through its subsidiary, Caldas Holdings Corp. (“GC Holdco”) represented approximately 71.8% of Caldas Gold.

In the Caldas RTO Transaction, although Caldas Gold is the legal parent of CFC, CFC was deemed to be the accounting acquirer and Caldas Gold was deemed to be the acquiree for accounting purposes. Upon completion of the Caldas RTO Transaction, as former single shareholder of CFC, the Company became the controlling shareholder of Caldas Gold.

As CFC was deemed to be the acquirer in the Caldas RTO Transaction, the assets and liabilities of CFC have been accounted for at cost, and the Bluenose assets and liabilities have been accounted for at fair value on acquisition. Bluenose operations did not constitute a business, as such the transaction has been accounted for as an asset acquisition. Therefore, Bluenose share capital, equity reserve and deficit at the time of the RTO Transaction have been eliminated and the RTO Transaction costs have been expensed.

In the accounting for the reverse takeover, the Caldas RTO Transaction consideration was determined by reference to the fair value of the number of shares the legal subsidiary, being CFC, would have issued to the legal parent entity, being Caldas Gold, to obtain the same percentage ownership interest in the combined entity. As a result, the consideration was measured at the value of the 10,852,841 shares issued to former Bluenose shareholders. Caldas Gold recognized the \$16.4 million excess of the fair value of the Caldas RTO Transaction consideration over the net liability assumed and the Caldas RTO Transaction costs of approximately \$0.3 million, including a financial advisory fee and the fair value of stock options honoured, in the statement of operations during the three months ended March 31, 2020.

Caldas Gold Subscription Receipt Financing

At closing of the Caldas RTO Transaction, the net proceeds of approximately \$4.7 million from the Subscription Receipt Financing completed by CFC in December 2019 were released from escrow to Caldas Gold. Concurrently, the Subscription Receipts were exchanged for one common share of Caldas Gold and one common share purchase warrant of Caldas Gold with an exercise price of CA\$3.00 per share expiring

December 19, 2024.

Gran Colombia February 2020 Private Placement

In February 2020, prior to the Caldas RTO Transaction, CFC closed the Gran Colombia Private Placement pursuant to which the Company purchased 7,500,000 units of CFC in a non-brokered private placement basis at a price of CA\$2.00 per unit, for gross cash proceeds of CA\$15.0 million (approximately \$11.3 million), of which CA\$2.4 million (equivalent to \$1.8 million) was advanced in December 2019. At the closing of the Caldas RTO Transaction, each unit issued under the Gran Colombia Private Placement was exchanged for one common share of Caldas Gold and one share purchase warrant of Caldas Gold with an exercise price of CA\$3.00 per share expiring December 19, 2024.

Open Market Purchases of Caldas Gold Common Shares by the Company in 2020

The Company, through GC Holdco, acquired an aggregate of 1,295,100 common shares of Caldas Gold at an average price of CA\$1.89 per share in the open market during the period from February 28, 2020 through March 16, 2020, inclusive, for an aggregate amount of CA\$2.4 million (approximately \$1.8 million).

Gran Colombia June 2020 Private Placement to Fund SARC Acquisition

On June 30, 2020, the Company acquired 7,000,000 common shares of Caldas Gold in a CA\$14 million (approximately \$10.3 million) private placement. Caldas Gold used \$10 million of the proceeds from the private placement to fund the cash portion of the acquisition of South American Resources Corp. ("SARC") completed on July 2, 2020. SARC had acquired a 100% interest in the Jubby Project and a 25% joint venture interest in certain claims adjoining the Jubby Project on June 30, 2020. The Jubby Project is an advanced exploration-stage gold project located in Northeastern Ontario within the Shining Tree area in the southern part of the Abitibi greenstone belt. In connection with the SARC acquisition, Caldas Gold also issued 20,000,000 common shares to the shareholders of SARC, diluting the Company's equity interest in Caldas Gold to approximately 57.5% as of July 2, 2020.

Gran Colombia Participation in Caldas Gold's July 2020 Bought Deal Financing of Special Warrants

On July 29, 2020, Caldas Gold completed a CA\$50 million bought deal financing of Special Warrants at a price of CA\$2.25 per Special Warrant. Each Special Warrant entitles the holder to receive one common share and one common share purchase warrant exercisable at CA\$2.75 per share for a period of five years, subject to an acceleration clause if certain conditions are met after the third year. The Company purchased 8,888,889 Special Warrants for a total purchase price of CA\$20 million (approximately \$15 million). The Special Warrants are exercisable by the holders thereof at any time for no additional consideration and all unexercised Special Warrants will be deemed to be exercised on the earlier of (a) November 30, 2020, and (b) the fifth business day after a receipt is issued for a (final) prospectus by the securities regulatory authorities in each of the provinces of Canada, excluding Quebec, qualifying for distribution the common shares and warrants issuable upon the exercise of the Special Warrants.

Reserves and Resources

Segovia Operations Mineral Reserves

The following table provides a breakdown of the Mineral Reserve for the Segovia Operations as of December 31, 2019 by area and category:

Area	Category	Tonnes (kt)	Grade (g/t)	Au Metal (koz)
Providencia	Proven	165	16.5	88
Providencia	Probable	154	12.0	59
Sandra K	Probable	249	8.9	71
El Silencio	Probable	1,313	9.9	419
Carla	Probable	104	10.0	33
December 31, 2019 (1)	Total	1,985	10.5	670

- Ore reserves are reported using a gold cutoff grade ranging from 3.25 to 4.24 g/t depending on mining area and mining method. The cutoff grade calculations assume a \$1,350/oz Au price, 90.5% metallurgical recovery, \$6/oz smelting and refining charges, \$25/t G&A, \$26/t processing cost, and projected LoM mining costs ranging from \$76/t to 115/t. The reserves are valid as of December 31, 2019. 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. There are potential survey unknowns in some of the mining areas and lower extractions have been used to account for these unknowns. The Mineral Reserves were estimated by Fernando Rodrigues, BS Mining, MBA, MMSAQP #01405, MAusIMM #304726 of SRK, a Qualified Person.
- Derived from the Amended NI 43-101 Technical Report Prefeasibility Study Update, Segovia Project, Colombia, dated March 30, 2020, prepared by SRK Consulting (U.S.), Inc. ("SRK").

Segovia Operations Mineral Resource Estimate

The following table summarizes the Company's Mineral Resource estimate ("MRE") for gold at the Segovia Operations effective as of December 31, 2019:

	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)	226	20.8	151	3,385	11.1	1,205	3,611	11.7	1,356	4,098	9.6	1,265

- Sourced from the NI 43-101 Technical Report, Prefeasibility Study Update, Segovia Project, Colombia dated May 14, 2020 and effective as of December 31, 2019, prepared by SRK. Some production at Segovia is sourced from mining areas that are not currently included in the Company's MRE.

Marmato Project Mineral Resource Estimate

On July 6, 2020, Caldas Gold announced that it had completed an updated MRE for its Marmato Project prepared by SRK in accordance with the Canadian Institute of Mining Metallurgy and Petroleum ("CIM") Definition Standards incorporated by reference in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") with an effective date of March 17, 2020 (the "2020 MRE").

The following table summarizes the 2020 MRE for Zona Baja and changes by category in tonnes, grade and ounces of gold compared with the previous MRE as of July 31, 2019 (the "2019 MRE"):

	Measured			Indicated			Measured & Indicated			Inferred		
	Tonnes (Mt)	Grade (g/t)	Oz Au (000s)	Tonnes (Mt)	Grade (g/t)	Oz Au (000s)	Tonnes (Mt)	Grade (g/t)	Oz Au (000s)	Tonnes (Mt)	Grade (g/t)	Oz Au (000s)
2020 MRE	2.1	5.6	387	37.3	3.1	3,699	39.4	3.2	4,086	26.4	2.6	2,172
2019 MRE	2.1	4.9	325	15.2	3.5	1,714	17.3	3.7	2,039	44.9	2.3	3,312
Change	-	0.7	62 +19%	22.1	(0.4)	1,985 +116%	22.1	(0.5)	2,047 +100%	(18.5)	0.3	(1,140) (34%)

(1) Mineral resources are inclusive of mineral reserves and do not have demonstrated economic viability.

The 2020 MRE reflects the impact of infill drilling within the Marmato Deep Zone (“MDZ”) areas which has increased the confidence in the estimates and resulted in significant movement from the Inferred to Indicated category.

SRK also highlighted that the current MDZ mineralization represents a notable change in the style of mineralization and considerations for mining methods compared to the Veins and Upper Mine (current operating mine) at the Marmato Project and has maintained the use of a high-grade core to the mineralization at depth.

Marmato Project Mineral Reserves

SRK, in conjunction with Ausenco, also finalized preliminary results of a Preliminary Feasibility Study (the “2020 PFS”) for the Marmato Project effective March 17, 2020 and is currently finalizing the Technical Report under NI 43-101 to be filed on SEDAR and the Company’s website on or before August 19, 2020. The 2020 PFS has provided Caldas Gold’s first Mineral Reserve estimate for the Marmato Project with a total of 2.0 million proven and probable ounces of gold, based on 19.7 million tonnes of material at an average head grade of 3.2 g/t.

The following table provides a breakdown of the Mineral Reserve estimate⁽¹⁾ as of March 17, 2020 by area and category:

Area	Category	Tonnes (kt)	Grade (g/t)		Contained (kozs)	
			Au	Ag	Au	Ag
Veins ⁽²⁾	Proven	762	5.01	21.80	123	533
	Probable	3,049	4.20	16.85	412	1,652
	<i>Veins Total</i>	<i>3,812</i>	<i>4.37</i>	<i>17.84</i>	<i>535</i>	<i>2,184</i>
Transition ⁽³⁾	Proven	40	7.63	28.16	10	36
	Probable	1,293	3.43	7.92	143	329
	<i>Transition Total</i>	<i>1,333</i>	<i>3.56</i>	<i>8.52</i>	<i>152</i>	<i>365</i>
MDZ ⁽⁴⁾	Proven	-	-	-	-	-
	Probable	14,556	2.85	3.84	1,333	1,799
	<i>MDZ Total</i>	<i>14,556</i>	<i>2.85</i>	<i>3.84</i>	<i>1,333</i>	<i>1,799</i>
Total	Proven	802	5.14	22.11	133	569
	Probable	18,898	3.11	6.22	1,888	3,780
	Total	19,701	3.19	6.87	2,020	4,348

Notes: 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 economic model.

(1) Veins ore reserves are reported using a CoG of 2.23 g/t Au. The Veins CoG calculation assumes a US\$1,400/oz Au price, 85% Au metallurgical recovery, US\$49.45/t mining cost, US\$13.63/t G&A, US\$12.24/t processing cost, and US\$8.96/t royalties. Transition ore

reserves are reported using a CoG of 1.91 g/t Au. The Transition CoG calculation assumes a US\$1,400/oz Au price, 95% Au metallurgical recovery, US\$46.00/t mining cost, US\$13.63/t G&A, US\$12.24/t processing cost, and US\$8.96/t royalties. MDZ ore reserves are reported using a CoG of 1.61 g/t Au. The MDZ CoG calculation assumes a US\$1,400/oz Au price, 95% metallurgical recovery, US\$42.00/t mining cost, US\$14.00/t processing cost, US\$6.75/t production royalties/taxes, US\$3.00/t G&A, and US\$3.00/t tailings cost. 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 LoM plan.

(2) The Veins area is currently mined using cut-and-fill methods. Mining dilution ranges from 20% to 55%, averaging 26%, is included in the Reserves using a zero grade for dilution. A mining recovery of 90% is applied to stopes. The Veins Mineral Reserves were estimated by Fernando Rodrigues, BS Mining, MBA, MMSAQP #01405, MAusIMM #304726 of SRK, a Qualified Person pursuant to NI 43-101.

(3) The Transition Zone is envisioned to be mined using a modified longhole stoping method. A mining dilution of 7% is included in the Reserves using a zero grade for dilution. A mining recovery of 90% is applied to stopes. The Transition Mineral Reserves were estimated by Fernando Rodrigues, BS Mining, MBA, MMSAQP #01405, MAusIMM #304726 of SRK, a Qualified Person pursuant to NI 43-101.

(4) The MDZ portion of the project is amenable to underground longhole open stoping mining methods. Mining dilution (internal and external) is included in the Reserve. Stope dilution is 8%, and a portion of the stope dilution is applied using grade values based on average surrounding block information. A mining recovery of 92.5% is applied to stopes. The MDZ Mineral Reserves were estimated by Joanna Poeck, BEng Mining, SME-RM, MMSAQP #01387QP, a Qualified Person pursuant to NI 43-101.

Marmato 2020 PFS and Life-of-Mine (“LoM”) Plan

A mining study and schedule was prepared by SRK’s technical professionals to create a LoM production schedule for the expanded underground mining operations at Marmato that will ultimately comprise two distinct operations, the existing Upper Mine and the new MDZ operation which sits directly below the Upper Mine vein system. The Zona Baja contract was awarded to the Company’s wholly-owned subsidiary, Caldas Gold Marmato S.A.S. (formerly Mineros Nacionales S.A.S.) in October 1991 and is valid for 30 years until October 2021. In October 2017, the Company commenced the process to renew the contract for another 30-year term, which is progressing well and is expected to be completed in 2020.

The 2020 PFS LoM production schedule foresees a total of 19.7 million tonnes of mineralized material being processed over a 14-year mine life resulting in a total of 1.9 million ounces of gold produced at an average LoM total cash cost of US\$772 per ounce and an average LoM AISC of US\$872 per ounce. The initial capital cost, to be incurred between 2020 and 2023, required for the MDZ mining operation is estimated to total US\$269.4 million. At an expected long-term gold price of \$1,400 per ounce, total LoM undiscounted after-tax project cash flow from mining operations amounts to US\$500.6 million. At a 5% discount rate, the net present value of the total LoM after-tax project cash flow amounts to US\$263.9 million. Before financing, the project has a 20.1% after-tax internal rate of return and payback by 2026.

Results of Operations and Overall Performance

Gold production

(Ounces)	Second Quarter		First Half	
	2020	2019	2020	2019
Segovia Operations				
Company mines ⁽¹⁾				
El Silencio	16,626	19,867	33,454	43,174
Providencia	19,466	24,539	44,385	50,287
Sandra K	3,461	2,848	8,005	4,813
Total Company mines	39,553	47,254	85,843	98,274
Other contract mines ⁽²⁾	4,824	4,371	8,880	7,737
Total Segovia Operations	44,377	51,625	94,723	106,011
Marmato Operations	3,851	6,257	9,752	12,472
Total	48,228	57,882	104,475	118,483

(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.

The Segovia Operations produced a total of 44,377 ounces in the second quarter of 2020 compared with 51,625 ounces in the second quarter of 2019, largely reflecting the lower gold production in the early stages of the COVID-19 national quarantine which limited Segovia's access to its workers during the first half of April. During this period, the Company used its lower grade stockpile to complement the feed to the Maria Dama processing plant in lieu of higher grade material that normally would have been sourced from the Company mines. Head grades improved in May and June resulting in an average of 13.9 g/t for the second quarter of 2020 compared to an average of 16.8 g/t in the second quarter last year. For the first half of 2020, the Segovia Operations produced a total of 94,723 ounces of gold compared with 106,011 ounces in the first half last year. Overall, the Segovia Operations processed an average of 1,247 tpd in the first half of 2020 at an average head grade of 14.4 g/t compared with 1,143 tpd at an average head grade of 17.8 g/t in the first half last year. In July 2020, the Segovia Operations processed an average of 1,155 tpd at an average head grade of 15.9 g/t resulting in gold production of 16,458 ounces. With a total of 111,181 ounces of gold produced in the first seven months of 2020, the Company has updated its 2020 annual production guidance for Segovia to a range between 195,000 and 200,000 ounces of gold.

At Marmato, the national quarantine has been far more restrictive on the movement of workers who live in the local communities outside the Municipality of Marmato and therefore limited the availability of workers at the operations. In April and May, Caldas Gold processed an average of 543 tpd at the Marmato Operations, down from an average of 930 tpd in the first quarter of this year. In June, Caldas Gold saw improvement with the plant processing an average of 682 tpd. This resulted in Marmato's gold production in the second quarter of 2020 totalling 3,851 ounces, about 62% of gold production in the second quarter last year, and brought Marmato's gold production for the first half of 2020 to 9,752 ounces compared with 12,472 ounces in the first half last year. In July, Caldas Gold saw further improvement with an average of 844 tpd processed during the month resulting in 1,653 ounces of gold production, up 15% over the month of June. Through the first seven

months of 2020, Caldas Gold has produced 11,405 ounces of gold and has updated its 2020 annual production guidance for Marmato to a range between 23,000 and 26,000 ounces of gold.

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

	2020		2019				2018	
	2 nd Qtr	1 st Qtr	4 th Qtr	3 rd Qtr	2 nd Qtr	1 st Qtr	4 th Qtr	3 rd Qtr
Segovia Operations								
Company mines ⁽¹⁾								
Tonnes milled	86,810	95,614	99,815	98,892	85,444	82,985	81,617	78,703
Head grade (g/t)	15.77	16.71	18.39	16.07	19.19	21.28	19.30	20.10
Gold produced (ozs) ⁽²⁾	39,553	46,290	53,385	45,936	47,254	51,020	45,460	47,432
Other contract mines ⁽³⁾								
Tonnes milled	23,385	21,219	23,921	21,966	21,298	17,128	17,359	16,816
Head grade (g/t)	7.13	6.60	6.92	6.47	7.09	6.79	6.67	6.85
Gold produced (ozs)	4,824	4,056	4,795	4,114	4,371	3,366	3,349	3,266
Total Segovia Operations								
Tonnes milled	110,195	116,833	123,736	120,858	106,742	100,113	98,976	95,519
Tonnes per day (tpd)	1,211	1,284	1,345	1,314	1,173	1,112	1,076	1,038
Head grade (g/t)	13.94	14.87	16.17	14.32	16.78	18.80	17.09	17.77
Mill recovery	89.9%	90.1%	90.4%	89.9%	89.7%	89.9%	89.8%	90.0%
Gold produced (ozs) ⁽²⁾	44,377	50,346	58,180	50,050	51,625	54,386	48,809	50,698
Silver produced (ozs)	41,342	45,918	50,398	44,505	46,826	46,091	42,705	42,294
Marmato Operations								
Tonnes milled	53,610	84,625	92,832	95,862	90,411	91,389	85,157	83,077
Tonnes per day (tpd)	589	930	1,009	1,042	994	1,015	926	903
Head grade (g/t)	2.51	2.45	2.71	2.32	2.45	2.44	2.72	2.83
Mill recovery	88.9%	88.6%	87.1%	86.9%	87.8%	86.6%	86.8%	85.4%
Gold produced (ozs)	3,851	5,901	7,057	6,221	6,257	6,215	6,451	6,465
Silver produced (ozs)	5,105	9,012	10,423	9,219	10,078	9,839	9,726	10,073
Total Company								
Gold produced (ozs)	48,228	56,247	65,237	56,271	57,882	60,601	55,260	57,163
Silver produced (ozs)	46,447	54,930	60,821	53,724	56,904	55,930	52,431	52,367

- (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 may include 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) 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		First Half	
	2020	2019	2020	2019
Gold				
Ounces sold	45,078	59,368	108,779	118,413
Average realized price (\$/oz)	1,696	1,293	1,622	1,296
Silver				
Ounces sold	43,281	58,062	104,561	112,774
Average realized price (\$/oz)	15	14	16	14
Revenues				
Gold	\$ 76,465	\$ 76,783	\$ 176,460	\$ 153,439
Silver	669	827	1,650	1,626
	\$ 77,134	\$ 77,610	\$ 178,110	\$ 155,065

Revenue of \$77.1 million in the second quarter of 2020 was essentially on par with the second quarter last year despite selling 24% fewer ounces of gold due to the COVID-19 impact on production. With spot gold prices up about 31% in the second quarter of 2020 compared with the second quarter last year, revenue benefitted from an increase in the Company's realized gold price to an average of \$1,696 per ounce sold compared with \$1,293 per ounce sold in the second quarter last year. For the first half of 2020, revenue totaled \$178.1 million, up 15% over the first half of last year due to higher spot gold prices in 2020.

Cost of sales

	Second Quarter		First Half	
	2020	2019	2020	2019
Production costs	\$ 29,573	\$ 36,550	\$ 69,453	\$ 70,895
Production taxes	3,250	3,143	6,832	6,255
Recovery of environmental fees	-	(78)	-	(78)
Depreciation, depletion and amortization ("DD&A")	5,119	7,612	11,916	16,781
Total cost of sales	\$ 37,942	\$ 47,227	\$ 88,201	\$ 93,853
Total cash costs per ounce ⁽¹⁾				
Production costs	\$ 656	\$ 616	\$ 638	\$ 599
Production taxes	72	53	63	53
By-product credits (silver)	(15)	(14)	(15)	(14)
	\$ 713	\$ 655	\$ 686	\$ 638

(1) See "Non-IFRS Measures" on pages 24-29.

The Company's total cash costs per ounce averaged \$713 in the second quarter of 2020 compared with \$655 in the second quarter of 2019. At the Segovia Operations, which account for about 90% of total gold sales, total cash costs averaged \$654 per ounce in the second quarter of 2020, up from \$600 per ounce in the second quarter last year. At the Marmato Operations, total cash costs averaged \$1,366 per ounce in the second quarter of 2020, up from \$1,090 per ounce in the second quarter last year. Total cash costs per ounce in the second quarter of 2020 at both operations reflects the COVID-19 impact on production which increased fixed production costs on a "per ounce" basis. Higher spot gold prices increased production taxes

by approximately \$19 per ounce at Segovia and \$41 per ounce at Marmato in the second quarter of 2020 compared with the same period last year. The Company also incurred additional costs to implement the necessary COVID-19 protocols required to protect the health and safety of its workers at both operations.

The total cash costs per ounce sold over the trailing eight quarters were as follows:

	2020		2019				2018	
	2 nd Qtr	1 st Qtr	4 th Qtr	3 rd Qtr	2 nd Qtr	1 st Qtr	4 th Qtr	3 rd Qtr
Segovia Operations	\$ 654	\$ 604	\$ 637	\$ 621	\$ 600	\$ 570	\$ 635	\$ 616
Marmato Operations	1,366	1,215	1,063	1,156	1,090	1,128	1,120	1,052
Company average	\$ 713	\$ 667	\$ 685	\$ 684	\$ 655	\$ 621	\$ 698	\$ 657

DD&A in the first half of 2020 of \$11.9 million reflects a decrease in the DD&A rate to an average of \$110 per ounce sold from \$142 per ounce sold in the first half of 2019 reflecting the impact of additional resources added to the depletion base through exploration in 2019 and the impact of COP/USD devaluation in the current period compared with last year.

Social contributions

(\$000's)	Second Quarter		First Half	
	2020	2019	2020	2019
Segovia Operations	\$ 2,130	\$ 1,666	\$ 4,332	\$ 3,074
Marmato Project	385	-	385	-
	\$ 2,515	\$ 1,666	\$ 4,717	\$ 3,074

The Company makes contributions to a trust account to fund social programs in Segovia with the amount of the contributions determined by a formula based on gold production and tied to the spot price of gold. The increase in the total amount of the Segovia social contributions in the second quarter and first half of 2020 over the corresponding periods last year was driven by an increase in the contribution rates in 2020 as a result of the higher spot gold prices this year. In the first half of 2020, approximately \$0.8 million of the Segovia social contributions were directed toward COVID-19 relief measures in the local community. Similarly, in the second quarter of 2020, the Marmato Operations incurred \$0.4 million of social contributions providing meals, hospital supplies, cleaning kits and masks to its local communities.

Other items

(\$000's)	Second Quarter		First Half	
	2020	2019	2020	2019
G&A expenses	\$ 4,248	\$ 3,146	\$ 9,138	\$ 6,475
Share-based compensation expense	1,999	686	4,764	1,453
Finance costs	2,940	3,843	9,203	6,550
RTO Transaction costs	-	-	16,700	-
Foreign exchange gain (loss)	(2,648)	(970)	3,136	(1,349)
Loss on financial instruments	(35,403)	(10,514)	(18,896)	(14,858)
Gain on sale of securities, net	3,099	-	3,099	-
Income tax expense	10,180	9,029	25,808	19,210

G&A expenses in the second quarter of 2020 amounted to \$4.2 million, up from \$3.1 million in the second quarter last year reflecting an incremental \$0.8 million of G&A expenses incurred by Caldas Gold now that it is a separate public company in addition to an increased level of legal fees associated with the arbitration related to the termination of the previous long-term refinery contract at the beginning of 2019. For the first half of 2020, G&A expenses totalled \$9.1 million, up from \$6.5 million in the first half last year, including \$1.1 million of Caldas Gold G&A expenses in the first half of 2020 and an increased level of costs in 2020 related to the refinery arbitration and the Company's request for institution of arbitration proceedings with the International Centre for Settlement of Investment Disputes in respect of the Company's claim against the Republic of Colombia (the "FTA Claim").

Share-based compensation expense represents the fair value of the long-term incentive program ("LTIP") compensation granted to directors, executives and managers of the Company and Caldas Gold as follows:

- *DSU grants to non-employee directors, including the change in fair value* – a total of \$1.2 million in the second quarter of 2020, up from \$0.6 million in the second quarter last year, bringing the total for the first half of 2020 to \$1.1 million, up from \$0.6 million in the first half last year;
- *Stock option grants to executives and managers* – a total of \$0.6 million in the second quarter of 2020 compared with \$Nil in the second quarter last year, bringing the total for the first half of 2020 to \$3.4 million, up from \$0.8 million in the first half last year; and,
- *PSU grants to executives and managers* – a total of \$0.2 million in the second quarter of 2020 compared with \$0.1 million in the second quarter last year, bringing the total for the first half of 2020 to \$0.3 million, up from \$0.1 million in the first half last year.

Finance costs of \$2.9 million in the second quarter of 2020 bringing the total for the first half of 2020 to \$9.2 million compared with \$6.6 million in the first half last year, comprised of six primary categories as follows:

- *Interest expense* - \$2.9 million in the first half of 2020, down from \$3.9 million in the first half last year as a result of the decrease in the aggregate principal amount of the Gold Notes outstanding.
- *Gold Premium* - \$2.4 million in the first half of 2020, compared to \$0.3 million in the first half last year. Under the terms of the Gold Notes, the Company pays a Gold Premium when the spot gold price used in the quarterly amortizing payments exceed \$1,250 per ounce. With the increased spot gold prices in 2020, the Gold Premiums are significantly higher than the previous year.
- *Applicable Premium on early redemption of Gold Notes* - \$2.0 million in the first half of 2020, was the amount required to be paid over and above the aggregate principal amount on the partial early redemption on March 31, 2020 in accordance with the Gold Notes Indenture.
- *Non-cash accretion of lease and other financial obligations* - \$0.9 million in the first half of 2020 compared with \$1.1 million in the first half last year. The Company has financial obligations associated with its funding of health plan contributions at Segovia, decommissioning liabilities at Segovia and Marmato Operations and environmental fees at Segovia, all of which will be paid over time and therefore are recorded at the present value of the future obligations. Non-cash finance costs are recognized as these liabilities are accreted with the passage of time. Similarly, the Company records non-cash finance costs related to the accretion of its lease obligations.
- *Private placement transaction costs* - \$1.0 million in 2020, associated with the CFC private placements.
- *Debt financing costs* - \$1.3 million in the first half last year related to the Convertible Debentures issue.

In the first half of 2020, the Company recorded RTO Transaction costs of \$16.7 million in connection with the Caldas RTO Transaction as outlined on page 6 of this MD&A.

The Company recorded a \$2.6 million foreign exchange loss in the second quarter of 2020, reversing a portion of the gains recognized the first quarter of 2020 when the emergence of the COVID-19 pandemic created upheaval in the financial markets and global economy and the Canadian dollar (“CA”) and Colombian peso devalued against the US dollar. The Company is primarily exposed to foreign exchange volatility on its CA-denominated cash balances and US-denominated transactions in its Colombian operating subsidiaries. For the first half of 2020, foreign exchange gains amounted to \$3.1 million compared with a \$1.3 million foreign exchange loss in the first half last year.

The Company has a number of financial instruments for which changes in fair value from quarter to quarter are recognized at fair value through profit and loss. The Company recorded a **loss on financial instruments** in the second quarter and first half of 2020, largely driven by the Company’s 70% share price improvement in the amount in the second quarter of 2020, of \$35.4 million and \$18.9 million, respectively, compared with a loss on financial instruments in second quarter and first half of 2019 in the amount of \$10.5 million and \$14.9 million, respectively. The major components of the gain/loss on financial instruments include:

- A total fair value loss of \$45.3 million and \$25.9 million in the second quarter and first half of 2020, respectively, related to its derivative financial liabilities including the 2024 Warrants, the 2019 PP Warrants, the 2020 PP Warrants, the Caldas Gold Warrants, the Gold Notes and the Convertible Debentures. In the second quarter and first half of 2019, the loss on these financial instruments amounted to \$10.3 million and \$14.5 million, respectively.
- A total fair value gain of \$9.9 million and \$7.0 million in the second quarter and first half of 2020, respectively, related to its derivative financial assets including the Gold X Warrants and Gold X Debentures, the Western Atlas Warrants and the commodity hedging contracts. In the second quarter and first half of 2019, the loss on these financial instruments amounted to \$0.2 million and \$0.3 million, respectively.

In the second quarter of 2020, the Company announced that it had signed a definitive agreement to complete a business combination with Gold X Mining and submitted a proposal to Guyana Goldfields Inc. (“Guyana Goldfields”) to acquire all of its issued and outstanding common shares. To support this transaction, the Company acquired 8.7 million shares of Guyana Goldfields in the open market. Ultimately, the Company decided not to pursue the acquisition of Guyana Goldfields and sold its shares in the open market, realizing a gain on sale of \$3.1 million, net of transaction costs. The definitive agreement with Gold X was also mutually terminated.

The Company recorded **income tax expense** in the second quarter of 2020 of \$10.2 million compared with \$9.0 million in the second quarter of 2019. This brought the total income tax expense for the first half of 2020 to \$25.8 million compared with \$19.2 million in the first half last year. The effective income tax rate on the Company’s reported pre-tax income or loss will ordinarily vary from the expected income tax expense based on the 26.5% combined statutory tax rate in Canada as a result of differences in tax rates in Colombia (which decreased from 33% in 2019 to 32% in 2020) and other foreign jurisdictions, non-deductible expenses (such as the loss on financial instruments and the RTO Transaction costs), losses incurred in jurisdictions outside Colombia for which deferred tax assets are not recognized and other less individually significant items. The

increased level of income from operations in 2020 as a result of the increase in realized gold prices was the primary driver behind the increase in current income tax expense in the second quarter and first half of 2020 compared with the same periods last year.

Net loss and adjusted net income

The non-cash fair value changes in financial instruments totaling \$35.4 million in the second quarter of 2020 contributed to a **net loss** of \$18.6 million (\$0.27 per share) compared with net income of \$0.8 million (\$0.02 per share) in the second quarter last year. For the first half of 2020, the Company reported net income of \$5.7 million (\$0.13 per share) compared with \$8.7 million (\$0.18 per share) in the first half last year. The first half 2020 net income was net of a \$16.7 million charge related to the Caldas Gold RTO Transaction.

Adjusted net income for the second quarter of 2020 was \$17.5 million (\$0.29 per share), up from \$14.2 million (\$0.29 per share) in the second quarter last year. For the first half of 2020, adjusted net income improved to \$38.7 million (\$0.66 per share) compared with \$27.2 million (\$0.56 per share) in the first half last year. See the reconciliation on page 26 for the computation of this non-IFRS measure. The year-over-year improvement in adjusted net income for the second quarter and first half of 2020 largely reflects the positive impact of higher gold prices in 2020, partially offset by the COVID-19 impact on gold sales volumes in the second quarter of 2020.

Summary of Quarterly Results

\$000's except ounce, per ounce and per share data	2020		2019				2018	
	2 nd Qtr	1 st Qtr	4 th Qtr	3 rd Qtr	2 nd Qtr	1 st Qtr	4 th Qtr	3 rd Qtr
Operating data:								
Gold produced (ounces)	48,228	56,247	65,237	56,271	57,882	60,601	55,260	57,163
Gold sold (ounces)	45,078	63,701	59,169	56,284	59,368	59,045	56,360	55,601
Average realized gold price (1)	\$ 1,696	\$ 1,570	\$ 1,480	\$ 1,458	\$ 1,293	\$ 1,298	\$ 1,198	\$ 1,186
Silver sold (ounces)	43,281	61,280	55,957	53,578	58,062	54,712	48,536	55,006
Average realized silver price (1)	\$ 15	\$ 16	\$ 16	\$ 16	\$ 14	\$ 15	\$ 14	\$ 12
Total cash costs (1, 2)	713	667	685	684	655	621	698	657
All-in sustaining costs (1, 2)	1,045	890	1,003	951	878	832	934	892
All-in costs (1, 2)	1,114	978	1,048	991	903	843	951	908
Financial data:								
Revenue								
Gold	\$ 76,465	\$ 99,995	\$ 87,545	\$ 82,073	\$ 76,783	\$ 76,656	\$ 67,545	\$ 65,959
Silver	669	981	918	879	827	799	662	646
Total	77,134	100,976	88,463	82,952	77,610	77,455	68,207	66,605
Cost of sales	37,942	50,259	49,486	46,220	47,227	46,626	48,335	46,379
G&A	4,248	4,890	4,339	4,865	3,146	3,329	3,245	2,394
Impairment charge (3)	-	-	175,989	-	-	-	-	-
Gain on assignment of mining interest	-	-	-	-	-	-	-	(2,376)
Share-based compensation	1,999	2,765	362	342	686	767	-	-
Social contributions	2,515	2,202	2,096	1,767	1,666	1,408	1,256	1,109
Income (loss) from operations	30,430	40,860	(143,809)	29,758	24,885	25,325	15,371	19,099
Finance costs, net of income	(2,379)	(5,848)	(3,155)	(2,978)	(3,476)	(2,436)	(797)	(3,768)
Bluenose RTO Transaction costs	-	(16,700)	(273)	-	-	-	-	-
(Loss) gain on financial instruments	(35,403)	16,507	(9,425)	(7,466)	(11,057)	(4,591)	(6,195)	4,163
Gain on sale of securities, net	3,099	-	-	-	-	-	-	-
Foreign exchange	(2,648)	5,784	(1,143)	629	(427)	(132)	215	87
Equity-accounted loss	(1,497)	(720)	(1,671)	(134)	(128)	(82)	(171)	-
(Loss) income before taxes	(8,398)	39,883	(159,476)	19,809	9,797	18,084	8,423	19,581
Income tax (expense) recovery	(10,180)	(15,628)	10,627	(10,795)	(9,029)	(10,181)	(385)	(5,608)
Net (loss) income	(18,578)	24,255	(148,849)	9,014	768	7,903	8,038	13,973
Per share								
Basic	(0.27)	0.42	(2.65)	0.18	0.02	0.16	0.17	0.35
Diluted	(0.27)	0.42	(2.65)	0.18	0.02	0.16	0.17	0.23
Adjusted EBITDA (2)	37,563	50,437	40,607	37,595	33,198	35,275	23,736	24,701
Adjusted net income (2)	17,504	21,232	17,113	16,168	14,164	13,015	14,517	9,930
Adjusted per share (2)								
Basic	0.29	0.37	0.33	0.33	0.29	0.27	0.30	0.25
Diluted	0.24	0.32	0.27	0.27	0.25	0.24	0.29	0.21
Net cash provided by operating activities	6,431	31,811	34,635	30,606	18,217	19,818	23,463	20,531
Free Cash Flow (2)	(4,375)	17,831	21,953	19,630	7,751	11,277	14,444	11,200

- (1) Per ounce sold.
- (2) Refer to "Non-IFRS Measures" on pages 24-29.
- (3) The Company recorded an impairment charge in the fourth quarter of 2019 related to its Marmato Project.

Liquidity and Capital Resources

The Company's management of its operations in the first half of 2020, particularly in light of the COVID-19 situation, and continued improvement in spot gold prices, enabled it to maintain a solid financial position. Free Cash Flow of \$13.5 million in the first half of 2020 (refer to computation on page 29), which was net of \$42.6 million of income tax payments, was sufficient to meet debt service and lease obligations, all of which totaled approximately \$13.7 million. In addition, \$21.1 million was used from the net proceeds of the 2020 Private Placement to fund an early redemption of the Gold Notes at the end of March 2020 and the remaining net proceeds, together with proceeds from the Caldas Subscription Receipts Financing, the net proceeds from the purchase and sale of the Guyana Goldfields' shares, and the exercise of stock options and warrants funded the \$10.0 million advance for the acquisition of SARC and helped to increase the Company's cash and cash equivalents at June 30, 2020 to \$87.7 million, up from \$84.2 million at the end of 2019. The aggregate principal amount of the Gold Notes was reduced to \$41.3 million as of June 30, 2020 compared with \$68.8 million at the end of 2019.

The Company's working capital increased to \$84.6 million at June 30, 2020 from \$50.0 million at the end of 2019. Key components of the Company's working capital at June 30, 2020 include:

- *Cash and cash equivalents* - \$87.7 million, up from \$84.2 million at the end of 2019 as noted above.
- *Subscription Receipts cash in trust and payable* - In February 2020, the cash in trust from the Caldas Subscription Receipts Financing in December 2019 was released on closing of the Caldas RTO Transaction and the Subscription Receipts were exchanged for common shares and warrants of Caldas Gold.
- *Gold Trust Account* - \$4.1 million associated with 2,310 ounces on deposit, compared with \$5.8 million associated with 3,900 ounces on deposit at the end of 2019. This represents the physical gold the Company has deposited in accordance with the terms of the Gold Notes to meet the quarterly amortizing payments. The 3,900 ounces held in the Gold Trust Account at the end of 2019 were subsequently sold on January 15, 2020 to fund the quarterly amortizing payment of the Gold Notes at the end of January 2020. As noted on page 7, the Company redeemed 30% of the aggregate principal amount of the Gold Notes on March 31, 2020 using a portion of the net proceeds from the 2020 Private Placement. This reduced the number of ounces required to be set aside in the Gold Trust to fulfill the quarterly Amortizing Payment on July 31, 2020 to 2,310 ounces. Going forward, the number of physical ounces required to be set aside on a monthly basis to meet future scheduled quarterly Amortizing Payments has similarly been reduced by 30% compared with the initial amortization schedule.
- *Accounts receivable* – \$17.3 million, up \$2.0 million from December 31, 2019, due to timing of proceeds for metals sales from June which were received on July 1, 2020, offset by a \$5.4 million reduction in the Company's VAT recoverable primarily as a result of timing of collection of refund claims.
- *Inventories* - \$21.2 million, down \$3.1 million from the end of 2019, largely due to the impact of foreign exchange revaluation.
- *Accounts payable and accrued liabilities* - \$25.0 million, down \$4.9 million from the end of 2019, largely reflecting a \$1.7 million reduction associated with the timing of payment of suppliers' obligations, a \$1.4 million decrease in accounts payable associated with capital expenditures carried over from the increased level of activity in the fourth quarter of 2019 and a \$3.2 million decrease due to the impact of

foreign exchange revaluation in the first half of 2020, partially offset by a \$1.4 million increase in the DSU/PSU liabilities. The Company is continuing to manage obligations due to its trade creditors within normal payment terms.

- *Income tax payable* - \$6.5 million, down from \$28.8 million at the end of 2019. The change in the first half of 2020 principally reflects an increase of \$25.3 million for the current provision for income taxes recorded against earnings for the first half, primarily associated with the Company's Colombian mining operations, net of \$42.9 million of income taxes paid in Colombia related to the balance owing from 2019 and prepayments for 2020 together with a \$4.7 million decrease due to the impact of foreign exchange revaluation in the first half of 2020.
- *Current portion of long-term debt* - \$11.6 million, down from \$18.0 million at the end of 2019, primarily reflects the early redemption of 30% of the Gold Notes on March 31, 2020 which has proportionately reduced the schedule of future quarterly amortizing payments.
- *Current portion of lease obligations* - \$1.3 million, up from \$0.7 million at the end of 2019, representing lease payments to be made over the next 12 months.
- *Current portion of provisions* - \$1.5 million, up from \$1.4 million at December 31, 2019. The June 30, 2020 balance includes \$0.6 million for the next 12 monthly payments to fund the ongoing health plan obligations at the Segovia Operations and \$0.8 million of expected rehabilitation costs to be paid over the next 12 months related to the closure of tailings storage facilities at the Segovia Operations.
- *Amounts payable for acquisitions of mining interests* - \$2.5 million related to Zona Alta at the Marmato Project, down from \$3.0 million from the end of 2019 primarily reflecting a \$0.3 million decrease due to foreign exchange revaluation and \$0.2 million of payments in the first half of 2020. The Company is continuing to seek a resolution to its obligations under the other remaining compensation agreements, which amount to approximately \$2.2 million, including accumulated interest, of the total obligation at June 30, 2020.

As discussed on page 4, to date, although COVID-19 had some impact on production levels in the first half of April at Segovia, overall it has not had a significant impact on Segovia's production or product shipments. At Marmato, COVID-19 has had more significant impact during the second quarter of 2020 due to restrictions on movement affecting the ability of workers to get to the mine site. The Company activated its business continuity program at its mine sites in Colombia very early on in the COVID-19 crisis and has taken steps to manage its discretionary operating and capital expenditures to preserve its liquidity during this unusual situation. To the extent possible, the Company expects that its mines will continue to operate during the national quarantine in Colombia, maintaining its vigorous health and safety protocols. The Company is continuing to monitor the situation and at this point in time, is continuing to take remedial action as required. The Company's cash balances are sufficient to meet its debt service and other financial obligations over the next year and Caldas Gold has raised sufficient funds to carry out its planned capital program in the existing mine over that period. In the event the extended quarantine or other circumstances disrupt the Company's operations for a prolonged period, the Company may have to take further actions to reduce non-discretionary spending in order to preserve liquidity.

Operating activities

Net cash provided by operating activities in the first half of 2020 amounted to \$38.2 million, on par with \$38.0 million in the first half of 2019. Higher realized gold prices in the first half of 2020 made a positive contribution to the year-over-year increase in operating cash flow. However, the increase in accounts receivable and the increased level of income tax payments had an adverse impact on operating cash flow in the first half of

2020. The Company paid \$42.6 million of its income taxes in the first half of 2020 compared with \$30.4 million of income taxes paid in the first half of 2019.

Investing activities

Net cash used in investing activities in the first half of 2020 of \$30.9 million, up from \$21.0 million in the first half last year, comprised the following:

- additions to mining interests, plant and equipment of \$24.8 million, up from \$19.0 million in the first half last year, including:
 - *Sustaining capital expenditures.* The Company incurred \$14.5 million of sustaining capital expenditures in the first half of 2020, including \$13.0 million at the Segovia Operations and \$1.5 million at the Marmato Operations, as outlined below;
 - *Non-sustaining capital expenditures.* The Company incurred \$8.7 million of non-sustaining capital expenditures in the first half of 2020 with \$5.6 million related to further exploration drilling and the preparation of the 2020 PFS at the Marmato Project, \$0.1 million on regional exploration at Segovia and a \$3.0 million acquisition of an agricultural operation in its Segovia mining title that will form an integral part of its ESG initiatives to create sustainable sources of food and employment within the local community; and,
 - A total of \$1.6 million of *accounts payable and accrued liabilities* related to capital expenditures and *amounts payable for acquisitions of mining interests.*
- \$10.0 million advanced by Caldas Gold for the acquisition of SARC as described on page 7;
- Net proceeds of \$3.9 million from the purchase and sale of Guyana Goldfields' shares; and,
- \$2.0 million spent in the first half of 2019 to increase the Company's investment in Gold X Mining.

Sustaining capital expenditures of \$13.0 million at the Segovia Operations in the first half of 2020 included (i) \$3.6 million for drilling under the Company's ongoing exploration campaign, (ii) \$4.1 million for ongoing mine development, (iii) \$3.8 million for the mines including additional underground equipment, construction of underground drilling platforms and further infrastructure improvements and expansion at all four mines, including Carla, (iv) \$0.3 million for costs related to the ongoing construction activities at the new El Chocho tailings storage facility, (v) \$0.3 million for hydrological studies within the Segovia mining area and (vi) \$0.9 million associated with upgrades at the Maria Dama plant and the Segovia site facilities. At Marmato, sustaining capital expenditures in the first half of 2020 amounted to \$1.5 million and included \$1.2 million related to mine infrastructure improvements and equipment, including mining equipment associated with the extension of operations into the Transitional Zone, and \$0.3 million associated with mill and tailings storage facility improvements.

Letter of Intent with Renenergetica Colombia S.A.S to invest in a solar project in Colombia.

On May 5, 2020 the Company announced that it had signed a Letter of Intent ("LOI") with Renenergetica Colombia S.A.S. ("Renenergetica"), a subsidiary of Renenergetica S.p.A., to acquire through its Segovia Operations, a solar project in the Tolima Region, Colombia (the "Suarez Project"). The Suarez Project will connect to the Colombian National Electric System and will become operational later in 2020. The capital cost of the Suarez Project, expected to total approximately \$8.0 million, may be financed by up to 70% through local banks involved in "green financing" and will benefit from special tax incentives in Colombia on investments in renewable energy.

Financing activities

In the first half of 2020, net cash provided by financing activities was \$1.3 million, compared with \$1.3 million used in the first half of 2019, including:

- the Company generated net proceeds of \$29.5 million through the 2020 Private Placement in February 2020. In the first half of 2019, the Company generated net proceeds of \$13.7 million through the issuance of the Convertible Debentures;
- the Company used \$21.1 million of the 2020 Private Placement proceeds to fund a partial early redemption of 30% of the aggregate principal amount of the Gold Notes on March 31, 2020, including approximately \$2.0 of Applicable Premium;
- following the partial early redemption, the schedule for the future quarterly amortizing payments was adjusted to reflect the lower aggregate principal amount of Gold Notes outstanding, resulting in a 30% reduction in the quantity of physical gold required to be deposited in the Gold Trust and improving the Company's cash flow by \$2.3 million;
- the Company completed two quarterly amortizing payments on the Gold Notes totaling approximately \$10.7 million, including approximately \$2.4 million of Gold Premiums, compared with \$10.1 million of quarterly amortizing payment in the first half last year, including approximately \$0.3 million of Gold Premiums;
- the closing of the Caldas RTO Transaction triggered the release of \$4.7 million of funds held in escrow from the Caldas Subscription Receipts Financing and a total of \$0.7 million of share issue costs associated with the private placements in Caldas Gold were incurred;
- the Company paid \$0.8 million of lease obligations, up from \$0.5 million in the first half last year;
- the Company paid net interest totaling \$2.1 million, down from \$3.3 million in the first half last year;
- the Company received approximately \$2.2 million from exercises of stock options and warrants compared with \$1.2 million from stock option exercises in the first half last year;
- the Company used approximately \$0.1 million to repurchase 56,000 common shares under the NCIB for cancellation; and,
- the Company used \$1.8 million to acquire additional common shares of Caldas Gold in the open market.

Financial Instruments

The fair values of cash and cash equivalents, cash in trust, accounts receivable and accounts payable and accrued liabilities (including amounts payable for acquisitions of mining interests), approximate their carrying values due to the short term to maturity of these financial instruments. The Gold X Mining warrants, Gold X Convertible Debentures, DSU and PSU liabilities, Gold Notes, Convertible Debentures, 2024 Warrants, 2019 PP Warrants and 2020 PP Warrants are all carried at fair value through profit and loss. The \$43.5 million estimated fair value of the Gold Notes at June 30, 2020 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. The quoted TSX closing market price on June 30, 2020 was \$110.01 per \$100.00 principal amount of Gold Notes.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Accounting Policy Changes

There were no accounting policy changes during the three and six months ended June 30, 2020 that had a significant impact on the Company's financial statements.

Critical Accounting Policies and Estimates

The preparation of the consolidated financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Judgments and estimates are continuously evaluated and are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ significantly from the amounts included in the 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, 2019, including:

- Exploration and evaluation;
- Assets' carrying values and impairment charges;
- Income taxes;
- Mineral reserves and resources;
- Amortization of mineral properties;
- Fair values of the Gold Notes and Convertible Debentures; and
- Decommissioning liabilities.

Recent Accounting Pronouncements

New and Amended Accounting Policies

The Company has adopted the following new and revised IFRS standards and amendments, effective January 1, 2020. These changes were made in accordance with the applicable transitional provisions.

IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Estimates and Errors

Effective January 1, 2020, the Company has adopted the amendments in *Definition of Material (amendments to IAS 1 and IAS 8)*. The amendments to IAS 1 and IAS 8 clarify the definition of 'material' and aligns the definition used within the IFRS Standards. The application of the amendments did not have an impact on the Company.

IFRS 3 – Business Combinations

Effective January 1, 2020, the Company has adopted the amendments to IFRS 3 which narrow and clarify the definition of a business and provide for an optional simplified initial assessment of whether an acquired group of assets is a single identifiable group of assets, rather than a business. The application of the amendment has been made on a prospective basis and has not had an impact on the Company.

Accounting Standards Not Yet Adopted

There are no 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

Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate disclosure controls and procedures and internal control over financial reporting as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

There have been no changes in the Company's internal controls over financial reporting during the three months ended June 30, 2020 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 total cash costs (by-product), AISC and All-in costs, and those costs on a per ounce basis, EBITDA, adjusted EBITDA, adjusted net income and Free Cash Flow. 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, AISC and All-in costs 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:

- ***“Total cash costs per ounce sold”*** on a by-product basis is calculated by deducting revenues from silver sales from production cash costs and production taxes and dividing the sum by the number of gold ounces sold. Production cash costs include mining, milling, mine site security and mine site administration costs.
- ***“AISC per ounce sold”*** includes total cash costs (as defined above) and adds the sum of G&A, social contributions related to current operations, sustaining capital and certain exploration and evaluation

(“E&E”) costs, sustaining lease payments, provision for environmental fees, if applicable, and rehabilitation costs paid, 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 and E&E costs are not included in the calculation of AISC per ounce. Additionally, certain other cash expenditures, including income and other tax payments, financing costs and debt repayments, are not included in AISC per ounce.

- **“All-in costs per ounce sold”** includes AISC (as defined above) and adds non-sustaining capital and E&E costs divided by the number of ounces sold. Non-sustaining capital is related to new projects that are not associated with gold production from the current operations, and similar to AISC, excludes certain other cash expenditures such as income and other tax payments, financing costs and debt repayments.
- **“Adjusted EBITDA”** represents earnings before interest (including non-cash accretion of financial obligations and lease obligations), income taxes and depreciation, depletion and amortization (“EBITDA”), adjusted to exclude impairment charges and reversals, allowance for doubtful accounts, gains or losses on asset dispositions, share-based compensation, gains/losses on financial instruments, gains or losses from equity accounting in investees and foreign exchange gains/losses.
- **“Adjusted net income or loss”** excludes gains/losses and other costs incurred for acquisitions and disposals of mining interests, impairment charges and reversals, debt financing costs, unrealized and non-cash gains/losses on financial instruments, foreign exchange gains/losses and gains or losses from equity accounting in associates as well as other significant non-cash, non-recurring items.
- **“Free Cash Flow”** is a common performance measure in the gold mining industry with no standardized meaning. The Company calculates free cash flow by deducting additions to mining interests and rehabilitation costs paid from net cash provided by operating activities. The Company discloses free cash flow as it believes the measure assists investors and analysts in evaluating the Company’s ability to generate cash flow after capital investments to service its debt obligations and build the cash resources of the Company.

The following table provides a reconciliation of **adjusted EBITDA** to the Interim Financial Statements:

	Second Quarter		First Half	
	2020	2019	2020	2019
Net (loss) income	\$ (18,578)	\$ 768	\$ 5,677	\$ 8,671
Income tax expense	10,180	9,029	25,808	19,210
Finance costs, net of finance income	2,379	3,476	8,227	5,912
Depreciation and amortization	5,134	7,627	11,946	16,810
EBITDA	(885)	20,900	51,658	50,603
Share-based compensation	1,999	686	4,764	1,453
Bluenose RTO Transaction costs	-	-	16,700	-
Loss on financial instruments	35,403	11,057	18,896	15,648
Gain on sale of securities, net	(3,099)	-	(3,099)	-
Loss from equity accounting in associates	1,497	128	2,217	210
Foreign exchange loss (gain)	2,648	427	(3,136)	559
Adjusted EBITDA	\$ 37,563	\$ 33,198	\$ 88,000	\$ 68,473

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

	Second Quarter		First Half	
	2020	2019	2020	2019
Revenue	\$ 77,134	\$ 77,610	\$ 178,110	\$ 155,065
Cost of sales, excluding DD&A	(32,823)	(39,615)	(76,285)	(77,072)
G&A, excluding DD&A	(4,233)	(3,131)	(9,108)	(6,446)
Social contributions	(2,515)	(1,666)	(4,717)	(3,074)
Adjusted EBITDA	\$ 37,563	\$ 33,198	\$ 88,000	\$ 68,473

The following table provides a reconciliation of **adjusted net income** to the Financial Statements:

	Second Quarter		First Half	
	2020	2019	2020	2019
Net (loss) income	\$ (18,578)	\$ 768	\$ 5,677	\$ 8,671
Bluenose RTO Transaction costs	-	-	16,700	-
Loss on financial instruments	35,403	11,057	18,896	15,648
Gain on sale of securities, net	(3,099)	-	(3,099)	-
Debt financing costs	-	1,265	960	1,265
Foreign exchange loss (gain)	2,648	427	(3,136)	559
Loss from equity accounting in associates	1,497	128	2,217	210
Income tax effect on adjustments	(367)	519	521	826
Adjusted net income	\$ 17,504	\$ 14,164	\$ 38,736	\$ 27,179

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

	Second Quarter		First Half	
	2020	2019	2020	2019
Adjusted net income	\$ 17,504	\$ 14,164	\$ 38,736	\$ 27,179
Adjusted non-controlling interest	333	-	798	-
Adjusted net income attributable to shareholders	17,837	14,164	39,534	27,179
Add: Interest expense on Convertible Debentures, net of tax	289	285	582	285
Adjusted net income for fully diluted computation	\$ 18,126	\$ 14,449	\$ 40,116	\$ 27,464
Weighted average number of shares (000's)				
Basic	61,339	48,338	59,607	48,287
Add: Impact of stock options and warrants	8,392	5,180	7,802	5,221
Add: Impact of conversions of Convertible Debentures	4,211	4,211	4,211	2,024
Fully diluted	73,942	57,729	71,620	55,532
Adjusted earnings per share				
Basic	\$ 0.29	\$ 0.29	\$ 0.66	\$ 0.56
Diluted	0.25	0.25	0.55	0.49

The following table reconciles **total cash costs per ounce sold** as disclosed in this MD&A to the Interim Financial Statements:

(\$000's except ounces and per ounce data)	Second Quarter		First Half	
	2020	2019	2020	2019
Gold sales (ounces)	45,078	59,368	108,779	118,413
Total cash costs				
Production costs	\$ 29,573	\$ 36,550	\$ 69,453	\$ 70,895
Production taxes	3,250	3,143	6,832	6,255
Silver revenues	(669)	(827)	(1,650)	(1,626)
Total cash costs on a by-product basis	\$ 32,154	\$ 38,866	\$ 74,635	\$ 75,524
Total cash costs per ounce sold	\$ 713	\$ 655	\$ 686	\$ 638

The following table reconciles **AISC per ounce sold** and **All-in costs per ounce sold** as disclosed in this MD&A to the Interim Financial Statements:

(\$000's except ounces and per ounce data)	Second Quarter		First Half	
	2020	2019	2020	2019
AISC and All-in costs				
Total cash costs on a by-product basis	\$ 32,154	\$ 38,866	\$ 74,635	\$ 75,524
Recovery of environmental fees	-	(78)	-	(78)
G&A, excluding DD&A	4,233	3,131	9,108	6,446
Social contributions	2,515	1,666	4,717	3,074
Sustaining capital and E&E costs	7,651	8,312	14,503	15,787
Payment of rehabilitation obligations	51	14	51	14
Sustaining lease payments	502	214	807	498
AISC	47,106	52,125	103,821	101,265
Non-sustaining capital and E&E costs	3,121	1,503	8,697	2,143
Total All-in costs	\$ 50,227	\$ 53,628	\$ 112,518	\$ 103,408
AISC and All-in costs per ounce sold				
Total cash costs per ounce sold	\$ 713	\$ 655	\$ 686	\$ 638
Recovery of environmental fees	-	(2)	-	(1)
G&A, excluding DD&A	94	53	84	55
Social contributions	56	28	43	26
Sustaining capital, E&E costs and payment of rehabilitation obligations	171	140	134	133
Sustaining lease payments	11	4	7	4
AISC per ounce sold	1,045	878	954	855
Non-sustaining capital and E&E costs	69	25	80	18
All-in costs per ounce sold	\$ 1,114	\$ 903	\$ 1,034	\$ 873

The following table reconciles **sustaining and non-sustaining capital expenditures and E&E costs** to the Company's total additions as reported in the consolidated statements of cash flows in the Interim Financial Statements:

	Second Quarter		First Half	
	2020	2019	2020	2019
Sustaining capital and E&E costs	\$ 7,651	\$ 8,312	\$ 14,503	\$ 15,787
Non-sustaining capital and E&E costs:				
Segovia ESG initiative	-	-	3,000	-
Segovia exploration	135	291	135	291
Marmato expansion project	2,986	1,212	5,562	1,852
Change in accounts payable and accrued liabilities related to capital expenditures	(49)	653	1,408	1,049
Change in amounts payable for acquisitions of mining interests	83	(2)	178	28
Additions to mining interests, plant and equipment	\$ 10,806	\$ 10,466	\$ 24,786	\$ 19,007

The following table provides a reconciliation of **Free Cash Flow** to the consolidated statements of cash flows in the Interim Financial Statements:

	Second Quarter		First Half	
	2020	2019	2020	2019
Net cash provided by operating activities	\$ 6,431	\$ 18,217	\$ 38,242	\$ 38,035
Additions to mining interests	(10,806)	(10,466)	(24,786)	(19,007)
Free Cash Flow	\$ (4,375)	\$ 7,751	\$ 13,456	\$ 19,028

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;
- Metal price volatility;
- Future production rates;
- Financing risks;
- Indebtedness of the Company;
- Servicing indebtedness;
- 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 Gold Notes:
 - Ranking of the Gold Notes; Collateral; Voiding the Gold Notes or Guarantees; Bankruptcy and Insolvency Laws; Subordinated Collateral; Reduction of Pool of Assets Securing the Gold Notes; Release of Collateral for the Gold Notes; Perfecting Security Interests of the Gold Notes; Financing the Change of Control Provision in the Gold Notes; and No Guarantee of Public Market for the Gold Notes;
- 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; protection of mining rights; 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;
 - 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;
 - COVID-19 Virus; 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 30, 2020 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.

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, AISC and All-in costs per ounce sold, capital expenditures and quarterly amortizing payments of the Gold Notes, involve known and unknown risks, uncertainties and other factors which may cause the actual actions, events and results to be materially different from estimated actions, events or results expressed or implied by such forward-looking statements. The Company believes the expectations reflected in these forward-looking statements are reasonable but no

assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption “*Risk Factors*” in the Company’s Annual Information Form dated as of March 30, 2020, 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.