



**Gran Colombia Gold Corp.**

Interim Condensed Consolidated Financial Statements  
(Unaudited)

For the three and six months ended June 30, 2020

Gran Colombia Gold Corp.  
Interim Condensed Consolidated Statements of Financial Position  
(Unaudited; Expressed in thousands of U.S. dollars)

	Notes	As at June 30, 2020	As at December 31, 2019
<b>ASSETS</b>			
Current			
Cash and cash equivalents		\$ 87,749	\$ 84,239
Subscription Receipts cash in trust	3	-	4,837
Gold Trust Account	8a	4,084	5,760
Accounts receivable and other	12a	17,309	15,322
Derivative assets	12e	-	1
Inventories	4	21,178	24,311
Prepaid expenses and deposits		2,615	2,436
		132,935	136,906
Non-current			
Cash in trust	10c	669	751
Advance for acquisition of SARC	21	10,000	-
Mining interests, plant and equipment	5	194,554	207,485
Investments and other assets	6	18,367	14,278
<b>Total assets</b>		<b>\$ 356,525</b>	<b>\$ 359,420</b>
<b>LIABILITIES AND EQUITY</b>			
Current			
Accounts payable and accrued liabilities	7	\$ 25,011	\$ 29,921
Subscription Receipts payable	3	-	5,070
Income tax payable		6,502	28,788
Current portion of long-term debt	8	11,550	18,000
Current portion of lease obligations	9	1,299	701
Current portion of provisions	10	1,482	1,398
Amounts payable related to acquisitions of mining interests	20a	2,472	2,968
		48,316	86,846
Non-current			
Long-term debt	8	55,734	72,015
Lease obligations	9	2,184	1,556
Provisions	10	21,123	23,908
Warrant liabilities	11c	64,320	38,700
Deferred income taxes		16,781	18,747
<b>Total liabilities</b>		<b>208,458</b>	<b>241,772</b>
<b>Equity</b>			
Share capital	11b	472,319	446,015
Contributed surplus		179,468	176,094
Accumulated other comprehensive loss		(131,177)	(109,046)
Deficit		(384,293)	(395,415)
<b>Total equity attributable to shareholders</b>		<b>136,317</b>	<b>117,648</b>
Non-controlling interest	3	11,750	-
<b>Total equity</b>		<b>148,067</b>	<b>117,648</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 356,525</b>	<b>\$ 359,420</b>

Commitments and Contingencies  
Subsequent events

(Note 10b, 12)  
(Note 3, 6, 8c, 11b, 11d, 21)

See accompanying notes to the consolidated financial statements.

Gran Colombia Gold Corp.  
Interim Condensed Consolidated Statements of Operations  
(Unaudited; Expressed in thousands of U.S. dollars, except share amounts)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
<b>Revenue</b>	13	\$ 77,134	\$ 77,610	\$ 178,110	\$ 155,065
<b>Costs and expenses</b>					
Cost of sales	14	37,942	47,227	88,201	93,853
General and administrative		4,248	3,146	9,138	6,475
Share-based compensation	11g	1,999	686	4,764	1,453
Social contributions	7a	2,515	1,666	4,717	3,074
<b>Income from operations</b>		30,430	24,885	71,290	50,210
<b>Other income (expense)</b>					
Finance income		561	367	976	638
Finance costs	15	(2,940)	(3,843)	(9,203)	(6,550)
RTO Transaction costs	3	-	-	(16,700)	-
Foreign exchange gain (loss)		(2,648)	(970)	3,136	(1,349)
Loss from equity accounting in associate	6	(1,497)	(128)	(2,217)	(210)
Loss on financial instruments	16	(35,403)	(10,514)	(18,896)	(14,858)
Gain on sale of securities, net	16	3,099	-	3,099	-
		(38,828)	(15,088)	(39,805)	(22,329)
<b>(Loss) income before income tax</b>		(8,398)	9,797	31,485	27,881
Income tax (expense) recovery					
Current		(9,911)	(9,710)	(25,341)	(20,236)
Deferred		(269)	681	(467)	1,026
		(10,180)	(9,029)	(25,808)	(19,210)
<b>Net (loss) income</b>		<b>\$ (18,578)</b>	<b>\$ 768</b>	<b>\$ 5,677</b>	<b>\$ 8,671</b>
Attributed to Shareholders of the Company		\$ (16,799)	\$ 768	\$ 7,721	\$ 8,671
Non-controlling interest		(1,779)	-	(2,044)	-
		\$ (18,578)	\$ 768	\$ 5,677	\$ 8,671
<b>Net (loss) income per share attributed to shareholders of the Company</b>					
Basic		\$ (0.27)	\$ 0.02	\$ 0.13	\$ 0.18
Diluted	19	(0.27)	0.02	0.13	0.18
Basic weighted average number of common shares outstanding		61,338,920	48,337,782	59,607,413	48,287,484

See accompanying notes to the consolidated financial statements.

Gran Colombia Gold Corp.  
Interim Condensed Consolidated Statements of Comprehensive (Loss) Income  
(Unaudited; Expressed in thousands of U.S. dollars)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
<b>Net (loss) income</b>		<b>\$ (18,578)</b>	<b>\$ 768</b>	<b>\$ 5,677</b>	<b>\$ 8,671</b>
<b>Other comprehensive income (loss):</b>					
<b>Items that will not be reclassified to profit in subsequent periods:</b>					
Unrealized gain (loss) on investment in Amilot, net of \$nil tax (2019 - \$nil)	6	4	(3)	(7)	(3)
Unrealized gain (loss) on Gold Notes due to change in credit risk, net of tax <sup>(1)</sup>	8a	(744)	(2,380)	1,266	(3,338)
Unrealized gain (loss) on Convertible Debenture due to change in credit risk, net of tax <sup>(2)</sup>	8b	(350)	55	64	55
<b>Items that may be reclassified to profit in subsequent periods:</b>					
Foreign currency translation adjustment		12,232	(3,167)	(23,454)	3,672
Foreign currency translation adjustment associated with non-controlling interest		761	-	(256)	-
<b>Comprehensive (loss) income</b>		<b>\$ (6,675)</b>	<b>\$ (4,727)</b>	<b>\$ (16,710)</b>	<b>\$ 9,057</b>
<b>Comprehensive (loss) income attributable to:</b>					
Shareholders of the Company		\$ (5,657)	\$ (4,727)	\$ (14,410)	\$ 9,057
Non-controlling interest		(1,018)	-	(2,300)	-
<b>Comprehensive (loss) income</b>		<b>\$ (6,675)</b>	<b>\$ (4,727)</b>	<b>\$ (16,710)</b>	<b>\$ 9,057</b>

(1) For the three and six months ended June 30, 2020, the tax recovery on the Gold Notes credit risk changes was \$0.2 million and \$Nil, respectively. For the three and six months ended June 30, 2019, the tax recovery was \$0.6 million and \$1.0 million, respectively.

(2) For the three and six months ended June 30, 2020, the tax recovery on the convertible debenture credit risk changes was \$0.1 million and \$Nil, respectively. For the three and six months ended June 30, 2019, the tax expense was \$Nil and \$0.1 million, respectively.

See accompanying notes to the consolidated financial statements.

Gran Colombia Gold Corp.  
Interim Condensed Consolidated Statements of Equity  
(Unaudited; Expressed in thousands of U.S. dollars)

	Notes	Six months ended June 30,	
		2020	2019
<b>Common shares</b>			
Balance, beginning of period	11	\$ 446,015	\$ 434,831
Exercise of options	11	1,206	1,621
Exercise of warrants	11c	3,985	-
Issuance of common shares	11b	21,709	-
Share issue costs		(458)	-
Repurchase of shares	11	(138)	-
Balance, end of period		472,319	436,452
<b>Share purchase warrants – equity classified</b>			
Balance, beginning	11c	-	4,212
Expiry of warrants		-	(4,212)
Balance, end of period		-	-
<b>Contributed surplus</b>			
Balance, beginning of period		176,094	172,596
Exercise of options	11	(294)	(380)
Expiry of warrants		-	4,212
Share-based compensation	11g	3,668	767
Balance, end of period		179,468	177,195
<b>Accumulated other comprehensive loss</b>			
Balance, beginning of period		(109,046)	(101,712)
Unrealized loss on investment in Amilot, net of nil tax	6	(7)	(3)
Unrealized gain (loss) on Gold Notes due to changes in credit risk, net of tax	8a	1,266	(3,338)
Unrealized gain on Convertible Debentures due to changes in credit risk, net of tax	8b	64	55
Foreign currency translation adjustment		(23,454)	3,672
Balance, end of period		(131,177)	(101,326)
<b>Deficit</b>			
Balance, beginning of period		(395,415)	(264,251)
Amount related to consideration in RTO Transaction	3	5,055	-
Impact of acquisition of shares from non-controlling interests	3	(511)	-
Impact of private placement in Caldas Gold common shares	3	(1,143)	-
Net income attributable to shareholders of the Company		7,721	8,671
Balance, end of period		(384,293)	(255,580)
<b>Non-controlling interest</b>			
RTO Transaction without change of control	3	14,192	-
Acquisition of shares from non-controlling interests	3	(1,285)	-
Impact of private placement in Caldas Gold common shares	3	1,143	-
Foreign currency translation adjustment		(256)	-
Net loss attributable to non-controlling interest		(2,044)	-
Balance, end of period		11,750	-
<b>Total equity</b>		<b>\$ 148,067</b>	<b>\$ 256,741</b>

See accompanying notes to the consolidated financial statements.

Gran Colombia Gold Corp.  
Interim Condensed Consolidated Statements of Cash Flows  
(Unaudited; Expressed in thousands of U.S. dollars)

	Notes	Six months ended June 30,	
		2020	2019
<b>Operating Activities</b>			
Net income		\$ 5,677	\$ 8,671
Adjusted for the following items:			
Depreciation, depletion and amortization	5	11,946	16,810
Share-based compensation	11g	4,764	1,453
RTO transaction	3	16,700	-
Finance income		(976)	(638)
Finance costs	15	9,203	6,550
Foreign exchange		(2,816)	180
Loss on financial instruments	16	18,896	15,648
Provision for environmental fees		6	(78)
Loss from equity accounting in associate	6	2,217	210
Environmental fees paid	10	(4)	(576)
Payments of health obligations	10	(322)	(418)
Payment of rehabilitation obligations		(51)	(14)
Gain on sale of securities	16	(3,862)	-
Current income tax expense		25,341	20,236
Deferred income tax expense (recovery)		467	(1,026)
Changes in non-cash operating working capital items	17	(6,322)	1,378
Operating cash flows before taxes		80,864	68,386
Income taxes paid		(42,622)	(30,351)
Net cash provided by operating activities		38,242	38,035
<b>Investing Activities</b>			
Additions to mining interests, plant and equipment	5	(24,786)	(19,007)
Advance for acquisition of SARC	21	(10,000)	-
Acquisition of shares of Guyana Goldfields	16	(4,012)	-
Proceeds from sale of shares of Guyana Goldfields	16	7,874	-
Acquisition of investment in associates	6a	-	(2,036)
Net cash used in investing activities		(30,924)	(21,043)
<b>Financing Activities</b>			
Net proceeds from 2020 Private Placement	11b	29,474	-
Release of cash in trust from Caldas Gold Subscription Receipts	3	4,731	-
Share issue cost in connection with RTO	11b	(722)	-
Net proceeds from Convertible Debentures		-	13,653
Repayment of Gold Notes, including Gold Premium	8a	(31,872)	(10,062)
Decrease (increase) in Gold Trust Account	8a	2,334	(1,898)
Premiums paid for commodity hedging contracts related to repayment of the Gold Notes	12e	-	(255)
Payment of lease obligations		(807)	(498)
Net interest paid		(2,146)	(3,303)
Exercises of stock options	11d	912	1,241
Exercises of warrants	11c	1,304	-
Repurchases of 2024 Warrants		-	(143)
Repurchases of shares	11b	(138)	-
Acquisition of shares from non-controlling interest	3	(1,796)	-
Net cash provided (used) in financing activities		1,274	(1,265)
Impact of foreign exchange rate changes on cash and cash equivalents		(5,082)	(55)
<b>Increase in cash and cash equivalents</b>		<b>3,510</b>	<b>15,672</b>
Cash and cash equivalents, beginning of period		84,239	35,645
<b>Cash and cash equivalents, end of period</b>		<b>\$ 87,749</b>	<b>\$ 51,317</b>

See accompanying notes to the consolidated financial statements.

Gran Colombia Gold Corp.  
Notes to the Interim Condensed Consolidated Financial Statements  
For the three and six months ended June 30, 2020  
(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

**1. NATURE OF OPERATIONS**

Gran Colombia Gold Corp. and its subsidiaries (collectively the “Company”) are engaged in the acquisition, exploration, development and operation of gold properties, primarily in Colombia. The Company is incorporated under the laws of the Province of British Columbia. 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 at 1166 Alberni Street, Suite 1604, Vancouver, British Columbia, V6E 3Z3. The Company also has offices in Medellin and Bogota, Colombia.

**2. BASIS OF PRESENTATION**

These interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, under International Financial Reporting Standards (“IFRS”).

The interim financial statements have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the fiscal year ended December 31, 2019.

The interim financial statements do not include all the disclosures included in the annual audited consolidated financial statements and accordingly should be read in conjunction with the annual audited consolidated financial statements and the notes thereto for the year ended December 31, 2019. These interim financial statements were approved by the Audit Committee of the Company for issue on August 13, 2020.

The interim financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, and are presented in U.S. dollars, rounded to the nearest thousand except when otherwise indicated. They have been prepared on a going concern basis assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due for the foreseeable future.

**Consolidation**

These financial statements comprise the financial results of the Company, including its following subsidiaries as at June 30, 2020:

Entity	Property/ function	Registered	Functional currency <sup>(1)</sup>	Interest as at June 30, 2020
Gran Colombia Gold Corp.	Corporate	Canada	USD	
Gran Colombia Gold, S.A.	Corporate	Panama	USD	100%
Gran Colombia Gold Segovia S.A. Sucursal	Segovia Operations	Colombia	COP	100%
Caldas Gold Corp. (Caldas Gold) <sup>(2)</sup>	Marmato Zona Baja	Canada	USD	74.4%
Minerales Andinos de Occidente, S.A.S.	Marmato Zona Alta	Colombia	COP	100%
Minera Croesus S.A.S.	Marmato Zona Alta	Colombia	COP	100%
Gran Colombia Gold Titribi Sucursal	Zancudo	Colombia	COP	100%

(1) “USD” = U.S. dollar; “COP” = Colombian peso

(2) Commenced trading on the TSX Venture Exchange (“TSXV”) on February 28, 2020 under the symbol “CGC” and it holds a 100% of ownership of the Marmato Project through its subsidiary Caldas Gold Marmato S.A.S. (“formerly Gran Colombia Marmato S.A.S.”)

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Accounting policies of subsidiaries and associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

The consolidated financial statements also include the Company’s equity interests, as outlined in Note 6, in Gold X Mining Corp. and Western Atlas Resources Inc. (“Western Atlas”) which are accounted for using the equity method.

**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.

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*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.

### **3. CALDAS GOLD RTO TRANSACTION AND NON-CONTROLLING INTEREST**

On December 13, 2019, the Company completed an internal reorganization whereby the Marmato Zona Baja operations were transferred in a common control transaction to Caldas Finance Corp. ("CFC"), a newly incorporated subsidiary. 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, CFC was then sold to Bluenose Gold Corp. ("Bluenose") through a reverse takeover transaction ("RTO") in a share for share exchange that resulted in Gran Colombia controlling Bluenose after the transaction. On closing of the RTO, CFC was amalgamated with a subsidiary of Bluenose. Bluenose was renamed Caldas Gold Corp. and was approved for listing and commenced trading on the TSX Venture exchange on February 28, 2020. These financial statements refer to "Bluenose" when referencing Bluenose Gold Corp. prior to the RTO, and "Caldas Gold" when referring to the post-RTO entity.

The RTO was completed and Bluenose issued a total of 39,542,600 common shares to the Company on a one-for-one exchange for the outstanding shares of CFC, including common shares issued pursuant to two private placements completed by CFC prior to the RTO Transaction as follows:

- On December 19, 2019, CFC completed a brokered private placement financing of 3,292,500 subscription receipts (the "Subscription Receipts Financing") at a price of CA\$2.00 per subscription receipt for aggregate gross cash proceeds of \$5.1 million included in Subscription Receipts payable at December 31, 2019. At December 31, 2019, cash in trust of approximately \$4.8 million represented the gross proceeds from the Subscription Receipts Financing (the "Escrowed Proceeds"), net of 50% of the agents' commission and certain expenses of the agents that were placed in escrow. At the closing of the RTO Transaction, the Subscription Receipts were exchanged for one common share of CFC and one share purchase warrant of CFC, with an exercise price of CA\$3.00 per share expiring December 19, 2024 and the Escrowed Proceeds (and accrued interest less the balance of the agents' commission and additional expenses payable to the agents) were released to CFC. CFC allocated \$2.2 million of the proceeds to the warrants liability, and the remaining approximately \$2.8 million of the proceeds was allocated to the common shares and recorded as share capital (Note 11c).
- On February 7, 2020 the Company acquired 7,500,000 units of CFC in a non-brokered private placement at a price of CA\$2.00 per unit. Each unit consisted of one common share of CFC, and one share purchase warrant of CFC with an exercise price of CA\$3.00 per share expiring on February 25, 2025. Of the total consideration of \$11.3 million, \$1.8 million was advanced in December 2019 and the remaining amount of \$9.4 million at the closing date. These intercompany transactions have been eliminated in these financial statements.

In the RTO Transaction, although Caldas Gold is the 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 RTO Transaction, as former single shareholder of CFC, the Company became the controlling shareholder of Caldas Gold.

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As CFC was deemed to be the acquirer in the 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 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 of 21.5% in the combined entity. As a result, the consideration is measured at the value of the 10,852,841 shares issued to former Bluenose shareholders. Caldas Gold recognized the excess of the fair value of the RTO Transaction consideration over the net liability assumed of approximately \$16.4 million and the RTO Transaction costs of approximately \$0.3 million, including a financial advisory fee and the fair value of stock options honoured (Note 11d), as an expensed in the statement of operations during the six months ended June 30, 2020.

Fair value of RTO Transaction consideration for 10,852,841 common shares	\$ 16,346
Fair value of assets and liabilities acquired	
Cash and cash equivalents	33
Accounts receivable	8
Accounts payable and accrued liabilities	(135)
Net liability assumed	(94)
Excess of RTO Transaction consideration over net liability assumed	\$ 16,440

*Non-controlling interest*

The RTO transaction gave rise to a non-controlling interest from a reduction in the Company's ownership in Caldas Gold while the Company still retains control. Accordingly, the non-controlling interest is initially measured based on the carrying value of the net identifiable assets and liabilities at the date of the RTO transaction. The fair value of the share consideration received includes the fair value of the RTO and the Subscription Receipts Financing.

The carrying value of Caldas Gold's net assets and liabilities at the RTO closing were as follows:

	February 24, 2020
Current assets	\$ 24,425
Non-current assets	50,625
Current liabilities	(14,690)
Non-current liabilities	(10,033)
Total	\$ 50,327
Non-controlling interest at the closing date (28.20%)	\$ 14,192

The \$5.1 million excess of the \$19.3 million fair value of the share consideration received in connection with the \$14.2 million non-controlling interest recognized as a result of the Company's decrease in percentage of ownership in Caldas Gold is recognized as a credit to deficit in the Statement of Equity.

During the first quarter of 2020, subsequent to the RTO transaction, the Company acquired an aggregate of 1,297,000 common shares of Caldas Gold in the open market at a cost of \$1.8 million paid in cash. This resulted in an increase in ownership in the equity of Caldas Gold to 74.4% and a reduction of the non-controlling interest of \$1.3 million with the difference of \$0.5 million being recognized as a credit to deficit in the statement of equity.

On June 30, 2020 the Company acquired 7,000,000 common shares of Caldas Gold in a non-brokered private placement by Caldas Gold for a total investment of \$10.3 million. This resulted in reduction of the non-

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controlling interest and an increase in the Company's ownership in the equity of Caldas Gold to 77.5% with an amount of \$1.1 million being recognized as a credit to deficit in the statement of equity.

Refer to Note 21 for subsequent events related to Caldas Gold.

**4. INVENTORIES**

	June 30, 2020	December 31, 2019
Mineral inventories	\$ 7,688	\$ 10,237
Materials and supplies	13,490	14,074
	<b>\$ 21,178</b>	<b>\$ 24,311</b>

**5. MINING INTERESTS, PLANT AND EQUIPMENT**

	Mineral properties	Plant and equipment	ROU plant and equipment	Construction in progress	E&E assets	Total
<b>Six months ended June 30, 2020</b>						
Opening net book value	\$ 96,348	\$ 51,564	\$ 2,142	\$ 15,252	\$ 42,179	\$ 207,485
Additions <sup>(1)</sup>	10,496	5,158	2,147	1,986	5,697	25,484
Transfers	18	3,675	-	(3,693)	-	-
Increase in decommissioning liability (Note 10)	94	-	-	-	-	94
Depreciation and amortization	(8,038)	(3,391)	(466)	-	-	(11,895)
Exchange difference	(12,320)	(6,640)	(239)	(1,938)	(5,477)	(26,614)
Closing net book value	<b>\$ 86,598</b>	<b>\$ 50,366</b>	<b>\$ 3,584</b>	<b>\$ 11,607</b>	<b>\$ 42,399</b>	<b>\$ 194,554</b>

(1) Includes \$3.0 million in plant and equipment for the acquisition of agricultural assets in its Segovia mining title related to the Company's social programs.

**As at June 30, 2020**

Cost	\$ 211,300	84,148	\$ 4,701	\$ 36,974	\$ 200,816	\$ 537,939
Accumulated depreciation, Amortization and impairment	(124,702)	(33,782)	(1,117)	(25,367)	(158,417)	(343,385)
Net book value	<b>\$ 86,598</b>	<b>\$ 50,366</b>	<b>\$ 3,584</b>	<b>\$ 11,607</b>	<b>\$ 42,399</b>	<b>\$ 194,554</b>

A summary of the net book value is as follows:

**As at June 30, 2020**

	Mineral properties	Plant and equipment	ROU Plant and equipment	Construction in progress	E&E assets	Total
Segovia Operations	\$ 86,598	\$ 40,844	\$ 3,378	\$ 11,607	\$ 855	\$ 143,282
Marmato Project	-	9,493	117	-	41,544	51,154
Corporate	-	29	89	-	-	118
Total	<b>\$ 86,598</b>	<b>\$ 50,366</b>	<b>\$ 3,584</b>	<b>\$ 11,607</b>	<b>\$ 42,399</b>	<b>\$ 194,554</b>

**As at December 31, 2019**

Segovia Operations	\$ 96,348	\$ 41,730	\$ 1,916	\$ 15,252	\$ 814	\$ 156,060
Marmato Project	-	9,795	117	-	41,365	51,277
Corporate	-	39	109	-	-	148
Total	<b>\$ 96,348</b>	<b>\$ 51,564</b>	<b>\$ 2,142</b>	<b>\$ 15,252</b>	<b>\$ 42,179</b>	<b>\$ 207,485</b>

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A summary of the depreciation recorded during the three and six months ended June 30, 2020 and 2019 is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Cost of sales expense	\$ 5,119	\$ 7,612	\$ 11,916	\$ 16,781
General and administrative expenses	15	15	30	29
Total charged to operations	5,134	7,627	11,946	16,810
Increase (decrease) in inventories	233	(193)	(438)	(37)
Capitalized depreciation	196	235	387	487
	\$ 5,563	\$ 7,669	\$ 11,895	\$ 17,260

## 6. INVESTMENTS

	Gold X			Western Atlas		Amitot	Total
	Common Shares <sup>(1)</sup>	Warrants	Convertible Debenture	Common Shares <sup>(1)</sup>	Warrants	Common Shares <sup>(2)</sup>	
As at December 31, 2019	\$ 2,966	\$ 5,160	\$ 5,000	\$ 922	\$ 213	\$ 17	\$ 14,278
Share of loss	(2,116)	-	-	(101)	-	-	(2,217)
FVTPL (Note 16)	-	4,684	1,509	-	148	-	6,341
FVOCI	-	-	-	-	-	(7)	(7)
Exchange difference	-	(23)	-	-	(4)	(1)	(28)
As at June 30, 2020	\$ 850	\$ 9,821	\$ 6,509	\$ 821	\$ 357	\$ 9	\$ 18,367

(1) The investments in common shares of Gold X and Western Atlas are accounted for using the equity method.

(2) The investment in Amitot is accounted for as a financial asset and measured at FVOCI.

### a) Gold X

At June 30, 2020, the Company holds a 19.1% (December 31, 2019 – 20.7%) equity interest in Gold X, a Canadian junior mining company currently moving toward a feasibility study for its Toroparu Project in the western Guyana gold district. During the three and six months ended June 30, 2020, the Company recorded a loss in its investment in Gold X of \$1.5 million and \$2.1 million, respectively, (three and six months ended June 30, 2019 - \$0.1 million and \$0.2 million, respectively).

As at June 30, 2020 and December 31, 2019, the Company owned a total of 7,312,500 common shares and 4,625,000 share purchase warrants (the “Gold X Warrants”) of Gold X. The Gold X Warrants consist of (i) 2,000,000 share purchase warrants exercisable at CA\$3.20 per share that expire on July 20, 2023, (ii) 2,000,000 share purchase warrants exercisable at CA\$1.32 per share that expire on June 12, 2024, and (iii) 625,000 share purchase warrants exercisable at CA\$2.80 per share that expire on August 27, 2024.

During the three and six months ended June 30, 2020, the Company recorded a gain of approximately \$7.5 million and \$4.7 million, respectively, representing the total fair value increase for the Gold X Warrants (three and six months ended June 30, 2019 – \$Nil and \$0.1 million, respectively). The fair value of the Gold X Warrants at June 30, 2020 was \$9.8 million, determined using the Black-Scholes pricing model and level 2 fair value inputs, including expected share price volatilities averaging 84.33%, risk free interest rate of 0.32% and dividend yield of 0%.

On December 24, 2019 the Company entered into a \$5.0 million convertible debenture in Gold X (the “Gold X Convertible Debenture”) maturing on December 24, 2022 and bearing interest at 10% per annum, compounded semi-annually and payable annually. The interest is payable in shares at the option of the Company. If the Company doesn’t elect payment in shares, the interest is payable in cash. Gold X has the option to defer interest payments until maturity with additional interest accruing at a rate of 10% per annum, compounded semi-annually. At any time prior to maturity, the Company has the right to convert all or any part of the outstanding amount of the Gold X Convertible Debenture into common shares of Gold X at a conversion price of CA\$3.20 per share. At any time during the life of the Gold X Convertible Debenture, Gold X has the option to prepay all or any portion of the outstanding amount, including deferred interest. However, the Company has the option to convert the Gold X Convertible Debenture into shares prior to such prepayment.

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During the three and six months ended June 30, 2020, the Company recorded a gain of \$1.9 million and \$1.5 million respectively, representing the total fair value increase adjustment for the Gold X Convertible Debenture (three and six months ended June 30, 2019 \$Nil and \$Nil). The fair value of the Gold X Convertible Debenture at June 30, 2020 of \$6.8 million has been determined using the Cox Ross Rubinstein binomial tree model and level 2 fair value inputs that capture all the features of the Gold X Convertible Debenture, including the early redemption option, share price volatility of 86.6%, CAD risk free interest rate of 0.6%, USD risk free interest rate of 0.21%, dividend yield of 0% and credit spread of 10.55%.

On July 16, 2020, Gold X announced the early retirement of its convertible debentures through the issuance of common shares at the conversion price of CA\$3.20 per share. Gold X also settled all accrued but unpaid interest through the issuance of common shares at a price of CA\$3.57 per share. The Company received 2,119,843 common shares for the Gold X Convertible Debenture and 113,815 common shares for the accrued interest.

In the six months ended June 30, 2019, the Company had 312,500 common shares of Gold X in a private transaction for cash consideration of CA\$0.7 million (equivalent to approximately \$0.5 million) and 1,350,000 units and 650,000 subscription receipts in a private placement at a price of CA\$1.00 per unit and subscription receipt, for total cash consideration of CA\$2.0 million (approximately \$1.5 million). Each unit issued through the private placement consisted of one common share and one share purchase warrant entitling the holder to purchase one additional share at CA\$1.32 for a period of five years.

During the six months ended June 30, 2020 the allocation of the fair value of the common shares and warrants at the dates of acquisition was amended resulting in a reclassification of the carrying amounts as follows:

	Gold X Common shares	Gold X Warrants
As at December 31, 2019 reported	\$ 4,796	\$ 3,330
Reclassification of fair values	(1,830)	1,830
As at December 31, 2019 reclassified	\$ 2,966	\$ 5,160

The reclassification above had no effect on loss for the period as previously reported.

*b) Western Atlas*

As at June 30, 2020, the Company holds a 19.89% (December 31, 2019 – 19.89%) equity interest in Western Atlas. The Company also owns 7,955,294 common share purchase warrants (“Western Atlas Warrant”) exercisable at CA\$0.20 per share for a period of two years. During the three and six months ended June 30, 2020, the Company recognized loss of \$Nil and \$0.1 million related to its share in the results of Western Atlas.

The Western Atlas Warrants are derivative instruments and have been designated at FVTPL. During the three and six months ended June 30, 2020, the Company recorded a gain of \$0.2 million and \$0.1 million respectively, (three and six months ended June 30, 2019 \$Nil and \$Nil) representing the total fair value adjustment for the Western Atlas Warrants. The fair value of the Western Atlas Warrants at June 30, 2020 was approximately \$0.4 million, determined using the Black-Scholes pricing model and level 2 fair value inputs, including expected share price volatility of 130.48%, risk free interest rate of 0.25%, dividend yield of 0% and an expected remaining contractual life of 1.3 years.

Subsequent to June 30, 2020, the Company acquired 14,000,000 units of Western Atlas in a non-brokered private placement at a cost of CA\$1.4 million, increasing its equity interest to approximately 25.81%. Each unit consists of one common share and one common share purchase warrant exercisable at CA\$0.15 per share for a period of two years from the closing date.

*Medoro Venezuela Share Purchase Agreement*

In October 2019, the Company signed a Share Purchase Agreement to sell all of the outstanding shares of Medoro Resources International Ltd. (“Medoro”) in the future to Western Atlas, subject to certain conditions. Medoro is an indirect wholly-owned subsidiary of the Company which held mining rights to the Lo Increible 4A

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and Lo Increible 4B concessions near the town of El Callao, Bolivar State, Venezuela (the "Increible Project") and is seeking their restitution by the current interim government of Venezuela.

On January 10, 2020, Western Atlas received approval for the transaction from its shareholders. The completion of the transaction remains subject to, among other things, the approval of the TSXV. The sale price for the acquisition of Medoro by Western Atlas will be satisfied by the issuance to the Company of 59,115,555 common shares of Western Atlas.

The closing of the Medoro sale transaction will also be subject to and take place upon the occurrence of (i) the current government of Venezuela being replaced by an internationally recognized and democratically elected government and (ii) completion of the lawful transfer and registration of transfer to Medoro (or to one or more of Medoro's Venezuelan subsidiaries) of the Increible Project by Venezuelan authorities of competent jurisdiction. The closing of the Medoro sale transaction must occur no later than October 9, 2021 (the "Deadline"). Should the closing not occur by the Deadline, the Share Purchase Agreement may be terminated.

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2020	December 31, 2019
Trade payables related to operating, general and administrative expenses	\$ 14,529	\$ 16,303
Trade payables related to capital expenditures	2,216	4,618
Segovia social contributions payable (a)	2,058	2,134
Other non-income taxes payable	1,405	2,158
DSU and PSU liabilities (Note 11e and 11f)	2,754	1,435
Other provisions and accrued liabilities	2,049	3,273
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 25,011</b>	<b>\$ 29,921</b>

### a) Segovia social contributions

With respect to Segovia Operations, the Company makes contributions to a trust account to fund local social programs in each quarter in which it produces a minimum of 15,000 ounces of gold. The contribution rate is \$4 per ounce of gold production at the minimum gold price of \$700 per ounce and increases by \$2 per ounce for each \$50 increment in the price of gold. Based on the Company's gold production during the six months ended June 30, 2020, the Company incurred a total expense for social contributions of \$4.3 million (2019 – \$3.0 million).

## 8. LONG-TERM DEBT

	Maturity	Currency	Principal Amount	Interest Rate	June 30, 2020	December 31, 2019
Gold Notes	2024	USD	\$ 44,712	8.25%	\$ 43,535	\$ 68,961
Convertible Debentures	2024	CA	20,000	8.00%	23,749	21,054
<b>Total</b>					<b>67,284</b>	<b>90,015</b>
<b>Less: current portion</b>					<b>11,550</b>	<b>18,000</b>
<b>Non-current portion</b>					<b>\$ 55,734</b>	<b>\$ 72,015</b>

### a) Senior Secured Gold-Linked Notes ("Gold Notes")

As at June 30, 2020, the aggregate principal amount of the Gold Notes issued and outstanding amounted to \$41.3 million (December 31, 2019 - \$68.8 million).

On March 31, 2020, the Company completed a partial early redemption equal to 30% of the aggregate principal amount outstanding of the Gold Notes. The total redemption amount paid in cash of approximately \$21.1 million included approximately \$19.1 million that was applied to reduce the aggregate principal amount outstanding and approximately \$2.0 million of Applicable Premium as required under the Gold Notes Indenture (Note 15).

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During the six months ended June 30, 2020, the Company completed two scheduled quarterly amortizing payments of the Gold Notes totaling approximately \$10.7 million (2019 - \$10.1 million) of which approximately \$8.3 million (2019 - \$9.8 million) was applied to reduce the principal amount outstanding and the remaining amount of approximately \$2.4 million (2019 - \$0.3 million) was allocated to Gold Premium.

The table below summarizes changes in the number and fair value of the Gold Notes outstanding during the six months ended June 30, 2020:

	Number of Gold Notes	Amount
As at December 31, 2019	68,750	\$ 68,961
Change in FVTPL (Note 16)	-	3,290
Change in FVOCI due to changes in credit risk	-	(1,266)
Early redemption	(19,162)	(19,162)
Principal repayments	(8,288)	(8,288)
As at June 30, 2020	41,300	43,535
Less: current portion	11,550	11,550
Non-current portion	29,750	\$ 31,985

The fair value of the Gold Notes has been determined based on Monte-Carlo simulations that capture all the features of the Gold Notes, including the holders' right to receive the Gold Premium and the Company's options to early redeem the outstanding Gold Notes prior to maturity, gold price volatility of 21.29% (2019 - 10.59%), and credit spread of 14.35% (2019 - 16.39%). During the three and six months ended June 30, 2020, the fair value of the Gold Notes increased by \$1.5 million and \$3.3 million, respectively (three and six months ended June 30, 2019 - \$4.4 million and \$6.3 million, respectively) (Note 16).

In addition, for the three and six months ended June 30, 2020, the amount recognized for changes in credit risk in the statement of other comprehensive income represented a loss of \$0.7 million and a gain of \$1.3 million in the three and six months ended June 30, 2020, respectively, (three and six months ended June 30, 2019 - a loss of \$2.3 million and \$3.3 million, respectively).

Scheduled future amortizing payments of the Gold Notes as of June 30, 2020 based on the floor price of \$1,250 per ounce are as follows:

	2020	2021	2022	2023	2024	Total
Gold ounces	4,620	8,820	8,400	7,700	3,500	33,040
Principal repayments	\$ 5,775	\$ 11,025	\$ 10,500	\$ 9,625	\$ 4,375	41,300

Subsequent to June 30, 2020, the Company completed a scheduled Amortizing Payment of the Gold Notes on July 31, 2020 totaling approximately \$4.5 million, of which approximately \$2.9 million was applied to reduce the principal amount outstanding to approximately \$38.4 million and the remaining amount of approximately \$1.3 million was allocated to Gold Premium.

*Gold Trust Account*

As at June 30, 2020, there were 2,310 ounces of gold held in the Gold Trust Account with a carrying value of \$4.1 million, being the lower of cost and net realizable value (December 31, 2019 - 3,900 ounces; \$5.8 million). These ounces were sold on July 15, 2020 to fund the Amortizing Payment of the Gold Notes on July 31, 2020 as noted above.

**b) Convertible Debentures**

On April 4, 2019, the Company closed a private placement of CA\$20 million in aggregate principal amount (equivalent to approximately \$14.9 million) of convertible unsecured subordinated debentures at a price of CA\$1,000 per CA\$1,000 principal amount of debentures (the "Convertible Debentures"). After costs and expenses, the net proceeds of the private placement amounted to approximately \$13.6 million. In the six months ended June 30, 2019, approximately \$1.3 million was recorded as finance costs in relation to the issuance of the Convertible Debentures (Note 15).

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At the holders' option, the Convertible Debentures may be converted into common shares of the Company at any time and from time to time, up to the maturity date, at a conversion rate of 210.53 common shares per CA\$1,000 principal amount, subject to adjustment in certain circumstances, which equates to a conversion price of CA\$4.75 per share.

The fair value of the Convertible Debentures at June 30, 2020 has been determined using the binomial pricing model and level 2 fair value inputs that capture all the features of the Convertible Debentures, including the early redemption option, share price volatility of 58.36%, risk free interest rate of 0.69%, dividend yield of 0%, and credit spread of 17.69%. During the three and six months ended June 30, 2020, the fair value of the Convertible Debentures increased by \$7.6 million and \$3.6 million, respectively (for the three and six months ended June 30, 2019 - \$1.6 million and \$1.6 million, respectively), recorded in the statements of operations (Note 16).

In addition, for the three and six months ended June 30, 2020 a loss of \$0.3 million and a gain less than \$0.1 million, respectively, was recognized in the statement of other comprehensive income related to the change in credit risk (three and six months ended June 30, 2019 – a gain of less than \$0.1 million in both periods).

	Number of Debentures	Amount
As at December 31, 2019	20,000	\$ 21,054
Change in FVTPL (Note16)	-	3,573
Change in FVOCI due to changes in credit risk	-	(70)
Exchange difference	-	(808)
As at June 30, 2020, non-current	20,000	\$ 23,749

## 9. LEASE OBLIGATIONS

	Maturity	Currency	Interest rate	June 30, 2020	December 31, 2019
Leases	2021 to 2026	COP	11.06%	\$ 3,391	\$ 2,140
Leases	2021	CAD	6.00%	92	117
Total lease obligations				3,483	2,257
Less: current portion				1,299	701
Non-current portion				\$ 2,184	\$ 1,556

The Company's lease obligations are related primarily to plant and equipment used in mining operations in Colombia and office premises in Canada, with payments made on a monthly basis.

The table below summarizes the changes in lease obligations during the six months ended June 30, 2020:

	Amount
As at December 31, 2019	\$ 2,257
Additions	2,147
Accretion (Note 15)	154
Lease payments	(807)
Exchange difference	(268)
As at June 30, 2020	\$ 3,483

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The undiscounted and discounted future lease payments are as follows:

	June 30, 2020	December 31, 2019
Undiscounted contractual payments		
Within one year	\$ 1,696	\$ 953
More than one year	2,557	1,938
Total undiscounted lease obligations	4,253	2,891
Amount representing interest	(770)	(634)
Lease obligations - discounted	\$ 3,483	\$ 2,257

During the three and six months ended June 30, 2020, the Company recognized total payments in the consolidated statement of cash flows in the amount of \$0.3 million and \$0.8 million, respectively (three and six months ended June 30, 2019 - \$0.2 million and \$0.5 million, respectively).

Scheduled future lease payments, comprising principal and interest, are as follows:

	2020	2021	2022	2023	Thereafter	Total
Total payments	\$ 881	\$ 1,542	\$ 1,025	\$ 359	\$ 446	\$ 4,253

## 10. PROVISIONS

A summary of changes to provisions during the six months ended June 30, 2020 is as follows:

	Decommissioning and rehabilitation	Environmental fees	Health plan obligations	Total
As at December 31, 2019	\$ 7,806	\$ 4,035	\$ 13,465	\$ 25,306
Recognized in the period	-	6	-	6
Effect of changes in estimates	94	-	-	94
Payments in the period	(51)	(4)	(322)	(377)
Accretion of discount (Note 15)	200	83	518	801
Exchange difference	(978)	(519)	(1,728)	(3,225)
As at June 30, 2020	7,071	3,601	11,933	22,605
Less: current portion	842	33	607	1,482
Non-current portion	\$ 6,229	\$ 3,568	\$ 11,326	\$ 21,123

### a) Decommissioning and rehabilitation provision ("ARO")

Environmental obligations for the Company's Segovia Operations are governed by an environmental management plan which has been filed with the local environmental authority and is updated periodically. Although the Company is not currently required under its environmental management plan to prepare a comprehensive closure plan for the Segovia Operations, the Company has estimated the undiscounted costs to be incurred with respect to mine closure cost and reclamation activities to be approximately COP 26.9 billion, equivalent to approximately \$7.2 million at the June 30, 2020 exchange rate. In addition the Company recorded a provision of COP 5.3 billion (equivalent to approximately \$1.4 million) associated with its estimated costs to close and rehabilitate the tailings storage facilities in its Segovia Operations, of which approximately \$0.1 million was spent in 2019 and the balance is expected to be incurred in 2020 through 2022.

The total ARO provision recorded represents management's best estimate of the future reclamation and remediation obligation for its Segovia Operations and its Marmato Project; however, the estimated amount is inherently uncertain and will be revised as further information becomes available. Future reclamation and remediation expenditures at Marmato are expected to be incurred at the end of the current 30-year term of the Zona Baja mining contract which expires in October 2021. The Company is currently in the process of

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extending the duration of the mining contract. Actual future expenditures and timing may therefore differ materially from the amounts currently provided.

Estimated costs underlying the Company's ARO provision have been discounted to their present value using the following assumptions:

	Expected date of expenditures	Inflation rate	Pre-tax risk free rate	Undiscounted cash flow
Segovia Operations	2020-2026	4.6%	3.1% to 5.8%	\$ 8,565
Marmato Project	2021	5.0%	5.1%	688

*b) Environmental fees*

The Company's mining and exploration activities are subject to Colombian laws and regulations governing the protection of the environment. Colombian regulations provide for fees applicable to entities discharging effluents to river basins.

In July 2013, Corantioquia, the local environmental authority, issued a resolution assessing fees totalling COP 29.5 billion (equivalent to approximately \$7.8 million at the June 30, 2020 exchange rate) for environmental discharges in 2010 and 2011 at tariff rates that significantly exceeded the applicable rates that the Company believes were in effect for those particular periods. In November 2013, after further appeal to Corantioquia to appropriately amend the assessments, the Company initiated proceedings in the Colombian judicial system to seek a reduction in the assessed fees. The matter is currently still in process in the judicial system. At June 30, 2020, the Company has a provision in the amount of COP 13.3 billion (approximately \$3.6 million) related to the present value of its best estimate of the potential liability for these fees (December 31, 2019 – COP 13.1 billion or approximately \$4.0 million).

The Company's operations are monitored by Corantioquia in accordance with its environmental management plan and has taken steps to minimize and eliminate these discharges through its capital investments in its gold processing plant and the expansion of its tailings storage facilities, however there can be no such assurance that ongoing or future investigations of its performance under the plan will not result in the assessment of fees and/or fines. In such cases, the Company will review the basis of environmental assessments and file appeals, if deemed appropriate for the circumstances, to reduce or cancel the amounts assessed.

*c) Health plan obligations*

The Company has an obligation related to its acquisition of the Segovia Operations in 2010 to fund the health plan contributions of certain participants in a Colombian pension plan. The health plan obligation of COP 44.9 billion (approximately \$11.9 million) is based on an actuarial report prepared as at December 31, 2019, with an inflation rate of 3.91% and a discount rate of 8.9%. The Company is currently paying approximately COP 0.2 billion (approximately less than \$0.1 million) monthly to fund the obligatory health plan contributions. At June 30, 2020, non-current cash in trust includes approximately \$0.7 million deposited in a restricted cash account as security against this obligation (December 31, 2019 - \$0.8 million).

**11. SHARE CAPITAL**

*a) Authorized*

Unlimited number of common shares with no par value.

*b) Issued and fully paid*

As at June 30, 2020 the Company had 61,815,030 common shares issued and outstanding (December 31, 2019 – 53,559,007 common shares).

During the six months ended June 30, 2020, a total of 342,500 common shares were issued in exchange for the exercise of stock options (2019 – 106,666 common shares) and 826,666 common shares were issued for the exercise of 2024 Warrants (2019 – \$Nil).

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From June 12, 2019 through June 11, 2020, the Company had a Normal Course Issuer Bid (“NCIBs”) in place for its common shares (“Common Share NCIB. From June 12, 2019 through December 31, 2019, the Company did not purchase any common shares under the Common Share NCIB. 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 under the Common Share NCIB.

On November 5, 2019, the Company completed a non-brokered private placement (the “2019 Private Placement”) receiving gross proceeds of \$11.4 million (CA\$15.0 million) through the issuance of 3,260,870 Units at a price of CA\$4.60 per Unit. Each Unit consists of one common share of the Company and one common share purchase warrant (“2019 PP Warrant”). Each whole 2019 PP Warrant entitles the holder to acquire one common share of the Company at CA\$5.40 per share expiring on November 5, 2023. A total of \$6.3 million was allocated to the 2019 PP Warrants liability based on their fair value determined using the trading price at the date of closing of the transaction and the remaining \$5.1 million of the gross proceeds was allocated to the common shares and recorded as a share capital.

On February 6, 2020, the Company completed a private placement (the “2020 Private Placement”) receiving gross proceeds of approximately \$30.1 million (CA\$40.0 million) through the issuance of 7,142,857 Units of the Company at a price of CA\$5.60 per Unit. Each Unit consists of one common share and one common share purchase warrant exercisable into a full common share at CA\$6.50 per share expiring February 6, 2023 (“the “2020 PP Warrants”). The gross proceeds were allocated \$8.4 million to the fair value of the 2020 PP Warrants and \$21.7 million to the common shares.

Transaction costs related to 2020 Private Placement amounted to \$0.6 million, of which \$0.2 million was allocated to the 2020 PP Warrants and was recognized as a finance cost in the statement of operations (Note 15). The remaining balance of transaction costs of \$0.4 million was allocated to share capital.

**c) Share purchase warrants**

	Number	June 30, 2020	December 31, 2019
Warrants issued by the Company	21,590,369	\$ 60,770	\$ 38,700
Warrants issued by Caldas Gold	3,292,500	3,550	-
<b>Total share purchase warrants</b>		<b>\$ 64,320</b>	<b>\$ 38,700</b>

*Warrants issued by the Company*

The table below summarizes the changes in the number of issued and outstanding warrants and the associated warrant liability for the six months ended June 30, 2020:

	2024 Warrants		2019 PP Warrants		2020 PP Warrants		Total
	Number	Amount	Number	Amount	Number	Amount	Amount
As at December 31, 2019	12,013,308	\$ 32,094	3,260,870	\$ 6,606	-	\$ -	\$ 38,700
Fair value assigned on issuance	-	-	-	-	7,142,857	8,389	8,389
Warrants exercised during the period	(826,666)	(2,681)	-	-	-	-	(2,681)
Fair value adjustment (Note 16)	-	11,425	-	1,175	-	5,089	17,689
Exchange difference	-	(1,108)	-	(203)	-	(16)	(1,327)
<b>As at June 30, 2020</b>	<b>11,186,642</b>	<b>\$ 39,730</b>	<b>3,260,870</b>	<b>\$ 7,578</b>	<b>7,142,857</b>	<b>\$ 13,462</b>	<b>\$ 60,770</b>

*2024 warrants*

The 2024 Warrants represent a financial liability as the exercise price is denominated in Canadian dollars, different from the Company’s US dollar functional currency. As such, they were recognized at fair value at inception and subsequently they are remeasured with the change in fair value being recognized in the statement of operations. The fair value of the 2024 Warrants as at June 30, 2020 was determined based on their last traded price, a level 1 fair value input, of CA\$4.84 (equivalent to approximately \$3.55) per 2024 Warrant.

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During the six months ended June 30, 2020, the Company recognized a fair value loss of \$2.7 million associated with the warrants exercised during the period and received \$1.3 million in cash proceeds with a corresponding increase in share capital for the total amount of \$4.0 million.

From June 12, 2019 through June 11, 2020, the Company had and NCIB in place for its 2024 Warrants (“2024 Warrant NCIB”). From June 12, 2019 through December 31, 2019, the Company 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 did not make any purchases under the 2024 Warrant NCIB.

Subsequent to June 30, 2020, a total of 59,600 warrants were exercised at a price of CA\$2.21 per share for total proceeds of approximately \$0.1 million.

*2019 PP Warrants and 2020 PP Warrants*

The 2019 PP Warrants associated with 2019 Private Placement (Note 11b) and the 2020 PP Warrants associated with the 2020 Private Placement (Note 11b) each represent a financial liability as the exercise price is denominated in Canadian dollars, different from the Company’s US dollar functional currency. As such, they were recognized at fair value at inception and, subsequently, they are remeasured with the change in fair value being recognized in the statement of operations. At June 30, 2020, the fair value was determined using the Black-Scholes option pricing model:

	2020 PP Warrants	2019 PP Warrants
Expected volatility	56.75%	54.79%
Risk free interest rate	0.25%	0.32%
Expected dividend yield	\$Nil	\$Nil
Remaining life in years	2.6	3.3

*Warrants issued by Caldas Gold*

As at June 30, 2020, Caldas Gold had a total of 3,292,500 unlisted warrants issued and outstanding. The warrants were issued in connection with the closing of the RTO Transaction (Note 3). The warrants have an exercise price of CA\$3.00 per share and entitle holders to purchase one common share of Caldas Gold for each warrant at any time prior to their expiry on December 19, 2024. The warrants represent a financial liability as the exercise price is denominated in Canadian dollars, different from Caldas Gold’s functional currency. As such, they were recognized at fair value at inception and subsequently are remeasured with the change in fair value being recognized in the statement of operations. The fair value of the warrants issued in the RTO Transaction was determined using the Black-Scholes option pricing model and level 2 fair value inputs, including expected share price volatility of 75%, risk free interest rate of 1.24% and dividend yield of 0%. The level 2 fair value inputs at June 30, 2020 included expected share price volatility of 75%, risk free interest rate of 0.57% and dividend yield of 0%.

The table below summarizes the change in the number of issued and outstanding warrants and the warrant liability during the six months ended June 30, 2020:

	Number of Warrants	Amount
Fair value allocated to warrants issued in the RTO Transaction (Note 3)	3,292,500	\$ 2,208
Fair value loss (Note 16)	-	1,342
As at June 30, 2020	3,292,500	\$ 3,550

*Caldas Gold Broker Warrants*

In connection with CFC Subscription Receipts Financing described in Note 3, the agents received a cash commission of approximately \$0.2 million and 125,550 non-transferable broker warrants (“Broker Warrants”). Each Broker Warrant, exercisable at a price of CA\$2.00 per Broker Warrant for a period of three years ending December 19, 2022 entitles the agents to purchase one Caldas Gold common share and one Caldas Gold share purchase warrant with an exercise price of CA\$3.00 per share expiring December 19, 2024. The fair value of the Broker Warrants of approximately \$0.2 million was determined using the Black-Scholes option pricing model and level 2 fair value inputs, including expected share price volatility of 75%, risk free interest

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rate of 1.24% and dividend yield of 0%. Approximately \$0.1 million of the fair value was allocated to warrants and included in financing costs (Note 15) and the remaining approximately \$0.1 million was allocated to share issue costs.

d) **Stock option plans**

A summary of the change in the stock options outstanding during the six months ended June 30, 2020 is as follows:

	Granted by the Company		Granted by Caldas Gold		Total
	Outstanding	Weighted average exercise price per common share (CA\$)	Outstanding	Weighted average exercise price per common share (CA\$)	Outstanding
Balance, December 31, 2019	1,380,765	\$ 3.18	-	\$ -	1,380,765
Balance outstanding at the RTO Transaction date	-	-	330,000	2.10	330,000
Granted and vested during the period	740,000	4.05	2,355,000	2.02	3,095,000
Granted and unvested during the period	-	-	2,355,000	2.02	2,355,000
Exercised during the period	(342,500)	3.63	-	-	(342,500)
<b>Balance, June 30, 2020</b>	<b>1,778,265</b>	<b>\$ 3.46</b>	<b>5,040,000</b>	<b>\$ 2.02</b>	<b>6,818,265</b>

*Stock options granted by the Company*

The Company has a “rolling” Stock Option Plan (the “Plan”) in compliance with the TSX’s policy for granting stock options. Under the Plan, the maximum number of common shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares and, to any one option holder, may not exceed 5% of the issued common shares on a yearly basis. The exercise price of each stock option will not be less than the market price of the Company’s stock at the date of grant. Each stock option vesting period and expiry is determined on a grant-by-grant basis. To-date, almost all stock options granted have vested immediately and have a five-year life from the date of grant.

During the six months ended June 30, 2020, holders exercised 342,500 stock options at a weighted average exercise price of CA\$3.6 per share for total cash proceeds of \$1.0 million (2019 – 611,232 stock options at a weighted average exercise price of CA\$2.7 per share for proceeds of \$1.0 million). On March 30, 2020, the Board approved the grant of a total of 740,000 stock options to executive officers and management of the Company at an exercise price of CA\$4.05. These options vested immediately and have a term of five years.

Subsequent to June 30, 2020, a total of 66,600 stock options were exercised at a weighted average price of CA\$3.95 per share for total cash proceeds of \$0.2 million.

A summary of the stock options granted and the share-based compensation expense recorded by the Company for the year period ended June 30, 2020 and 2019, including the inputs used in the determination of the fair values of the stock options using the Black-Scholes option pricing model, is as follows:

	Six months ended June 30, 2020	Six months ended June 30, 2019
Number of stock options granted	740,000	855,000
Term	5 years	5 years
Vesting	Immediately	Immediately
Share-based compensation expense (Note 11g)	\$ 688	\$ 767
Grant date fair value per option	\$1.32	CA\$1.19
Weighted average Black-Scholes option pricing model inputs		
Market price of the shares at grant date	CA\$4.05	CA\$3.67
Exercise price	CA\$4.05	CA\$3.67
Dividends expected	Nil	Nil
Expected volatility	53.78%	51%
Risk-free interest rate	0.47%	1.6%
Expected life of options	2.5 years	2.5 years

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The table below summarizes information about the stock options granted by the Company that are outstanding and the common shares issuable as at June 30, 2020:

Expiry date	Outstanding and exercisable options	Common shares issuable	Remaining contractual life in years	Exercise price (CA\$/share)
April 1, 2021	83,333	83,333	0.8	\$ 2.55
April 3, 2022	194,999	194,999	1.8	2.55
December 12, 2022	53,333	53,333	2.5	2.55
June 14, 2023	480,000	480,000	3.0	3.16
April 1, 2024	335,000	335,000	3.8	3.67
April 1, 2025	631,600	631,600	4.8	4.05
	1,778,265	1,778,265	3.5	\$ 3.46

*Stock options granted by Caldas Gold*

Caldas Gold has a rolling Stock Option Plan (the "Option Plan") in compliance with the TSXV's policy for granting stock options. Under the Option Plan, the maximum number of common shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares and, to any one option holder, may not exceed 5% of the issued common shares on a yearly basis. The exercise price of each stock option will not be less than the market price of the Caldas Gold's shares at the date of grant. The vesting period and expiry date are determined on a grant-by-grant basis.

	Outstanding and exercisable	Weighted average exercise price per common share (CA\$)	Share-based compensation amount (Note 11g)
Balance outstanding at the RTO Transaction date	330,000	\$ 2.10	\$ 109
Granted and vested during the period	2,355,000	2.02	2,055
Granted and unvested during the period	2,355,000	2.02	655
Balance, June 30, 2020	5,040,000	\$ 2.02	\$ 2,819

In connection with the RTO Transaction, a total of 330,000 stock options issued and outstanding were honoured by Caldas Gold with an amended expiry date of February 25, 2021. The share-based compensation cost which has been included in RTO Transaction costs in the statement of operations during the six months ended June 30, 2020 amounted to approximately \$0.1 million.

On March 12, 2020, the Board of Caldas Gold approved the grant of a total of 4,550,000 stock options to executive officers and management of Caldas Gold and an investor relations advisory firm, exercisable at CA\$2.00 per share and expiring on March 1, 2025. The options have a five-year term with 50% of the total options granted vesting immediately and the balance vesting on the first anniversary of the grant date.

On June 26, 2020, the Board of Caldas Gold approved the grant of a total of 160,000 stock options to new employees of the Caldas Gold and a consultant exercisable at CA\$2.50 per share and expiring on June 26, 2025. The options have a five-year term with 50% of the total options granted vesting immediately and the balance vesting on the first anniversary of the grant date.

A summary of the inputs used in the determination of the fair values of the stock options honoured in the RTO Transaction and granted during the three and six months ended June 30, 2020, using the Black-Scholes option pricing model, is as follows:

	RTO Transaction options honoured	March 12, 2020 grant	June 26, 2020 grant
Market price of the shares at grant date	CA\$1.80	CA\$1.98	CA\$2.50
Exercise price	CA\$2.10	CA\$2.00	CA\$2.50
Dividends expected	Nil	Nil	Nil
Expected volatility	75%	75%	75%
Risk-free interest rate	1.24%	0.52%	0.26%
Expected life of options	1 year	5 years	5 years

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The table below summarizes information about the stock options outstanding and the common shares issuable as at June 30, 2020:

Expiry date	Outstanding	Stock Options Exercisable	Remaining contractual life in years	Exercise price (CA\$/share)
February 25, 2021	330,000	330,000	0.7	\$ 2.10
March 1, 2025	4,550,000	2,275,000	4.7	2.00
June 26, 2025	160,000	80,000	5.0	2.50
	5,040,000	2,685,000	4.4	\$ 2.02

e) *Deferred Share Units ("DSU")*

A summary of changes to the DSU liability during the six months ended June 30, 2020 is as follows:

	The Company	Caldas Gold	Total
Balance, December 31, 2019	\$ 1,222	\$ -	\$ 1,222
Granted and vested during the period	-	300	300
DSUs recognized in the period	531	79	610
Change in fair value	141	65	206
Exchange difference	(41)	-	(41)
Balance, June 30, 2020	\$ 1,853	\$ 444	\$ 2,297

*DSU's granted by the Company*

On April 1, 2019, the Company granted \$150,000 of DSUs to each of its six non-executive directors representing an initial two-year award under the DSU plan, of which 50% vested on the grant date and the other 50% a year later. The total of 327,703 DSUs were granted at a price of CA\$3.67 per share.

On April 1, 2020, the Company granted \$75,000 of DSUs to each of its non-executive directors representing a total of 157,633 DSUs at a price of CA\$4.05 per share which will vest on April 1, 2021.

If a director ceases to be a director, other than through a change of control, any unvested DSUs will be forfeited and will not be paid to the director.

The DSU liability at June 30, 2020 was determined based on the Company's closing share price, a level 1 fair value input, of CA\$6.90 (approximately \$5.05) per share.

As at June 30, 2020, the Company had 327,703 vested DSUs and 157,633 DSUs that will vest on April 1, 2021.

*DSU's granted by Caldas Gold*

On March 12, 2020, Caldas Gold approved the grant of \$120,000 of DSUs to each of its three non-executive directors representing an initial two-year award under the DSU plan, of which 50% vested on the grant date and the other 50% will vest on March 1, 2021. If a director ceases to be a director, other than through a change of control, prior to the first anniversary of the initial grant, then 50% of the initial grant will be forfeited and will not be paid to the director. A total of 241,722 DSUs were granted on March 12, 2020 at a price of CA\$2.00 per share.

On June 26, 2020, Caldas Gold approved the grant of \$120,000 of DSUs to its two newly elected non-executive directors representing an initial two-year award under the DSU plan, of which 50% vested on the grant date and the other 50% will vest on June 26, 2021. A total of 130,992 DSUs were granted on June 26, 2020 at a price of CA\$2.50 per share.

The DSU liability at June 30, 2020 was determined based on the Caldas Gold closing share price, a level 1 fair value input, of CA\$2.67 (approximately \$1.96) per share.

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As at June 30, 2020, Caldas Gold had 186,357 vested DSUs and 186,357 unvested DSUs outstanding

f) **Performance Share Units (“PSU”)**

As at June 30, 2020, the Company had 259,227 PSUs outstanding (December 31, 2019 - 117,427). A total of 117,427 PSUs will vest on March 31, 2022 and 141,800 PSUs will vest on March 31, 2023. The fair value of the PSU liability of \$0.5 million (December 31, 2019 - \$0.2 million), or \$4.63 (December 31, 2019 - \$2.98) per PSU, was determined using Monte Carlo simulations that capture all the features of the PSUs and level 2 fair value inputs.

g) **Share-based compensation expense**

	Three months ended		Six months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Stock options (Note 11d)	\$ 579	\$ -	\$ 3,398	\$ 767
DSUs (Note 11e)	1,163	637	1,116	637
PSUs (Note 11f)	257	49	250	49
<b>Total share-based compensation expense</b>	<b>\$ 1,999</b>	<b>\$ 686</b>	<b>\$ 4,764</b>	<b>\$ 1,453</b>

## 12. FINANCIAL RISK MANAGEMENT

The nature of the acquisition, exploration, development and operation of gold properties exposes the Company to risks associated with fluctuations in commodity prices, foreign currency exchange rates and credit risk. The Company may at times enter into risk management contracts to mitigate these risks. It is the Company's policy that no speculative trading in derivatives shall be undertaken.

a) **Credit risk**

	June 30, 2020	December 31, 2019
Trade accounts receivable	\$ 9,415	\$ 1,727
VAT receivable	6,266	11,652
Other, net of allowance for doubtful accounts	1,628	1,943
<b>Total accounts receivable</b>	<b>\$ 17,309</b>	<b>\$ 15,322</b>

The exposure to credit risk arises through the failure of a third party to meet its contractual obligations to the Company. The Company's exposure to credit risk arises primarily from the Company's cash balances, which are held with highly-rated Canadian and Colombian financial institutions, VAT and accounts receivable. Timing of collection on VAT receivable is in accordance with the Company's bi-monthly filing. As at June 30, 2020, the Company expects to recover the outstanding amount in the next 12 months.

The Company delivers all of its production under a refining agreement with an international customer from whom it receives 99.5% of the sales proceeds upon delivery of its production to an agreed upon transfer point in Colombia and the balance within a short settlement period thereafter. In the event that this new customer is unable to perform under the contractual arrangement, the Company does have other avenues through which it can sell its production.

b) **Foreign currency risk**

The Company is exposed to foreign currency fluctuations. Such exposure arises primarily from:

- translation of foreign currency components that have a functional currency, such as COP, which differ from the USD functional currency of the Company. The impact of such exposure is recorded through Other Comprehensive Income per IAS 21.
- translation of monetary assets and liabilities denominated in foreign currencies, such as the Canadian dollar (“CA”). The impact of such exposure is recorded in the statement of operations.

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The following table summarizes, in USD equivalents, the Company's major currency exposures:

As at June 30, 2020	CA	COP
Cash	\$ 15,705	\$ 32,387
Accounts receivable	201	16,771
Cash in trust	-	669
Warrants in associates	10,178	-
Accounts payable and accrued liabilities, including amounts payable related to acquisitions of mining interests	(2,712)	(23,683)
Income tax payable	-	(6,506)
Convertible Debentures	(23,749)	-
Warrant liabilities	(72,406)	-
Lease obligations	(92)	(3,391)
Net financial (liabilities) assets	\$ (72,875)	\$ 16,247

Based on the net exposure at June 30, 2020, a 10% depreciation or appreciation of the CA against the USD would result in a \$7.3 million increase or decrease in the Company's after-tax net income and a 10% depreciation or appreciation of the COP against the USD would result in a \$1.6 million decrease or increase in the Company's other comprehensive income.

**c) Liquidity risk**

The Company manages its liquidity risk by continuously monitoring forecast cash flow requirements. The Company's financial obligations currently consist of the following:

- *Accounts payable and accrued liabilities:* These arise during the normal course of business and are paid from operating cash flow, and except under certain exceptions, are usually due within no later than one month. The Company from time to time may also enter into payment plans to pay these amounts over extended periods, typically less than 12 months.
- *Amounts payable for acquisitions of mining interests:* Principally represents compensation agreements with artisanal miners in Zona Alta at Marmato. Payments related to these compensation agreements have been suspended by the Company since 2013 and the Company is currently evaluating its options with respect to these compensation agreements.
- *Lease obligations:* These obligations represent lease payments related to ROU assets over the life of the lease contracts (Note 9)
- *Long-term debt:* The Gold Notes are carried at fair value and are being settled by deposits of physical gold, representing less than 10% of the Company's projected gold production over the term of the Gold Notes, to the Gold Trust Account. The Convertible Debentures are also carried at fair value and no principal repayment is required until the date of maturity on April 5, 2024.

The carrying value of accounts payable and accrued liabilities and amounts payable for acquisitions of mining interests approximates their respective fair values as they are short-term in nature.

**d) Impact of COVID-19**

Due to the worldwide COVID-19 outbreak, conditions may come into existence in future that could influence the Company's operations and impact the ability to generate operating cash flows and raise capital, if needed. Impacts that COVID-19 may have that could impact the Company include:

- global gold prices;
- demand for gold and the ability to refine and sell gold produced;
- the severity and the length of potential measures taken by governments to manage the spread of the disease and their effect on labour availability and supply lines;
- availability of government supplies, such as water and electricity;
- local currency purchasing power; or
- ability to obtain funding, if needed.

The national quarantine implemented by the Colombian government on March 25, 2020 remains in effect at the date of the approval of these interim condensed financial statements. The quarantine has not fully yet

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impeded the operation of the business and the Company has implemented its business continuity plan, including enhanced health and safety and other measures to protect its workers. Management believes the business holds, or has access to, sufficient levels of materials and supplies and access to workers to be able to maintain production without interruption at the present time. There is risk that a prolonged period of quarantine may adversely impact operating cash flow. Although the Company has cash balances, management is taking steps to manage its discretionary operating and capital expenditures to preserve its liquidity during this unusual situation.

e) **Price risk**

Price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices. Gold and silver prices can be subject to volatile price movements, which can be material and can occur over short periods of time and are affected by numerous factors, all of which are beyond the Company's control.

The Company may enter into commodity hedging contracts from time to time to reduce its exposure to fluctuations in spot commodity prices. The Company is required under the covenants of the Gold Notes to use commercially reasonable efforts to put in place commodity hedging contracts (put options) which establish a minimum selling price of \$1,250 per ounce for the physical gold being accumulated in the Gold Trust Account (Note 8a) which will be sold in each of the immediately subsequent four quarters to meet the Company's financial obligations for the quarterly amortizing payments on the Gold Notes.

At June 30, 2020, the Company has no outstanding gold commodity hedging contract in place.

The Company has not designated the commodity hedging contract as accounting hedges under IFRS 9. The commodity hedging contracts are carried at their fair value at the end of each reporting period with the change in fair value during the period recorded in gain or loss on financial instruments. During the six months ended June 30, 2020, the Company recorded an inconsequential amount (2019 – \$0.1million) related to commodity hedging contracts in the statement of operations (Note 16).

f) **Fair value risk**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

IFRS requires an entity to classify financial assets and liabilities that are recognized in the statement of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table summarizes the Company's financial instruments that are carried at fair value in accordance with the classification of fair value input hierarchy in IFRS 13, *Financial Instruments – Disclosures*.

	Level 1	Level 2	Level 3	Total
<b>As at June 30, 2020</b>				
<i>Financial assets</i>				
Investments and other assets (Note 6)	\$ -	18,367	\$ -	\$ 18,367
<i>Financial liabilities</i>				
Gold Notes – current and non-current (Note 8a)	\$ -	\$ 43,535	\$ -	\$ 43,535
Convertible Debentures due 2024 (Note 8b)	-	23,749	-	23,749
2024 Warrants (Note 11c)	39,730	-	-	39,730
2020 and 2019 PP Warrants (Note 11c)	-	21,040	-	21,040
Caldas Gold Warrants (Note 11c)	-	3,550	-	3,550

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For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing their classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The fair values of cash and cash equivalents, cash in trust, accounts receivable, accounts payable and accrued liabilities, and taxes payable, approximate their carrying values due to the short term to maturity of these financial instruments.

**g) Capital management**

The Company's objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to develop its mining properties into production and to maintain investor, creditor and market confidence to sustain the future development of the business. The Company considers its capital structure to include equity attributable to its shareholders and non-controlling interest of \$148.1 million (2019 – \$117.6 million) and its debt of \$67.3 million (2019 – \$90.0 million).

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may, from time to time, issue new shares, issue new debt (secured, unsecured, convertible and/or other types of debt instruments), acquire or dispose of assets or adjust its capital spending to manage its ability to continue as a going concern. As of June 30, 2020, other than certain restrictive covenants related to incurring additional indebtedness under the terms of the Gold Notes, the Company is not subject to any externally imposed capital requirements.

**13. REVENUE**

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Gold	\$ 76,465	\$ 76,783	\$ 176,460	\$ 153,439
Silver	669	827	1,650	1,626
	<b>\$ 77,134</b>	<b>\$ 77,610</b>	<b>\$ 178,110</b>	<b>\$ 155,065</b>

**14. COST OF SALES**

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Production costs	\$ 29,573	\$ 36,550	\$ 69,453	\$ 70,895
Production taxes	3,250	3,143	6,832	6,255
Provision for environmental fees (Note 9b)	-	(78)	-	(78)
Depreciation, depletion and amortization (Note 4)	5,119	7,612	11,916	16,781
	<b>\$ 37,942</b>	<b>\$ 47,227</b>	<b>\$ 88,201</b>	<b>\$ 93,853</b>

**15. FINANCE COSTS**

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Interest expense	\$ 1,189	\$ 1,931	\$ 2,866	\$ 3,875
Gold Premium payment (Note 8a)	1,279	139	2,445	312
Applicable Premium on early redemption of Gold Notes (Note 8a)	-	-	1,977	-
Private placement transaction costs related to warrant liabilities	-	-	960	-
Accretion of lease obligation (Note 9)	76	16	154	127
Accretion of provisions (Note 10)	396	492	801	971
Debt financing costs	-	1,265	-	1,265
	<b>\$ 2,940</b>	<b>\$ 3,843</b>	<b>\$ 9,203</b>	<b>\$ 6,550</b>

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**16. GAIN (LOSS) ON FINANCIAL INSTRUMENTS**

The Company has recorded gains (losses) in the period from changes in fair value of the following items recorded at FVTPL:

Gain on gold in Gold Trust Account (Note 8a)	Three month ended June 30		Six months ended June 30	
	2020	2019	2020	2019
<b>Assets</b>				
Gold X Warrants (Note 6)	\$ 7,464	\$ (2)	\$ 4,684	\$ (129)
Gold X Debentures (Note 6)	1,862	-	1,509	-
Western Atlas Warrants (Note 6)	224	-	148	-
Gain on gold in Gold Trust Account (Note 8a)	369	(53)	658	70
Commodity hedging contracts (Note 11e)	(16)	(151)	(1)	(275)
	<u>9,903</u>	<u>(206)</u>	<u>6,998</u>	<u>(334)</u>
<b>Liabilities</b>				
Gold Notes (Note 8a)	(1,521)	(4,380)	(3,290)	(6,274)
Convertible Debentures (Note 8b)	(7,571)	(1,659)	(3,573)	(1,659)
2024 Warrant liability (Note 11c)	(20,873)	(4,269)	(11,425)	(6,591)
2019 PP Warrant liability (Note 11c)	(4,396)	-	(1,175)	-
2020 PP Warrant liability (Note 11c)	(9,059)	-	(5,089)	-
Caldas Gold Warrants (Note 11c)	(1,886)	-	(1,342)	-
	<u>(45,306)</u>	<u>(10,308)</u>	<u>(25,894)</u>	<u>(14,524)</u>
	<u>\$ (35,403)</u>	<u>\$ (10,514)</u>	<u>\$ (18,896)</u>	<u>\$ (14,858)</u>

*Purchase and Sale of Guyana Goldfields' shares*

In May 2020, the Company announced that it had signed a definitive agreement to complete a business combination with Gold X 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 at a cost of approximately \$4.0 million.

On May 25, 2020, the Company decided not to pursue the acquisition of the Guyana Goldfields and sold its shares in the open market for proceeds of approximately \$7.9 million. After transaction costs of approximately \$0.8 million, the Company recognized a net gain of \$3.1 million in the three and six months ended June 30, 2020. The Company also terminated its definitive agreement with Gold X.

**17. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS**

	Six months ended June 30	
	2020	2019
Accounts receivable	\$ (4,174)	\$ 2,885
Inventories	(39)	(1,849)
Prepaid expenses and deposits	(355)	(650)
Accounts payable and accrued liabilities	(1,754)	992
	<u>\$ (6,322)</u>	<u>\$ 1,378</u>

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**18. NON-CONTROLLING INTEREST**

As at June 30, 2020 Caldas Gold has 22.52% of its voting rights held by non-controlling interests. Selected summarized information, before any intercompany eliminations, is provided below:

	June 30, 2020
Current assets	\$ 21,216
Non-current assets	61,153
Current liabilities	(9,284)
Non-current liabilities	(20,914)
<b>Net assets</b>	<b>\$ 52,171</b>

  

	Six months ended June 30, 2020
Revenue	\$ 16,934
Net loss	(24,498)
Net cash provided by operating activities	691
Net cash used in investing activities	(16,780)
Net cash provided from financing activities	28,387
<b>Net increase in cash and cash equivalents</b>	<b>\$ 11,665</b>

**19. EARNINGS PER SHARE**

The basic weighted earnings per share amounts are calculated by dividing the net income for the period by the weighted average number of shares outstanding during the period.

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Net (loss) income attributed to shareholders of the Company	\$ (16,799)	\$ 768	\$ 7,721	\$ 8,671
Basic weighted average number of shares	61,338,920	48,337,782	59,607,413	48,287,484
<b>Basic and diluted (loss) earnings per share</b>	<b>\$ (0.27)</b>	<b>\$ 0.02</b>	<b>\$ 0.13</b>	<b>\$ 0.18</b>

Diluted earnings per share amounts are calculated by adjusting the basic earnings per share to take into account the after-tax effect of interest and other finance costs associated with dilutive convertible debentures as if they were converted at the beginning of the period, and the effects of potentially dilutive stock options and share purchase warrants calculated using the treasury stock method. When the impact of potentially dilutive securities increases the earnings per share or decreases the loss per share, they are excluded for purposes of the calculation of diluted earnings per share.

For the three months ended June 30, 2020, the diluted weighted average number of shares does not include the potential dilution from a total of 12,602,965 shares associated with the Stock Options, Convertible Debentures and the Company's warrants as they would be anti-dilutive. For the six months ended June 30, 2020, the diluted weighted average number of shares does not include the potential dilution from a total of 11,274,208 shares associated with the Convertible Debentures and the Company's warrants as they would be anti-dilutive. For the three and six months ended June 30, 2019, the Convertible Debentures, the 2024 Warrants and Stock Options were anti-dilutive.

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The following table sets forth the computation of diluted (loss) earnings per share:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Net (loss) income	\$ (16,799)	\$ 768	\$ 7,721	\$ 8,671
Weighted average number of shares				
Basic	61,338,920	48,337,782	59,607,413	48,287,484
Increase for assumed exercise of stock options	-	431,726	738,321	439,121
Diluted weighted average number of shares	61,338,920	48,769,508	60,345,734	48,726,605
Diluted (loss) earnings per share	\$ (0.27)	\$ 0.02	\$ 0.13	\$ 0.18

## 20. COMMITMENTS AND CONTINGENCIES

### a) Marmato Project – Zona Alta and Echandia Commitments

(i) *Mining title contracts – title transfers approved:* As at June 30, 2020, the Company has a total of COP 0.9 billion, equivalent to \$0.2 million (December 31, 2019 – COP 0.9 billion; \$0.3 million), remaining to be paid under agreements to purchase additional mining titles related to the Marmato property which is included in amounts payable for acquisition of mining interests in current liabilities.

(ii) *Mining title contracts – title transfers pending approval:* The Company has three mining title contracts for which the approval for the transfer of title has not yet been obtained from the government authorities. If government approval is not obtained, the Company will no longer be required to make further payments. As at June 30, 2020, the Company has commitments under these contracts to spend an additional COP 14.9 billion (\$4.0 million) (December 31, 2018 – COP 14.9 billion or \$4.5 million) which has not been included in amounts payable for acquisition of mining interests.

(iii) *Amounts payable related to acquisition of mining interests:* As at June 30, 2020, a total of COP 9.3 billion (\$2.5 million) including interest, is included in amounts payable for acquisition of mining interests related to agreements to compensate artisanal miners who would be required to cease mining activities at the Company's Marmato Project (December 31, 2019 – COP 9.7 billion; \$2.9 million). Payments related to these agreements have been suspended since 2013 and the Company is continuing to seek a resolution to the outstanding obligations.

### b) Arbitration related to termination of long-term supply agreement

The Company had a long-term supply agreement to sell all of its production to a single customer in Colombia, which was terminated in January 2019. On May 10, 2019, the Company received notice of a request to settle the dispute, as permitted under the supply agreement, under the Rules of Arbitration of the International Chamber of Commerce. In its notice of arbitration, the former customer has requested reinstatement of the supply agreement and damages related to the intervening period since the supply agreement was terminated. In the alternative, the former customer is claiming general damages in the amount of \$50 million, or such other amount as may be determined prior to or at the arbitration, punitive and/or exemplary damages of \$1.0 million, repayment of \$0.2 million of disputed interest and reimbursement of costs and expenses related to the arbitration. The Company believes as a result of breach of performance by the former customer on numerous occasions that it had a justifiable basis for terminating the supply agreement and will vigorously defend its position in the arbitration proceedings. The Company believes that it is more likely than not that it will not have any liability from arbitration. The Company has also provided an indemnity to the Caldas Gold in the event any amounts are awarded as damages to the former customer pursuant to the arbitration.

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c) Claims

In the ordinary course of business, the Company is involved in and potentially subject to legal actions and proceedings. The Company records provisions for such claims when considered material and an outflow of resources is considered probable. No such provisions have been recorded by the Company.

The Company is subject to tax audits from various tax authorities on an ongoing basis. As a result, from time to time, tax authorities may disagree with the positions and conclusions taken by the Company in its tax filings or legislation could be amended or interpretations of current legislation could change, any of these events could lead to reassessments. The Company records provisions for such claims when an outflow of resources is considered probable. No such provisions have been recorded by the Company.

## 21. SUBSEQUENT EVENTS

a) *Acquisition of SARC by Caldas Gold*

On July 2, 2020, Caldas Gold completed the acquisition of all of the issued and outstanding shares of SARC by way of an amalgamation agreement (the "Amalgamation Agreement") effecting a three-cornered amalgamation between the Caldas Gold, SARC and 1241868 B.C. Ltd., a wholly-owned subsidiary of the Caldas Gold. SARC is the holder of certain advanced exploration-stage mining assets in North-eastern Ontario, including a 100% interest in the Juby Project and a 25% joint venture interest in certain claims adjoining the Juby Project.

Pursuant to the terms of the Amalgamation Agreement, Caldas Gold issued 20,000,000 common shares (the "Consideration Shares") to the shareholders of SARC and, through proceeds of a \$10.0 million promissory note, provided by the Company, funded SARC's acquisition of the Juby Project and adjoining claims. Certain shareholders of SARC have entered into voluntary lock-up agreements with Caldas Gold pursuant to which such security holders, holding approximately 87% of the Consideration Shares, have agreed to not sell their Consideration Shares for a period of two years from the closing date of the transaction. No insiders of Caldas Gold or the Company, received any of the Consideration Shares. With the issuance of the Consideration Shares, the Company's equity interest in the issued and outstanding shares of the Caldas Gold decreased to 57.5%.

The acquisition will be accounted for as an asset acquisition as Caldas Gold has determined that SARC does not constitute a business as defined by IFRS. The acquisition cost, consisting of the fair value of the consideration paid and the transaction costs of the acquisition will be allocated to the acquired identifiable assets and liabilities of SARC.

b) *CA\$50.0 Million Bought Deal Financing of Special Warrants by Caldas Gold*

On July 29, 2020, Caldas Gold completed a bought deal financing of Special Warrants for aggregate gross proceeds of CA\$50.0 million (the "Offering"). A total of 22,222,222 special warrants of Caldas Gold ("Caldas Gold Special Warrants") were sold pursuant to the Offering at a price of CA\$2.25 per Caldas Gold Special Warrant. The net proceeds of the Offering will be used for the expansion of the underground mining operations at Marmato Project. The Company acquired 8,888,889 Units for a total consideration of CA\$20.0 million.

Each Caldas Gold Special Warrant entitles the holder thereof to receive one unit of Caldas Gold ("Unit") on the exercise or deemed exercise of the Caldas Gold Special Warrant, with each Unit comprising one common share of Caldas Gold (a "Caldas Gold Common Share") and one Caldas Gold Common Share purchase warrant ("Caldas Gold Warrant"), subject to adjustment in certain events to be set out in the indenture governing the Caldas Gold Special Warrants.

Each Caldas Gold Warrant will be exercisable to acquire one Caldas Gold Common Share until July 29, 2025 at a price of CA\$2.75 per Caldas Gold Common Share. Caldas Gold may accelerate the expiry date of the Warrants after July 29, 2023 in the event that the closing price of the Caldas Gold Common Shares on the TSX Venture Exchange (or such other exchange on which the Caldas Gold Common Shares may principally trade at such time) is greater than CA\$2.75 per share for a period of 20 consecutive trading days, by giving notice to the holders of Caldas Gold Warrants of the acceleration of the expiry date and issuing a concurrent

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press release announcing same and, in such case, the Caldas Gold Warrants will expire on the 30th day following the date on which such notice is given and press release issued.

The Caldas Gold Special Warrants are exercisable by the holders thereof at any time for no additional consideration and all unexercised Caldas Gold Special Warrants will be deemed to be exercised and surrendered, without any further action or payment of additional consideration by the holder thereof, at 5:00 p.m. (Toronto time) on the earlier of: (a) November 30, 2020, and (b) the fifth business day after a receipt is issued for a (final) prospectus (the "Final Qualification Prospectus") by the securities regulatory authorities in each of the provinces of Canada, excluding Quebec, qualifying for distribution the Caldas Gold Common Shares and Caldas Gold Warrants issuable upon the exercise of the Caldas Gold Special Warrants. Caldas Gold has agreed to use commercially reasonable efforts to obtain such receipt on or prior to September 21, 2020. Until a receipt is issued for the Final Qualification Prospectus, the Special Warrants (and any Caldas Gold Common Shares and Caldas Gold Warrants issued on exercise thereof) will be subject to a hold period under applicable Canadian securities laws expiring on November 30, 2020.

If Caldas Gold fails to qualify the distribution of the Caldas Gold Common Shares and Caldas Gold Warrants underlying the Caldas Gold Special Warrants pursuant to the Final Qualification Prospectus on or prior to September 21, 2020, the holders of Special Warrants will be entitled to receive an additional number of Units equal to 10% of the number of Units issuable upon the exercise or deemed exercise of the Caldas Gold Special Warrants, resulting in each Caldas Gold Special Warrant being exercisable for 1.1 Units.

The underwriters received a cash commission equal to 6.0% of the gross proceeds from the sale of the Caldas Gold Special Warrants pursuant to the Offering, excluding proceeds from investors introduced by Caldas, which commission was reduced to 3.0%.

c) Initiation of Quarterly Dividend Program

On August 13, 2020, the Company announced that its Board of Directors has declared a dividend of CA\$0.015 per common share that will be paid on October 15, 2020 to shareholders of record as of the close of business on September 30, 2020.