



Gran Colombia Gold Corp.

Interim Condensed Consolidated Financial Statements
(Unaudited)

For the three and nine months ended September 30, 2021

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

	Note	As at September 30, 2021	As at December 31, 2020
ASSETS			
Current			
Cash and cash equivalents		\$ 329,567	\$ 122,508
Cash in escrow	5	-	144,409
Gold bullion		1,743	-
Gold Trust Account	10b	-	4,368
Accounts receivable and other	14b	22,348	24,193
Inventories	6	18,285	30,374
Prepaid expenses and deposits		3,233	2,855
		375,176	328,707
Non-current			
Cash in trust	12c	669	742
Mining interests, plant and equipment	7	447,584	302,609
Investments and other assets	8	163,650	18,507
Total assets		\$ 987,079	\$ 650,565
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities	9	\$ 28,560	\$ 48,488
Subscription Receipts payable	4b	-	74,101
Income tax payable		7,773	38,027
Current portion of long-term debt	10	2,938	12,358
Current portion of lease obligations	11	1,722	1,961
Current portion of provisions	12	791	1,174
Amounts payable related to acquisitions of mining interests	22a	1,889	2,280
		43,673	178,389
Non-current			
Long-term debt	10	304,729	127,848
Lease obligations	11	2,245	2,983
Provisions	12	24,686	31,256
Warrant liabilities	13d	27,495	91,639
Deferred revenue	3	84,000	-
Deferred income taxes		11,589	22,222
Total liabilities		498,417	454,337
Equity			
Share capital	13b	627,995	472,219
Share purchase warrants	13c	10,252	-
Contributed surplus		177,004	180,498
Accumulated other comprehensive loss		(111,107)	(115,837)
Deficit		(215,482)	(383,168)
Total equity attributable to shareholders		488,662	153,712
Non-controlling interest		-	42,516
Total equity		488,662	196,228
Total liabilities and shareholders' equity		\$ 987,079	\$ 650,565

Commitments and contingencies (Note 22)
Subsequent event (Note 13b)

See accompanying notes to the interim condensed consolidated financial statements.

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

	Note	Three months ended September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
Revenue	15	\$ 90,716	\$ 113,138	\$ 288,988	\$ 291,248
Costs and expenses					
Cost of sales	16	51,366	55,255	158,285	143,456
General and administrative		3,887	4,938	11,816	14,076
Share-based compensation	13e	777	702	698	5,466
Social contributions	22b	3,317	2,765	8,073	7,482
Income from operations		31,369	49,478	110,116	120,768
Other income (expense)					
Finance income		373	312	980	1,288
Finance costs	17	(5,796)	(11,680)	(12,174)	(20,883)
RTO Transaction costs	4b	-	-	-	(16,700)
Aris Transaction costs	4a	-	-	(9,817)	-
Gain on loss of control of Aris	4a	-	-	56,886	-
Gain (loss) from equity accounting in associates	8	2,066	200	4,482	(2,017)
Gain on sale of Zancudo Project	8c	-	-	8,913	-
Gain (loss) on financial instruments	18	7,743	(2,364)	52,067	(21,260)
Gain on sale of securities, net		-	-	-	3,099
Foreign exchange gain (loss)		1,560	(410)	2,210	2,726
		5,946	(13,942)	103,547	(53,747)
Income (loss) before income tax and non-controlling interest		37,315	35,536	213,663	67,021
Income tax expense					
Current		(14,298)	(18,359)	(41,059)	(43,700)
Deferred		2,241	850	758	383
		(12,057)	(17,509)	(40,301)	(43,317)
Net income		\$ 25,258	\$ 18,027	\$ 173,362	\$ 23,704
Attributed to shareholders of the Company		\$ 25,258	\$ 24,151	\$ 179,620	\$ 31,872
Non-controlling interest		-	(6,124)	(6,258)	(8,168)
		\$ 25,258	\$ 18,027	\$ 173,362	\$ 23,704
Net income per share attributed to shareholders of the Company					
Basic	20	\$ 0.26	\$ 0.39	\$ 2.32	\$ 0.53
Diluted	20	0.20	0.17	1.54	0.52
Basic weighted average number of common shares outstanding	20	98,485,773	61,901,211	77,557,372	60,377,597

See accompanying notes to the interim condensed consolidated financial statements.

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

	Note	Three months ended September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
Net income		\$ 25,258	\$ 18,027	\$ 173,362	\$ 23,704
Other comprehensive income:					
Items that will not be reclassified to profit in subsequent periods:					
Unrealized loss on investment in Amilot, net of \$Nil tax (2020 - \$Nil)		(4)	8	(6)	1
Unrealized (loss) gain on Gold Notes due to change in credit risk, net of tax ⁽¹⁾	10b	-	(43)	6	1,223
Unrealized (loss) gain on Convertible Debentures due to change in credit risk, net of tax ⁽²⁾	10c	83	(39)	(971)	25
Actuarial loss on health plan obligation, net of \$Nil tax (2020 - \$Nil)		-	(131)	-	(131)
Unrealized gain on Aris Subscription Receipts due to changes in credit risk, net of \$Nil tax (2020 - \$0.5 million and \$0.5 million)		-	545	-	545
Unrealized gain on Aris Subscription Receipts due to changes in credit risk associated with non-controlling interest, net of \$Nil tax (2020 - \$0.2 million and \$0.2 million)		-	225	-	225
Unrealized loss on Aris Gold Notes due to changes in credit risk, net of \$Nil tax	4b	-	-	(674)	-
Unrealized loss on Aris Gold Notes due to change in credit risk associated with non-controlling interest, net of tax	4b	-	-	(585)	-
Items that may be reclassified to profit in subsequent periods:					
Foreign currency translation adjustment		(4,345)	(6,477)	(22,891)	(29,931)
Foreign currency translation adjustment associated with non-controlling interest		-	(658)	(1,014)	(914)
Comprehensive income (loss)		\$ 20,992	\$ 11,457	\$ 147,227	\$ (5,253)
Comprehensive income (loss) attributable to:					
Shareholders of the Company		\$ 20,992	\$ 18,014	\$ 155,084	\$ 3,604
Non-controlling interest		-	(6,557)	(7,857)	(8,857)
Comprehensive income (loss)		\$ 20,992	\$ 11,457	\$ 147,227	\$ (5,253)

- (1) For the three and nine months ended September 30, 2021, the tax recovery on the Gold Notes credit risk changes was \$Nil and \$Nil, respectively. For the three and nine months ended September 30, 2020, the tax recovery was \$Nil and \$Nil, respectively.
- (2) For the three and nine months ended September 30, 2021, the tax recovery on the convertible debenture credit risk changes was \$Nil and \$Nil, respectively. For the three and nine months ended September 30, 2020, the tax expense was \$Nil and \$Nil, respectively.

See accompanying notes to the interim condensed consolidated financial statements.

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

	Note	Nine months ended September 30,	
		2021	2020
Common shares			
Balance, beginning of period	13	\$ 472,219	\$ 446,015
Issuance of common shares in Gold X acquisition	3	155,904	-
Exercise of options	13f	225	1,463
Exercise of warrants	13d	848	4,303
Issuance of common shares in lieu of debenture repayment	13b	2,240	-
Issuance of common shares	13b	-	21,709
Share issue costs	13b	(216)	(430)
Repurchase of shares	13b	(3,225)	(1,774)
Balance, end of period		627,995	471,286
Share purchase warrants – equity classified			
Balance, beginning of period		-	-
Gold X honoured warrants	13c	10,340	-
Exercise of warrants		(88)	-
Balance, end of period		10,252	-
Contributed surplus			
Balance, beginning of period		180,498	176,094
Exercise of options		(58)	(355)
Share-based compensation		932	4,245
Elimination of Aris share-based compensation on loss of control of Aris	4a	(4,368)	-
Balance, end of period		177,004	179,984
Accumulated other comprehensive loss			
Balance, beginning of period		(115,837)	(109,046)
Actuarial gain on health plan obligation, net of Nil tax		-	(131)
Unrealized loss on investment in Amilot, net of tax		(6)	1
Unrealized loss on Gold Notes due to changes in credit risk, net of tax	10b	6	1,223
Unrealized (gain) loss on Convertible Debentures due to changes in credit risk, net of tax	10c	(971)	25
Unrealized loss on Aris Gold Notes due to changes in credit risk, net of tax	4b	(674)	-
Unrealized gain on Aris Subscription Receipts due to changes in credit risk, net of tax		-	545
Foreign currency translation adjustment		(22,891)	(29,931)
Recognition of accumulated foreign currency translation adjustment on sale of Zancudo Project		688	-
Elimination of accumulated other comprehensive loss on loss of control of Aris	4a	28,578	-
Balance, end of period		(111,107)	(137,314)
Deficit			
Balance, beginning of period		(383,168)	(395,415)
Dividends declared	13b	(8,413)	(694)
Amount related to consideration in Bluenose RTO Transaction		-	5,055
Impact of changes in ownership of Aris		-	14,114
Recognition of accumulated unrealized gains due to changes in credit risk on Aris Gold Notes on loss of control of Aris	4a	(3,521)	-
Net income attributable to shareholders of the Company		179,620	31,872
Balance, end of period		(215,482)	(345,068)
Non-controlling interest			
Balance, beginning of period		42,516	-
Bluenose RTO Transaction without change of control		-	14,192
Impact of changes in ownership of Aris in the period		58,870	51,515
Foreign currency translation adjustment		(1,014)	(914)
Change in credit risk adjustment due to Aris Subscription Receipts		-	225
Unrealized loss on Aris Gold Notes due to change in credit risk, net of tax	4b	(585)	-
Net loss attributable to non-controlling interest		(6,258)	(8,168)
Elimination of non-controlling interest on loss of control	4a	(93,529)	-
Balance, end of period		-	56,850
Total equity		\$ 488,662	\$ 225,738

See accompanying notes to the interim condensed consolidated financial statements.

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

		Nine months ended September 30,	
	Note	2021	2020
Operating Activities			
Net income		\$ 173,362	\$ 23,704
Adjusted for the following items:			
Depreciation, depletion and amortization	7	23,441	18,454
Share-based compensation	13e	698	5,466
Bluenose RTO Transaction costs	4a	-	16,700
Finance costs	17	12,174	20,883
Foreign exchange		653	80
(Gain) loss on financial instruments	18	(52,067)	21,260
Provision for environmental fees		15	17
(Gain) loss from equity accounting in associates	8	(4,482)	2,017
Environmental fees paid	12	(58)	(4)
Payment of health obligations	12	(493)	(485)
Payment of rehabilitation obligations		-	(54)
Gain on sale of securities		-	(3,862)
Gain on sale of Zancudo Project	8c	(8,913)	-
Gain on loss of control of Aris	4b	(56,886)	-
Income tax expense		40,301	43,317
Changes in non-cash operating working capital items	19	(7,175)	5,130
Operating cash flows before taxes		120,570	152,623
Income taxes paid		(67,429)	(45,739)
Net cash provided by operating activities		53,141	106,884
Investing Activities			
Additions to mining interests, plant and equipment	7	(41,496)	(39,133)
Acquisition of Fellsmere	7	(7,015)	-
Reduction in cash on sale of Zancudo Project	8c	(30)	-
Purchase of Denarius Subscription Receipts	8c	(7,942)	-
Reduction in cash on loss of control of Aris	4b	(151,404)	-
Cash acquired in Gold X acquisition	3	6,678	-
Transaction costs incurred in Gold X acquisition	3	(2,100)	-
Increase in gold bullion		(1,771)	-
Advance and costs related to acquisition of SARC		-	(9,921)
Acquisition of shares of Guyana Goldfields		-	(4,012)
Proceeds from sale of shares of Guyana Goldfields		-	7,874
Acquisitions and investments in associates		-	(1,107)
Cash acquired in Bluenose RTO Transaction		-	33
Net cash used in investing activities		(205,080)	(46,266)
Financing Activities			
Net proceeds from Senior Notes	10a	286,186	-
Repayment of Gold Notes, including Gold Premiums	10b	(40,014)	(36,042)
Decrease in Gold Trust Account	10b	4,147	2,026
Release of cash in escrow in connection with Aris Gold Notes and Aris Subscription Receipts		131,345	-
Financing costs incurred by Aris		(149)	-
Payment of lease obligations	11	(1,699)	(1,418)
Interest paid		(2,394)	(3,979)
Exercises of stock options	13f	167	1,225
Exercises of warrants	13c, 13d	369	1,402
Repurchases of common shares under NCIB	13b	(3,225)	(1,774)
Acquisition of shares from non-controlling interest		-	(1,796)
Payment of dividends on common shares	13b	(7,976)	-
Net proceeds from Aris Special Warrants		-	19,678
Aris GLN Subscription Receipts financing costs		-	(620)
Cash transferred to cash in escrow in connection with Aris financings		-	(10,000)
Share issue costs in connection with Gold X acquisition	3	(216)	-
Share issue costs in connection with Bluenose RTO		-	(400)
Release of cash in escrow from CFC Subscription Receipts		-	4,730
Net proceeds from Private Placement	13b	-	29,505
Net cash provided in financing activities		366,541	2,537
Impact of foreign exchange rate changes on cash and cash equivalents		(7,543)	(9,199)
Increase in cash and cash equivalents		207,059	53,956
Cash and cash equivalents, beginning of period		122,508	84,239
Cash and cash equivalents, end of period		\$ 329,567	\$ 138,195

See accompanying notes to the interim condensed consolidated financial statements.

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(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”) is a publicly listed entity 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 and Georgetown, Guyana. The Company is primarily engaged in the acquisition, exploration, development, and operation of mineral properties in Latin America.

2. BASIS OF PRESENTATION

These interim financial statements have been prepared in accordance with International Accounting Standards (“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, 2020, except as disclosed herein.

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, 2020. These interim financial statements were approved by the Audit Committee of the Company for issue on November 11, 2021.

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 subsidiaries, at September 30, 2021 as follows:

Entity	Property/ function	Registered	Functional currency ⁽¹⁾	Interest as at September 30, 2021
Gran Colombia Gold Corp.	Corporate	Canada	USD	
Gran Colombia Gold, S.A. (“GCG Panama”)	Corporate	Panama	USD	100%
Gold X Mining Corp.	Corporate	Canada	USD	100%
Gran Colombia Gold Segovia Sucursal Colombia	Segovia Operations	Colombia	COP	100%
Goldheart Investment Holdings Ltd.	Toroparu Operations	BVI	USD	100%
ETK Inc.	Toroparu Operations	Guyana	USD	100%
Minerales Andinos de Occidente, S.A.S.	Marmato Zona Alta	Colombia	COP	100%
Minera Croesus S.A.S.	Marmato Zona Alta	Colombia	COP	100%

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

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 in associates as outlined in Note 9. Investments in Aris Gold Corporation (“Aris”), Denarius Silver Corp. (“Denarius”) and Western Atlas Resources Inc. (“Western Atlas”) are all accounted for using the equity method.

The following changes in investment in subsidiaries and associates occurred during nine months ended September 30, 2021:

- On June 4, 2021, the Company completed its acquisition of all of the issued and outstanding common shares of Gold X Mining Corp. (“Gold X”). As a result of this transaction, Gold X became a direct, wholly owned subsidiary of the Company. Therefore, the Company ceased accounting for the results in Gold X using the equity method (Note 3).

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

- On February 4, 2021, on closing of the Aris Transaction (Note 4a), the Company ceased consolidation and commenced accounting for the results in Aris using the equity method; and,
- The Company, as described in Note 9c, obtained 36.15% of the issued and outstanding common shares of Denarius on February 19, 2021. The Company has determined that it holds significant influence over Denarius and, effective February 19, 2021, the Company has commenced accounting for the results in its investment in Denarius using the equity method.

Deferred revenue

The Company is party to a precious metals purchase agreement (“PMPA”) with Wheaton Precious Metals (Caymans) Ltd. (“Wheaton”) through the acquisition of Gold X (Note 3). Under IFRS 15, the contract liability assumed is recognized as a deferred revenue as the PMPA will be settled by delivering gold and silver ounces to Wheaton rather than cash or financial assets.

The deferred revenue will be recognized as revenue in the statement of operations as the gold and silver ounces are delivered to Wheaton relative to the expected total amount of gold and silver ounces to be delivered over the term of the agreement. To the extent that the life of mine of its Toroparu Project changes or other key inputs are changed, these changes are recognized prospectively as a cumulative amount in the deferred revenue in the period that the change occurs.

Remeasurement of fair value of investments on acquisition

The Company has elected an accounting policy choice not to remeasure the carrying value of previously held investments in associates on acquisition of additional interests.

Gold bullion

Gold bullion is a commodity measured at the lower of average cost and net realizable value determined by reference to published price quotations, with unrealized (up to the original cost amount) and realized gains and losses recorded in other income.

New accounting standards issued but not effective

IAS 16, Property, Plant and Equipment

The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant, and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The extent of the impact of adoption of this standard has not yet been determined.

IFRS 3 – Business Combinations

The IASB has issued an amendment to IFRS 3, Business Combinations adding an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. This exception specifies that for some assets and liabilities, an entity applying IFRS 3 should instead refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendment is effective for annual periods beginning on or after January 1, 2022, with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

IFRS 9 – Financial Instruments

The IASB has issued an amendment to IFRS 9, Financial Instruments clarifying which fees to include in the test in assessing whether to derecognize a financial liability. Only those fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other’s behalf are included. The amendment is effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

IAS 1 – Presentation of Financial Statements

The IASB has issued an amendment to IAS 1, Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to management's intentions or expectations of exercising the right to defer settlement of the liability. Management would classify debt as non-current only when the Company complies with all the conditions at the reporting date. The amendments further clarify that settlement of a liability refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

3. ACQUISITION OF GOLD X MINING CORP.

On March 14, 2021, the Company entered into a definitive agreement to acquire all of the issued and outstanding common shares of Gold X not already owned by the Company, with the former shareholders of Gold X receiving 0.6948 of a Gran Colombia common share for every one Gold X share held (the "Exchange Ratio"). The transaction closed on June 4, 2021 and the Company issued 36,772,294 Gran Colombia common shares (Note 13b) to the former shareholders of Gold X. Additionally, the Company honoured a total of 9,395,215 outstanding common share purchase warrants of Gold X held by third parties ("Gold X Warrants"), each Gold X Warrant will entitle the holder to receive 0.6948 of a Gran Colombia common share when exercised (Note 13c).

The acquisition of Gold X does not meet the definition of a business combination under IFRS, as the primary asset acquired is an exploration and evaluation (E&E) asset, the geological work carried out has not been able to determine the technical feasibility and commercial viability of the asset. Consequently, the transaction has been accounted for as an asset acquisition, where the acquisition costs incurred by the Company related to this transaction have been capitalized as part of the consideration amount.

The total purchase price was allocated based on the relative fair value of the assets and the liabilities acquired as shown below:

Consideration paid	
Fair value of 36,722,294 common shares issued by the Company ⁽¹⁾	\$ 155,904
Fair value of 9,395,215 warrants honoured by the Company (Note 13c)	10,340
Initial investment in common shares and warrants of Gold X (Note 8b)	18,487
Acquisition costs	2,100
	\$ 186,831
Fair value of Gold X assets and liabilities at the acquisition date of June 4, 2021	
Cash and cash equivalents	\$ 6,678
Prepaid expenses and deposits	763
Plant and equipment	51
E&E assets (Note 7)	263,546
Accounts payable and accrued liabilities	(207)
Deferred revenue	(84,000)
	\$ 186,831
Assets acquired and liabilities assumed	\$ 186,831

(1) The fair value of the common shares was determined using Gran Colombia's closing share price of CA\$5.14 and foreign exchange rate of 1.2107 on June 3, 2021.

The fair value of the warrants honoured by the Company totaled \$10.3 million or \$1.58 per warrant, on average. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 0.55%, expected stock price volatility between 58.83% and 68.66%, expected life between 1.36 years and 3.24 years and expected dividend yield of 3.5% (Note 13c).

The initial investment in Gold X comprised approximately 9.6 million common shares, which were accounted for as an investment in an associate using the equity method (Note 8b), and 4.6 million warrants of Gold X,

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

which were fair valued immediately before the closing of the transaction (Note 8b) and cancelled at the acquisition date.

The deferred revenue represents the fair value of the obligation assumed by the Company with respect to a PMPA associated with the Toroparu Project. Under the terms of the PMPA, Wheaton will purchase 10% of the gold and 50% of the silver production in exchange for up-front cash deposits totalling \$153.5 million. Prior to the acquisition date, Gold X had received an initial deposit of \$15.5 million in cash.

In addition, Wheaton will make ongoing payments to the Company once Toroparu is in operation as follows:

- Gold - the lesser of the market price and \$400 per payable ounce of gold delivered over the life of the Toroparu Project, subject to a 1% annual increase starting after the third year of production.
- Silver - the lesser of the market price and \$3.9 per payable ounce of silver delivered over the life of the Toroparu Project, subject to a 1% annual increase starting after the fourth year of production.

As the PMPA involves the delivery of gold and silver at a fixed price, as described above, the Company recorded deferred revenue of \$84.0 million at the acquisition date which represents the net present value of the estimated future cash flows attributable to expected future gold and silver deliveries to Wheaton.

Under the terms of the PMPA, the receipt of the remaining \$138.0 million of deposits is subject to Wheaton's election to proceed and is expected to be received in installments during construction of the Toroparu Project once all necessary mining licenses have been obtained and conditions pertaining to final feasibility, the availability of project capital finance, the granting of security to Wheaton and other customary conditions are satisfied. If the feasibility study has not been delivered by December 31, 2021, or Wheaton elects not to proceed after receiving the feasibility study, Wheaton may elect (a) not to pay the balance of the deposit and to reduce the gold stream percentage from 10% to 0.909% and the silver stream percentage from 50% to nil, or (b) not to proceed with the streaming transaction and to convert the portion of the deposit already paid less \$2.0 million into debt of the Company that will become due and payable in whole or in part upon the occurrence of certain events including, but not limited to, a "change of control" of the Company or the Company obtaining certain levels of debt or equity financing. If Wheaton elects to reduce the streams, the Company may return the amount of the deposit already advanced less \$2.0 million to Wheaton and terminate the agreement. In the event the Company does not deliver sufficient gold and silver to repay the total balance of the deposit, the Company will be required to pay any remaining balance in cash.

4. ARIS

a) *Aris Transaction*

On December 3, 2020, Aris completed a non-brokered private placement ("Aris Transaction") of 37,777,778 subscription receipts ("Aris Subscription Receipts") for aggregate gross proceeds of CA\$85.0 million (equivalent to US\$66.8 million at the December 31, 2020 exchange rate). On February 4, 2021, the escrow release conditions for the Aris Transaction were satisfied and Aris issued 37,777,778 common shares to the holders, decreasing the Company's equity interest in Aris from 53.5% to 44.3%. Change of control compensation to the previous management of Aris amounted to \$9.8 million and was expensed in the nine months ended September 30, 2021. The reduction in the Company's equity interest of Aris resulted in a loss of control. Accordingly, the Company derecognized related assets, liabilities and non-controlling interest related to Aris on February 4, 2021.

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

The assets and liabilities of Aris over which the Company lost control on February 4, 2021 are as follows:

Current assets	
Cash	\$ 151,404
Other current assets	9,342
Non-current assets	
Cash in escrow	9,696
Mining interests, plant and equipment	124,760
Total assets	295,202
Current liabilities	
Aris Gold Notes	(2,551)
Other current liabilities	(13,255)
Non-current liabilities	
Aris Gold Notes	(70,515)
Aris Listed and Unlisted Warrants	(35,859)
Deferred income taxes	(9,068)
Other long-term liabilities	(4,440)
Net assets of Aris	\$ 159,514

The gain on loss of control in Aris recognized in the statement of operations during the nine months ended September 30, 2021 was determined as follows:

Fair value of equity interest retained in Aris (60,991,545 common shares)	\$ 118,805
Fair value of Aris Gold Notes, Aris Listed Warrants and Unlisted Warrants held by the Company	24,755
Total fair value of investments in Aris on loss of control on February 4, 2021	143,560
Less:	
Net assets of Aris, as above	(159,514)
Non-controlling interest ("NCI") ⁽¹⁾	97,897
Accumulated foreign currency translation adjustment	(25,057)
Gain on loss of control of Aris	\$ 56,886

(1) Includes \$4,368 of contributed surplus related to Aris share-based compensation.

The fair values of the Aris common shares, Aris Gold Notes and Aris Listed Warrants held by the Company on closing of the Aris Transaction were derived from the closing quoted market prices of the respective securities on February 3, 2021. The fair value of the Unlisted Warrants held by the Company was determined using the Black-Scholes option pricing model and level 2 fair value inputs, including expected share price volatility averaging of 70%, risk free interest rate of 0.37%, dividend yield of 0%, expected average life of 3.9 years. In valuing the Aris Unlisted Warrants, the Company applied a liquidity discount of 58% from the Black-Scholes value, which is consistent with the discount that the market has applied for trading prices in comparison to the Black-Scholes valuation of the Aris Listed Warrants at the time of closing.

In addition, as a result of the loss of control of Aris, \$3.5 million of unrealized gains related to credit risk changes on the Aris Gold Notes accumulated in other comprehensive loss was recognized as a credit to deficit in the consolidated statement of equity during the nine months ended September 30, 2021.

As a condition to the Aris Transaction, the Company entered into an investor agreement with Aris, which, subject to certain ownership thresholds, provides the Company with the right to nominate two directors to the Board of Aris and to maintain its equity interest in Aris in the event that Aris issues securities in connection with an equity financing or non-cash transaction. The investor agreement also requires that for a period of two years following closing of the Aris Transaction, the Company will have certain voting obligations related to its equity interest in Aris and is precluded from selling its common shares or warrants of Aris to a third party without prior consent from Aris.

b) Financial liabilities associated with Aris

From January 1, 2021 to February 4, 2021 the Company consolidated the financial results of Aris. The following table summarizes the changes in Aris financial liabilities recognized in the Company's statement of operations and other comprehensive income during the nine months ended September 30, 2021:

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

	Aris Listed Warrants	Aris Unlisted Warrants	Aris Gold Notes	Aris Subscription Receipts	Total
As at December 31, 2020	\$ 15,155	\$ 1,602	\$ 73,235	\$ 74,101	\$ 164,093
Change in FVTPL (Note 18)	1,241	129	(1,428)	2,501	2,443
Change in FVOCI due to changes in credit risk	-	-	1,259	-	1,259
Allocated to Aris Listed Warrants and NCI on deemed exercise	17,732	-	-	(76,602)	(58,870)
Allocated in NCI on deemed exercise Derecognition on loss of control	(34,128)	(1,731)	(73,066)	-	(108,925)
As at September 30, 2021	\$ -	\$ -	\$ -	\$ -	\$ -

In the nine months ended September 30, 2020, RTO Transaction costs of \$16.7 million in the statement of operations included \$16.4 million recognized by Aris for the excess of the fair value of the consideration paid over the net liability assumed during its RTO Transaction and transaction costs of approximately \$0.3 million.

On August 26, 2020, Aris completed a private placement of 83,066 subscription receipts ("Aris GLN Subscription Receipts") for aggregated proceeds of \$83.1 million, the financing costs related to the Aris GLN Subscription Receipts of \$6.3 million were recorded in the statement of operations in the three and nine months ended September 30, 2020 (Note 18).

On July 29, 2020 Aris completed a bought deal financing of 22,222,222 Special Warrants ("Aris Special Warrants") for aggregate gross proceeds of \$37.4 million. The financing costs of \$2.8 million were recorded in the statement of operations in the three and nine months ended September 30, 2020 (Note 18).

On September 28, 2020, the Aris Special Warrants were deemed to be exercised and the Company recorded a total loss from the increase in their fair value amounting to \$10.9 million which was recorded in the statement of operations during the nine months ended September 30, 2020 (Note 18).

5. CASH IN ESCROW

	September 30, 2021	December 31, 2020
Aris Gold Notes (Note 4a)	\$ -	\$ 75,288
Aris Subscription Receipts (Note 4a)	-	66,808
Guia Antigua Vendor Subscription Receipts (9c)	-	2,313
	\$ -	\$ 144,409

On February 3, 2021, the escrow release conditions for the Aris Gold Notes were met and \$65.1 million of the proceeds held in escrow were released to Aris. The balance of the Aris Gold Notes proceeds that were held in the escrow account as at February 4, 2021 related to future interest payments on the Aris Gold Notes, which amounted to \$9.7 million, was derecognized as described in Note 4a.

6. INVENTORIES

	September 30, 2021	December 31, 2020 ⁽¹⁾
Mineral inventories	\$ 5,891	\$ 13,872
Materials and supplies	12,394	16,502
	\$ 18,285	\$ 30,374

(1) Includes Aris's inventories in the amount of \$8.2 million as at December 31, 2020, and total of \$6.9 million was derecognized at February 4, 2021 (Note 4a).

During the three and nine months ended September 30, 2021, the total cost of materials and supplies recognized in the statement of operations amounted \$24.8 million and \$74.4 million, respectively (three and nine months ended September 30, 2020 - \$43.0 million and \$73.7 million, respectively).

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

7. MINING INTERESTS, PLANT AND EQUIPMENT

	Mineral properties	Plant and equipment	ROU plant and equipment	Construction in progress	E&E assets	Total
Nine months ended September 30, 2021						
Opening net book value	\$ 104,902	\$ 66,041	\$ 4,983	\$ 15,174	\$ 111,509	\$ 302,609
Additions	26,681	3,155	1,390	8,221	5,110	44,557
Acquisition of Gold X	-	51	-	-	263,546	263,597
Acquisition of Fellsmere	-	-	-	7,002	-	7,002
Transfers	3,755	5,565	-	(5,565)	(3,755)	-
Depreciation and amortization	(16,854)	(5,325)	(1,625)	-	-	(23,804)
Exchange difference	(11,441)	(5,579)	(525)	(1,811)	(2,261)	(21,617)
Derecognition of Aris' assets (Note 4a)	(3,611)	(16,354)	(489)	-	(104,306)	(124,760)
Closing net book value	\$ 103,432	\$ 47,554	\$ 3,734	\$ 23,021	\$ 269,843	\$ 447,584
As at September 30, 2021						
Cost	\$ 251,281	\$ 78,894	\$ 6,867	\$ 48,711	\$ 449,318	\$ 835,071
Accumulated depreciation, Amortization and impairment	(147,849)	(31,340)	(3,133)	(25,690)	(179,475)	(387,487)
Net book value	\$ 103,432	\$ 47,554	\$ 3,734	\$ 23,021	\$ 269,843	\$ 447,584

In February 2021, the Company paid \$7.0 million to acquire all of the issued and outstanding shares of Fellsmere International Inc. ("Fellsmere"), an arms-length Panamanian company, through its wholly-owned Colombian subsidiary, constructing a polymetallic recovery plant located in the Company's Segovia mining title. As the only assets of Fellsmere related to the plant construction in process, the transaction has been accounted for as an asset acquisition and the purchase price has been allocated to "construction in progress".

A summary of the net book value is as follows:

	Mineral properties	Plant and equipment	ROU Plant and equipment	Construction in progress	E&E assets	Total
As at September 30, 2021						
Segovia Operations	\$ 103,432	\$ 47,489	\$ 3,688	\$ 23,021	\$ 3,960	\$ 181,590
Toroparu Project	-	56	9	-	265,883	265,948
Corporate	-	9	37	-	-	46
Total	\$ 103,432	\$ 47,554	\$ 3,734	\$ 23,021	\$ 269,843	\$ 447,584
As at December 31, 2020						
Segovia Operations	\$ 104,902	\$ 49,846	\$ 4,508	\$ 15,174	\$ 2,738	\$ 177,168
Marmato Project ⁽¹⁾	-	16,177	405	-	58,719	75,301
Juby Project ⁽¹⁾	-	-	-	-	50,052	50,052
Corporate	-	18	70	-	-	88
Total	\$ 104,902	\$ 66,041	\$ 4,983	\$ 15,174	\$ 111,509	\$ 302,609

(1) Projects associated with Aris that were derecognized on February 4, 2021 (Note 4a).

As at September 30, 2021, accounts payable and accrued liabilities (Note 9) include \$4.4 million related to capital expenditures (December 31, 2020 - \$1.7 million).

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

A summary of the depreciation recorded during the three and nine months ended September 30, 2021 and 2020 is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Cost of sales expense	\$ 7,761	\$ 6,494	\$ 23,375	\$ 18,410
General and administrative expenses	30	14	66	44
Total charged to operations	7,791	6,508	23,441	18,454
Increase (decrease) in inventories	(42)	(13)	(525)	(451)
Capitalized depreciation	325	209	888	596
	\$ 8,074	\$ 6,704	\$ 23,804	\$ 18,599

8. INVESTMENTS AND OTHER ASSETS

	Common Shares ⁽¹⁾	Warrants	Gold Notes	September 30, 2021	December 31, 2020
Aris	\$ 126,632	\$ 7,616	\$ 9,500	\$ 143,748	\$ -
Gold X	-	-	-	-	17,507
Denarius	16,494	2,629	-	19,123	-
Western Atlas	630	131	-	761	976
Amilot	18	-	-	18	24
As at September 30, 2021	\$ 143,774	\$ 10,376	\$ 9,500	\$ 163,650	\$ 18,507

(1) The investments in common shares are accounted for using the equity method, except for Amilot, which is accounted for as a financial asset and measured at FVOCI.

The gain (loss) from equity accounting in associates during the three and nine month periods ended September 30, 2021 and 2020 comprises:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Aris	\$ 2,632	\$ -	\$ 7,827	\$ -
Gold X	-	261	321	(1,855)
Denarius	(533)	-	(3,593)	-
Western Atlas	(33)	(61)	(73)	(162)
	\$ 2,066	\$ 200	\$ 4,482	\$ (2,017)

a) Aris

	Common Shares	Listed Warrants	Unlisted Warrants	Gold Notes	Total
As at December 31, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Fair value assigned on loss of control (Note 4a)	118,805	10,822	3,933	10,000	143,560
Change in FVTPL (Note 18)	-	(5,149)	(1,990)	(500)	(7,639)
Gain from equity accounting	7,827	-	-	-	7,827
As at September 30, 2021	\$ 126,632	\$ 5,673	\$ 1,943	\$ 9,500	\$ 143,748

As described in Note 4a, Aris closed its Aris Subscription Receipt financing on February 4, 2021 and the Company received 7,555,556 common shares of Aris and 7,555,556 Aris Listed Warrants.

As at September 30, 2021, the Company owns a total of 60,991,445 common shares of Aris representing a 44.3% equity interest in Aris (December 31, 2020 – 53.5%). In addition, the Company owns a total of 18,444,445 Aris Listed Warrants, 7,500,000 Aris Unlisted Warrants and \$10.0 million aggregate principal amount of Aris Gold Notes.

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

Aris Listed Warrants

The Aris Listed Warrants, which trade on the Toronto Stock Exchange (“TSX”) under the symbol ARIS.WT, entitle the holder to acquire one common share of Aris until July 29, 2025 at a price of CA\$2.75 per Aris common share. Aris may accelerate the expiry date of the Aris Listed Warrants after July 29, 2023 in the event that the closing price of the Aris common shares on the TSX is greater than CA\$2.75 per share for a period of 20 consecutive trading days. In such case, unless exercised, the Aris Listed Warrants will expire on the 30th day following the date on which such notice is given, and a press release is issued.

The Aris Listed Warrants are derivative instruments and have been designated at FVTPL. As such, they were recognized at fair value on February 4, 2021 and subsequently they are remeasured with the change in fair value being recognized in the statement of operations. The fair value of the Aris Listed Warrants as at September 30, 2021 was determined based on their last traded price, a level 1 fair value input, of CA\$0.39 (equivalent to approximately \$0.31) per Aris Listed Warrant. During the three and nine months ended September 30, 2021, the Company recognized a loss of \$1.8 million and \$5.1 million, respectively, related to its Aris Listed Warrants (Note 18).

Aris Unlisted Warrants

The Aris Unlisted Warrants entitle the holder to acquire one common share of Aris until December 19, 2024 at a price of CA\$3.00 per Aris common share. The Aris Unlisted Warrants are derivative instruments and have been designated at FVTPL. As such, they were recognized at fair value on February 4, 2021 and, subsequently, they are remeasured with the change in fair value being recognized in the statement of operations. At September 30, 2021, the fair value was determined by reference to the the Aris Listed Warrants. During the three and nine months ended September 30, 2021, the Company recognized a loss of \$0.6 million and \$2.0 million, respectively, related to its Aris Unlisted Warrants (Note 18).

Aris Gold Notes

The Aris Gold Notes were issued in November 2020 and mature in November 2027. The Aris Gold Notes are non-callable, are secured over all the assets of Aris and receive interest monthly in cash at a rate of 7.5% per annum.

The Aris Gold Notes trade on the NEO Exchange under the symbol “ARIS.NT.U” and are a financial asset designated at FVTPL. The fair value of the Aris Gold Notes as at September 30, 2021 was determined based on their last traded price, a level 1 fair value input, of \$95.00 per Aris Gold Note.

During the three and nine months ended September 30, 2021, the Company recorded a loss of \$0.4 million and \$0.5 million, respectively representing the total fair value decrease of the Aris Gold Notes (Note 18).

b) Gold X

	Common Shares	Warrants	Total
As at December 31, 2020	\$ 9,700	\$ 7,807	\$ 17,507
Gain from equity accounting	321	-	321
Change in fair value through profit and loss (Note 18)	-	265	265
Exchange difference	-	394	394
As at June 3, 2021	\$ 10,021	\$ 8,466	\$ 18,487
Derecognition of initial investment included as part of consideration (Note 3)	(10,021)	(8,466)	(18,487)
As at September 30, 2021	\$ -	\$ -	\$ -

On June 4, 2021, Gold X became a direct, wholly owned subsidiary of the Company. Prior to closing of the acquisition, the Company held a 15.3% (December 31, 2020 - 18.1%) equity interest in Gold X. The Company elected to recognize its initial investment in Gold X using the cost accumulation approach as part of the consideration paid in the transaction as described in Note 3.

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

The Company recorded a gain of \$0.3 million from its share of Gold X's results from January 1 to June 3, 2021 (during the three and nine months ended September 30, 2020 - \$0.2 million and \$2.0 million, respectively), net of a dilution gain due to changes in ownership of \$3.4 million (2020 - \$Nil).

During the nine months ended September 30, 2020, the Company recognized a gain of \$0.8 million related to the increase in the fair value of the Gold X Convertible Debenture (Note 18).

The Gold X Warrants were derivative instruments and designated at FVTPL. During the nine months ended September 30, 2021, the Company recorded a gain of \$0.3 million (three and nine months ended September 30, 2020 - a loss of \$2.1 million and a gain \$2.6 million respectively), representing the change in total fair value for the Gold X Warrants. The fair value of the Gold X Warrants at June 3, 2021 was \$8.5 million (December 31, 2020 - \$7.8 million), determined using the Black-Scholes pricing model and level 2 fair value inputs, including expected share price volatility between 82.79% and 87.86% (2020- 83.13%), risk free interest rate of 0.8% (2020 - 0.27%), expected lives of 2.1 to 3.2 years and dividend yield of 0% (2020 - 0%).

c) Denarius

	Common Shares	Warrants	Subscription Receipts	Total
As at December 31, 2020	\$ -	\$ -	\$ -	\$ -
Sale of Zancudo Project	9,631	-	-	9,631
Exercise of Guia Antigua Vendor Subscription Receipts (Note 5)	2,313	-	-	2,313
Additions	-	-	7,942	7,942
Loss from equity accounting	(3,593)	-	-	(3,593)
Change in fair value through profit and loss (Note 18)	-	708	1,949	2,657
Exchange difference	-	(64)	237	173
Closing subscription receipt	8,143	1,985	(10,128)	-
As at September 30, 2021	\$ 16,494	\$ 2,629	\$ -	\$ 19,123

The Company has determined that it holds significant influence in Denarius by virtue of its equity ownership interest and its board participation and accounts for its investment in Denarius using the equity method. As Denarius is listed on the TSXV, pursuant to which financial reporting typically occurs later than it does for the Company, which is listed on the TSX, the Company uses Denarius' financial statements reported for the quarter ended three months earlier in determining its share of the profit or loss.

As at September 30, 2021, the Company holds a 27.0% equity interest in Denarius. During the three and nine months ended September 30, 2021, the Company recognized a loss of \$0.4 million and \$5.6 million, respectively, from its share of Denarius's results. The loss from equity accounting also included a dilution loss due to changes in ownership of \$0.1 million in the three months ended September 30, 2021 and a \$2.0 million dilution gain for the nine months ended September 30, 2021.

Sale of Zancudo Project and Investments in Denarius

On February 19, 2021, pursuant to a November 2020 definitive Share Purchase Agreement ("SPA") with ESV Resources Ltd. ("ESV"), a company listed on the TSX Venture Exchange ("TSXV"), the Company completed the sale of all of the issued and outstanding shares of GCG Titiribi, a wholly-owned indirect subsidiary of the Company and owner of the Zancudo Project, in exchange for 27,000,000 common shares of ESV with an ascribed value of \$9.6 million. During the nine months ended September 30, 2021, the Company recognized a gain on sale of the Zancudo Project of \$8.9 million.

In addition, and as condition of closing of the SPA, the following transactions also occurred on February 19, 2021:

- ESV closed a November 2020 amalgamation agreement with 1255269 B.C. Ltd. (the "Guia Antigua Vendor"), which owns the rights for exploration, mining and processing operations and the commercialization of mineral products from the Guia Antigua Project located within the Company's Segovia mining title. Pursuant to the amalgamation agreement, in exchange for all of the outstanding shares of the Guia Antigua Vendor, ESV issued 15,000,000 common shares to the former shareholders

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

of the Guia Antigua Vendor and paid a financial advisory fee to a third party equal to 300,000 common shares.

- In November 2020, the Guia Antigua Vendor completed a private placement of 18,675,053 subscription receipts at a price of CA\$0.45 per unit ("Guia Antigua Private Placement") for gross proceeds of approximately CA\$8.4 million. The Company had acquired 6,666,666 subscription receipts for a total cost of CA\$3.0 million (equivalent to approximately \$2.3 million). Immediately prior to closing of the amalgamation agreement, the Guia Antigua Subscription Receipts automatically converted into the equivalent number of common shares of the Guia Antigua Vendor for no additional consideration and were immediately exchanged for common shares of ESV on a one-for-one basis.

ESV changed its name to Denarius and on March 8, 2021, Denarius commenced trading on the TSXV under the symbol "DSL.V".

The 33,666,666 common shares of Denarius issued to the Company in the foregoing transactions, represented approximately 36.2% of the issued and outstanding shares of Denarius as of February 19, 2021 and are subject to a voluntary pooling arrangement from which 75% of the shares were released by September 30, 2021 and the balance will be released on December 28, 2021.

Denarius Subscription Receipts

	Amount
Fair value allocated to Denarius Subscription Receipts at March 17, 2021	\$ 7,942
Change in fair value through profit and loss	4,636
Fair value allocated to Denarius Subscription Receipts at March 31, 2021	\$ 12,578
Change in fair value through profit and loss	(2,687)
Exchange difference	237
As at the date of conversion on April 29, 2021	10,128
Fair value ascribed to Denarius Warrants	(1,985)
Fair value ascribed to Denarius common shares	(8,143)
As at September 30, 2021	\$ -

On March 17, 2021, the Company acquired 22,222,223 units of Denarius in a non-brokered private placement of 75,000,000 subscription receipts (the "Denarius Subscription Receipts") at a price of CA\$0.45 per unit for a total cash consideration of CA\$10.0 million (equivalent to approximately \$7.9 million). Each Denarius Subscription Receipt comprised one common share and one share purchase warrant entitling the holder to purchase one additional share of Denarius at CA\$0.80 until March 17, 2026. The proceeds of the Financing were held in escrow pending Denarius receiving all applicable regulatory approvals and completing the acquisition of the Lomero-Poyatos polymetallic project in Spain. On April 29, 2021, the escrow conditions were met, and the Denarius Subscription Receipts converted into common shares and warrants.

On April 29, 2021 the aggregate fair value of the Denarius Subscription Receipts amounted to \$10.1 million, and during the nine months ended September 30, 2021 the Company recorded a gain on financial instruments of \$1.9 million in the statement of operations, respectively. The fair value of the Denarius Subscription Receipts held by the Company was determined based on the sum of the fair values of the underlying Denarius common shares using the closing quoted market price and for the unlisted Denarius warrants, using the Black-Scholes pricing model with level 2 fair value inputs including expected share price volatility of 93.02%, risk free interest rate of 0.75%, dividend yield of 0% and expected average life of 4.9 years, and applied a liquidity discount of 60% from the Black-Scholes value.

Denarius Warrants

As at September 30, 2021, as a result of the conversion of Denarius Subscription Receipts, the Company holds 22,222,223 warrants ("Denarius Warrants"). On July 23, 2021 Denarius Warrants commenced trading on the TSXV, as a result the Company changed the classification of the fair value from Level 2 to Level 1. The fair value of the Denarius Warrants at September 30, 2021 has been determined based on their last traded price. During the three and nine months ended September 30, 2021, the Company recognized a loss of \$0.8 million and \$0.7 million (Note 18).

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

d) Western Atlas

	Common Shares	Warrants	Total
As at December 31, 2020	\$ 703	\$ 273	\$ 976
Loss from equity accounting	(73)	-	(73)
Change in fair value through profit and loss (Note 18)	-	(146)	(146)
Exchange difference	-	4	4
As at September 30, 2021	\$ 630	\$ 131	\$ 761

As at September 30, 2021, the Company holds a 25.77% equity interest in Western Atlas (December 31, 2020 – 25.81%). During the three and nine months ended September 30, 2021, the Company recognized a loss of less of \$0.1 million and \$0.1 million, respectively related to its share in the results of Western Atlas (three and nine months ended September 30, 2020 - \$0.1 and \$0.2 million, respectively).

As at September 30, 2021 and December 31, 2020, the Company owned 21,955,294 share purchase warrants ("Western Atlas Warrant"). The Western Atlas Warrants consist of: (i) 7,955,294 share purchase warrants exercisable at CA\$0.20 per share that expire in October 2022 and (ii) 14,000,000 share purchase warrants exercisable at CA\$0.15 per share that expire in July 2022.

The Western Atlas Warrants are financial instruments and have been designated at FVTPL. During the three and nine months ended September 30, 2021, the Company recorded a gain of \$Nil and a loss of \$0.1 million, respectively, (three and nine months ended September 30, 2020 – a loss of \$0.2 million and \$0.1 million, respectively) representing the total fair value adjustment for the Western Atlas Warrants. The fair value of the Western Atlas Warrants at September 30, 2021 was approximately \$0.1 million (December 31, 2020 – \$0.3 million), determined using the Black-Scholes pricing model and level 2 fair value inputs, including expected share price volatility averaging of 80.24% (2020 – 121.83%), risk free interest rate of 0.52% (2020 – 0.20%), dividend yield of 0% (2020 – 0%), expected average life of 0.9 years (2020 – 1.2 years).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2021	December 31, 2020
Trade payables related to operating, general and administrative expenses	\$ 13,478	\$ 25,400
Trade payables related to capital expenditures	4,378	9,126
Segovia social contributions payable (Note 22b)	2,256	2,601
Other non-income taxes payable	1,389	2,355
DSU and PSU liabilities (Note 13g and 13h)	3,499	4,534
Dividend payable	1,165	728
Other provisions and accrued liabilities	2,395	3,744
Total accounts payable and accrued liabilities	\$ 28,560	\$ 48,488

10. LONG-TERM DEBT

	Maturity	Currency	Principal Amount	Interest Rate	September 30, 2021	December 31, 2020
Senior Notes	2026	USD	\$ 300,000	6.875%	\$ 289,366	\$ -
Gold Notes	2024	USD	35,525	8.25%	-	38,545
Convertible Debentures	2024	CA	18,000	8.00%	18,301	28,426
Aris Gold Notes ⁽¹⁾	2027	USD	73,066	7.50%	-	73,235
Total					307,667	140,206
Less: current portion					2,938	12,358
Non-current portion					\$ 304,729	\$ 127,848

(1) The Aris Gold Notes were derecognized on February 4, 2021 (Note 4a).

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

a) Senior Unsecured Notes due 2026 (“Senior Notes”)

On August 9, 2021, the Company issued \$300 million face value of senior unsecured notes (“Senior Notes”) for net cash proceeds of \$286.1 million after discount and transaction costs. The Senior Notes mature on August 9, 2026. The Senior Notes are denominated in U.S. dollars and bear interest at the rate of 6.875% per annum. Interest is payable in arrears in equal semi-annual instalments on February 9 and August 9 of each year.

The Company’s subsidiaries which directly own the Segovia Operations and the Toroparu Project have provided unsecured guarantees for the Senior Notes.

Except for the prepayment options as noted below, the Senior Notes are not redeemable, in whole or part, by the Company until August 9, 2023. On and after August 9, 2023, the Company may redeem the Notes, in whole or in part, at the relevant redemption price (expressed as a percentage of the principal amount of the Senior Notes) and accrued and unpaid interest on the Senior Notes up to the redemption date. The redemption price for the Senior Notes during the 12-month period beginning on August 9 of each of the following years is: 2023 – 103.438%; 2024 – 101.719%; 2025 and thereafter – 100.000%.

Prior to August 9, 2023, the Company may redeem some or all of the Notes at a price equal to 100% of the principal amount of the Notes plus a “make-whole” premium, plus accrued and unpaid interest.

In addition, prior to August 9, 2023, the Company may, on any one or more occasions, redeem up to 35% of the original aggregate principal amount of the Senior Notes with the net cash proceeds of one or more equity offerings at a redemption price equal to 106.875% of the aggregate principal amount thereof, plus accrued and unpaid interest.

The prepayment options are options that represent an embedded derivative asset to the Company and are presented as an offset to the Senior Notes on the consolidated balance sheet. The debt component was initially recognized at \$286.9 million, which represents the difference between the fair value of the financial instrument as a whole and the fair value of the embedded derivative and transaction costs. Subsequently, the debt component is recognized at amortized cost using the effective interest rate method. The embedded derivative represents the prepayment option and is considered to be a financial asset at FVTPL. The embedded derivative is recognized at fair value with changes in the fair value recognized in the Company’s statement of earnings.

The discount and transaction costs incurred on issuance of the Senior Notes totaling \$13.9 million have been offset against the carrying amount of the Senior Notes and are being amortized to net income using the effective interest method, resulting in an effective interest rate of 7.9%, including the 6.875% coupon.

	Amount
Principal amount of Senior Notes issued on August 9, 2021	\$ 300,000
Initial discount, including transaction costs	(13,896)
Value allocated to prepayment option	789
Value allocated to debt at the issue date	286,893
Interest expense accrued	2,938
Accretion of discount (Note 17)	335
Carrying value of the debt as at September 30, 2021	290,166
Embedded derivative asset	
Value allocated to prepayment option at the issue date	789
Change in fair value through profit and loss (Note 18)	11
Carrying value of the embedded derivative asset as at September 30, 2021	800
Total carrying value of the Senior Notes as at September 30, 2021	289,366
Less: current portion, represented by accrued interest	(2,938)
Non-current portion	\$ 286,428

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

b) Senior Secured Gold-Linked Notes due 2024 (“Gold Notes”)

	Number of Gold Notes	Amount
As at December 31, 2020	35,525,000	\$ 38,545
Change in FVTPL (Note 18)	-	(3,014)
Change in FVOCI due to changes in credit risk	-	(6)
Principal repayments	(35,525,000)	(35,525)
As at September 30, 2021	-	\$ -

During the nine months ended September 30, 2021, the Company made principal repayments of the Gold Notes totaling \$35.3 million including \$7.5 million (2020 - \$11.2 million) through the scheduled quarterly Amortizing Payments, \$10.0 million through an early redemption in March 2021 and an early redemption of the remaining \$18.0 million balance outstanding on September 9, 2021 (Note 10a). During the nine months ended September 30, 2020, the Company also completed an early redemption of \$19.1 million aggregate principal amount of Gold Notes.

During the nine months ended September 30, 2021, the Company made Gold Premium payments in the amount of \$3.3 million (2020 - \$3.7 million) in connection with the quarterly Amortizing Payments and paid Applicable Premiums on the early redemptions amounting to \$1.2 million (2020 - \$2.0 million) (Note 17).

The Gold Notes were a financial liability and designated at FVTPL. For the three and nine months ended September 30, 2021, the Company recorded a gain of \$1.9 million and \$3.0 million, respectively (three and nine months ended September 30, 2020 - a loss of \$0.3 million and \$3.6 million, respectively) in the statement of operations (Note 18). The change in credit risk resulted in a gain of \$Nil in the three and nine months ended September 30, 2021 (three and nine months ended September 30, 2020 - a loss of \$0.1 million and a gain of \$1.2 million, respectively) recognized in the statement of other comprehensive income.

Gold Trust Account

On a monthly basis, the Company set aside an amount of physical gold in the Gold Trust Account to facilitate the Amortizing Payments of the Gold Notes. As the Gold Notes were paid in full on September 9, 2021, there were Nil ounces of gold held in the Gold Trust Account as at September 30, 2021 (December 31, 2020 – 2,310 ounces; \$4.4 million).

c) Convertible Debentures

	Number of Debentures	Amount
As at December 31, 2020	20,000	\$ 28,426
Change in fair value through profit and loss (Note 18)	-	(9,027)
Change in FVOCI due to changes in credit risk	-	971
Early redemption	(2,000)	(2,240)
Exchange difference	-	171
As at September 30, 2021, non-current	18,000	\$ 18,301

As at September 30, 2021, a total of CA\$18.0 million in aggregate principal amount (equivalent to approximately \$14.2 million) of convertible unsecured subordinated debentures (“Convertible Debentures”) are issued and outstanding. The Convertible Debentures mature on April 5, 2024 and bear interest at a rate of 8.00% per annum, payable monthly in cash in arrears.

On April 5, 2021, the Company redeemed 10% of the aggregate principal amount outstanding, equivalent to CA\$2.0 million (“Redemption Amount”). At the holder’s option, the full Redemption Amount was settled in shares rather than cash and the Company issued a total of 421,050 common shares to holders. Following the redemption, the outstanding balance of the Convertible Debentures was CA\$18.0 million.

The Convertible Debentures are a financial liability and have been designated at FVTPL. At September 30, 2021 the fair value of the Convertible Debentures has been determined using the binomial pricing model and level 2 fair value inputs that capture all the features of the Convertible Debentures, share price volatility of

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

57.03% (2020 – 55.78%), risk free interest rate of 1.13% (2020 – 0.63%), dividend yield of 3.98% (2020– 2.10%), and credit spread of 10.17% (2020 – 15.84%).

During the three and nine months ended September 30, 2021, the Company recorded a gain due to changes in fair value of \$0.4 million and \$9.0 million, respectively (three and nine months ended September 30, 2020 – a gain of \$1.9 million and a loss of \$1.6 million, respectively) in the statement of operations (Note 18) and a gain of \$0.1 million and \$1.0 million loss, respectively (three and nine months ended September 30, 2020 – a loss of \$0.1 million and a gain of less than \$0.1 million, respectively) related to the change in credit risk was recognized in the statement of other comprehensive income.

11. LEASE OBLIGATIONS

	Maturity	Currency	Interest rate	September 30, 2021	December 31, 2020
Leases	2021 to 2026	COP	13.13%	\$ 3,914	\$ 4,867
Leases	2021	CA	6.02%	44	77
Leases	2022	USD	6.50%	9	-
Total lease obligations				3,967	4,944
Less: current portion				1,722	1,961
Non-current portion				\$ 2,245	\$ 2,983

The Company's lease obligations are related primarily to plant and equipment used in mining operations in Colombia and office premises in Canada and Colombia, with payments made on a monthly basis. The table below summarizes the changes in lease obligations during the nine months ended September 30, 2021:

	Amount
As at December 31, 2020	\$ 4,944
Additions	1,378
Accretion (Note 17)	301
Lease payments	(1,699)
Exchange difference	(496)
Derecognition of Aris's lease obligations (Note 4b)	(461)
As at September 30, 2021	\$ 3,967

The undiscounted and discounted future lease payments are as follows:

	September 30, 2021	December 31, 2020
Within one year	\$ 2,075	\$ 1,744
More than one year	2,680	4,184
Total undiscounted lease obligations	4,755	5,928
Amount representing interest	(788)	(984)
Lease obligations – discounted	\$ 3,967	\$ 4,944

During the nine months ended September 30, 2021, the Company recognized total payments in the consolidated statement of cash flows in the amount of \$1.7 million (2020 - \$1.4 million). Scheduled future undiscounted lease payments, comprising principal and interest, are as follows:

	2021	2022	2023	2024	Thereafter	Total
Total payments	\$ 2,060	\$ 1,417	\$ 455	\$ 377	\$ 446	\$ 4,755

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

12. PROVISIONS

	Decommissioning and rehabilitation	Environmental fees	Health plan obligations	Total
As at December 31, 2020	\$ 16,145	\$ 4,083	\$ 12,202	\$ 32,430
Additions in the period	-	15	-	15
Payments in the period	-	(58)	(493)	(551)
Accretion of discount (Note 17)	351	-	605	956
Exchange difference	(1,405)	(426)	(1,284)	(3,115)
Derecognition of Aris provisions (Note 4b)	(4,258)	-	-	(4,258)
As at September 30, 2021	10,833	3,614	11,030	25,477
Less: current portion	124	41	626	791
Non-current portion	\$ 10,709	\$ 3,573	\$ 10,404	\$ 24,686

a) Decommissioning and rehabilitation provision (“ARO”)

The total ARO provision recorded by the Company represents management’s best estimate of the future reclamation and remediation obligation for its Segovia Operations. The estimated amount, and timing thereof, of the future reclamation and remediation costs is inherently uncertain and will be revised as further information becomes available. 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	2021-2029	5.28%	6.77%	\$ 14,713

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.

b) Environmental fees

In July 2013, Corantioquia, the local environmental authority, issued a resolution assessing fees totalling COP 29.5 billion (equivalent to approximately \$7.7 million at the September 30, 2021 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 September 30, 2021, the Company has a provision in the amount of COP 13.9 billion (approximately \$3.6 million) related to the present value of its best estimate of the potential liability for these fees (December 31, 2020 – COP 13.8 billion or approximately \$4.1 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 42.3

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

billion (approximately \$11.0 million) is based on an actuarial report prepared as at December 31, 2020, with an inflation rate of 3.2% and a discount rate of 7.3%. The Company is currently paying approximately COP 0.6 billion (approximately less than \$0.2 million) monthly to fund the obligatory health plan contributions. At September 30, 2021, non-current cash in trust includes approximately \$0.7 million deposited in a restricted cash account as security against this obligation (December 31, 2020 - \$0.7 million).

13. SHARE CAPITAL

a) *Authorized*

Unlimited number of common shares with no par value.

b) *Issued and fully paid*

As at September 30, 2021, the Company had 98,485,775 common shares issued and outstanding (December 31, 2020 – 61,762,411 common shares). The Company issued 36,772,294 common shares to the former shareholders of Gold X as described in Note 3.

During the nine months ended September 30, 2021, the Company issued a total of 83,333 common shares for the exercise of stock options, 421,050 common shares for the repayment of a portion of the Convertible Debentures (Note 10c), 39,082 common shares for Gold X Warrants exercised and 159,605 common shares were issued for exercise of Listed Warrants.

During the nine months ended September 30, 2020, the Company issued a total of 409,100 common shares for the exercise of stock options and 886,266 common shares were issued for exercise of Listed Warrants.

In addition, on February 6, 2020, the Company completed a private placement receiving gross proceeds of approximately \$30.1 million (CA\$40.0 million) through the issuance of 7,142,857 common shares and 7,142,857 Unlisted Warrants. The gross proceeds were allocated \$8.4 million to the fair value of the Unlisted Warrants and \$21.7 million to the common shares.

Normal Course Issuer Bid ("NCIB")

During the nine months ended September 30, 2021, the Company purchased a total of 702,000 common shares for cancellation under a NCIB which expired on September 4, 2021. The common shares were purchased at an average price of CA\$5.69, representing a total cost of approximately \$3.2 million.

Effective October 20, 2021, the Company renewed its NCIB, pursuant to which it may purchase for cancellation up to 9,570,540 common shares over a 12-month period ending October 19, 2022. Daily purchases will be limited to 86,301 common shares, other than block purchase exceptions. Common shares purchased under the NCIB will be cancelled.

Dividends

	Per share	Amount Paid or Payable in CA	Amount Recorded in Deficit
Three months ended March 31, 2021	CA\$0.015	\$ 3,699	\$ 2,913
Three months ended June 30, 2021	CA\$0.015	3,323	2,709
Three months ended September 30, 2021 ⁽¹⁾	CA\$0.015	4,431	3,520
Total		\$ 11,453	\$ 9,142

(1) \$1.2 million Included in accounts payable and accrued liabilities as at September 30, 2021 (Note 9).

c) *Share purchase warrants – equity classified*

The Gold X Warrants outstanding immediately prior to the acquisition were honoured by the Company and each Gold X Warrant entitles the holder to receive, upon exercise, Gran Colombia common shares in accordance with the Exchange Ratio. As a result, the Gold X Warrants were considered a share-based payment in accordance with IFRS 2 and fair valued using the Black-Scholes option pricing model as described in Note 3.

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

	Number	Amount
As at December 31, 2020	-	\$ -
Fair value of Gold X Warrants honoured (Note 3)	9,395,215	10,340
Exercise warrants ⁽¹⁾	(56,250)	(88)
As at September 30, 2021	9,338,965	\$ 10,252

(1) Resulted in the issuance of 39,082 Gran Colombia common shares based on the Exchange Ratio (Note 3) at an average exercise price of CA\$1.81 per Gold X Warrant.

The table below summarizes information about Gold X Warrants:

Expiry date	Outstanding Gold X Warrants honoured	Company's Issuable shares	Exercise price (CA\$/Gold X Warrant)
October 12, 2022	2,046,500	1,421,908	\$ 4.00
January 23, 2023	154,590	107,409	4.00
July 20, 2023	2,728,000	1,895,414	3.20
June 12, 2024	1,190,750	827,333	1.32
August 27, 2024	3,219,125	2,236,648	2.80
	9,338,965	6,488,712	

d) Share purchase warrants – liability classified

	Listed Warrants		Unlisted Warrants		Aris Warrants	Total
	Number	Amount	Number	Amount	Amount	Amount
As at December 31, 2020	10,551,760	\$ 48,595	10,403,727	\$ 26,287	\$ 16,757	\$ 91,639
Warrants exercised during the period	(159,605)	(391)	-	-	-	(391)
Fair value adjustment (Note 18)	-	(26,869)	-	(20,702)	1,370	(46,201)
Allocated from Aris Subscription Receipts (Notes 4a,5)	-	-	-	-	17,732	17,732
Derecognized on loss of control of Aris (Note 4a)	-	-	-	-	(35,859)	(35,859)
Exchange difference	-	383	-	192	-	575
As at September 30, 2021	10,392,155	\$ 21,718	10,403,727	\$ 5,777	\$ -	\$ 27,495

Listed Warrants (GCM.WT.B)

The Listed Warrants expire on April 30, 2024 and represent a financial liability as the exercise price of CA\$2.21 per share is denominated in Canadian dollars, different from the Company's USD 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 Listed Warrants as at September 30, 2021 was determined based on their last traded price, a level 1 fair value input, of CA\$2.65 (equivalent to approximately \$2.09) per Listed Warrant.

During the three and nine months ended September 30, 2021, the Company recognized a fair value gain of \$3.6 million and \$26.9 million, respectively, associated with the Listed Warrants (2020 – a gain of \$4.9 million and a loss of \$6.5 million, respectively) and received \$0.3 million in cash proceeds with a corresponding increase in share capital for the total amount of \$0.7 million (Note 18).

Unlisted Warrants

As at September 30, 2021 and December 31, 2020, the Company had 10,403,727 Unlisted Warrants issued and outstanding which represent a financial liability as the exercise price is denominated in Canadian dollars, different from the Company's USD functional currency. As such, they were recognized at fair value at inception

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

and, subsequently, they are remeasured with the change in fair value being recognized in the statement of operations.

At September 30, 2021, the fair value of the Company's Unlisted Warrants was determined using the Black-Scholes option pricing model and the following inputs:

Expiry date	February 6, 2023	November 5, 2023
Number of warrants	7,142,857	3,260,870
Exercise price	CA\$6.50	CA\$5.40
Expected volatility	48.86%	58.00%
Risk free interest rate	0.52%	0.52%
Expected dividend yield	3.77%	3.77%
Remaining life in years	1.4	2.1
Fair value	\$ 2,780	\$ 2,997

During the three and nine months ended September 30, 2021, the Company recognized a fair value gain of \$3.7 million and \$20.7 million, respectively, associated with the Unlisted Warrants (2020 – a gain of \$4.6 million and a loss of \$1.7 million, respectively) (Note 18).

e) **Share-based compensation expense (recovery)**

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Stock options granted by the Company (Note 13f)	\$ 310	\$ 88	\$ 621	\$ 776
DSUs granted by the Company (Note 13g)	120	(18)	(288)	654
PSUs granted by the Company (Note 13h)	347	(8)	(75)	242
Stock options granted by Aris	-	514	311	3,224
DSUs granted by Aris	-	126	129	570
Total share-based compensation expense	\$ 777	\$ 702	\$ 698	\$ 5,466

f) **Stock option plan**

The Company has a "rolling" Stock Option Plan (the "Plan") whereby 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 term from the date of grant.

	Number of stock options	Weighted average exercise price (CA)
Balance outstanding, December 31, 2020	1,681,665	\$ 3.52
Granted during the period	924,000	6.04
Exercised during the period	(83,333)	2.55
Balance outstanding, September 30, 2021	2,522,332	\$ 4.47

On April 1, 2021, the Company granted a total of 924,000 stock options to executive officers and management of the Company at an exercise price of CA\$6.04 with a one-year vesting period and a five-year term expiring April 1, 2026 (2020 – a total of 790,000 options, including 740,000 options at an exercise price of CA\$4.05 and 50,000 options at an exercise price of CA\$6.88, all grants vested immediately).

During the nine months ended September 30, 2021, holders exercised 83,333 stock options at a weighted average exercise price of CA\$2.55 per share for total cash proceeds of \$0.2 million (2020 – 409,100 stock options at a weighted average exercise price of CA\$3.68 per share for proceeds of \$1.2 million).

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

A summary of the stock options granted and the share-based compensation expense recorded by the Company for the period ended September 30, 2021 and 2020, 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:

	Nine months ended September 30,	
	2021	2020
Number of stock options granted	924,000	790,000
Term	5 years	5 years
Vesting	1 year	Immediately
Share-based compensation expense	\$ 621	\$ 776
Grant date fair value per option	\$1.34	\$1.39
Weighted average Black-Scholes option pricing model inputs		
Market price of the shares at grant date	CA\$5.73	CA\$4.18
Exercise price	CA\$6.04	CA\$4.23
Dividends expected	3.14%	Nil
Expected volatility	58.82%	54.03%
Risk-free interest rate	0.23%	0.46%
Expected life of options	2.5 years	2.5 years

The table below summarizes information about the stock options granted by the Company that are outstanding and vested as at September 30, 2021:

Expiry date	Options outstanding	Options vested	Remaining contractual life in years	Exercise price (CA\$/share)
April 3, 2022	194,999	194,999	0.5	2.55
December 12, 2022	53,333	53,333	1.2	2.55
June 14, 2023	475,000	475,000	1.7	3.16
April 1, 2024	305,000	305,000	2.5	3.67
April 1, 2025	520,000	520,000	3.5	4.05
July 2, 2025	50,000	50,000	3.8	6.88
April 1, 2026	924,000	-	4.5	6.04
	2,522,332	1,598,332	3.14	\$ 4.47

g) Deferred Share Units ("DSUs")

A summary of changes to the DSU liability during the nine months ended September 30, 2021 is as follows:

	The Company	Aris	Total
Balance, December 31, 2020	\$ 2,851	\$ 681	\$ 3,532
Share-based compensation expense (Note 13e)			
DSUs recognized in the period	942	138	1,080
Change in fair value	(1,230)	(9)	(1,239)
Paid in the period	-	(647)	(647)
Derecognized on loss of control	-	(163)	(163)
Exchange difference	5	-	5
Balance, September 30, 2021	\$ 2,568	\$ -	\$ 2,568

The DSU liability at September 30, 2021 was determined based on the Company's closing share price, a level 1 fair value input, of CA\$4.78 per share (equivalent to approximately \$3.77 per share) (December 31, 2020 – CA\$8.06 per share equivalent to approximately \$6.33 per share). As at September 30, 2021, the Company had 639,763 vested DSUs, 78,075 DSUs that will vest on April 1, 2022 and 20,316 DSUs that will vest on August 1, 2022.

On April 1, 2021, the Company granted a total of approximately \$0.4 million of DSUs to its five non-executive directors representing a total of 78,075 DSUs at a price of CA\$6.04 per share which will vest on April 1, 2022. On August 18, 2021, the Company granted 40,632 DSUs with a value of approximately \$0.1 million to a new non-executive director, of which 50% of this grant vested immediately and the remaining balance will vest on the first anniversary of the grant date.

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

h) Performance Share Units (“PSUs”)

As at September 30, 2021, the Company had 375,485 PSUs outstanding (December 31, 2020 - 255,824), including a grant approved on April 1, 2021 for a total of 112,423 PSUs to executive officers and senior management at a price of CA\$6.04.

During the nine months ended September 30, 2021, a total of 7,238 Dividend Equivalent Units were added to the holders' accounts. A total of 115,544 PSUs will vest on June 30, 2022, 145,895 PSUs will vest on June 30, 2023 and 114,046 will vest on June 30, 2024.

The changes to the PSU liability during the three and nine months ended September 30, 2021 are summarized as follows:

	Total
Balance, December 31, 2020	\$ 1,002
Share-based compensation expense (Note 13e)	(75)
Exchange difference	4
Balance, September 30, 2021	\$ 931

The fair value of the PSU liability at September 30, 2021 was determined using Monte Carlo simulations that capture all the features of the PSUs and level 2 fair value inputs.

14. 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) 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.

At the date of the approval of these consolidated financial statements, as a practical matter, Colombia is open provided face masks are used everywhere. The COVID-19 situation has not fully impeded the operation of the business and the Company continues working in accordance with 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 personnel to maintain production without interruption at the present time. There is risk that a reinstatement of a prolonged period of quarantine may adversely impact operating cash flow. Although the Company has cash balances, management is continuing to take steps to manage its discretionary operating and capital expenditures to preserve its liquidity during this unusual situation.

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

b) **Credit risk**

	September 30, 2021	December 31, 2020
Trade accounts receivable	\$ 349	\$ 1,816
VAT receivable	18,997	18,858
Other, net of allowance for doubtful accounts	3,002	3,519
Total accounts receivable and other	\$ 22,348	\$ 24,193

As discussed in Note 4, the Company lost control over Aris on February 4, 2021. As at December 31, 2020 the accounts receivable and other associated with Aris amounted of \$2.2 million.

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, U.S. and Colombian financial institutions, VAT and accounts receivable. Timing of collection for the VAT receivables is in accordance with the periods established by the local tax authority in Colombia and expected to be received within 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.

c) **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.

The following table summarizes, in USD equivalents, the Company's major currency exposures as at September 30, 2021:

	CA	COP
Cash	\$ 93	\$ 48,295
Accounts receivable	10	21,193
Cash in trust	-	669
Warrants in associates	10,376	-
Accounts payable and accrued liabilities, including amounts payable related to acquisitions of mining interests	(4,744)	(22,582)
Income tax receivable (payable)	-	(7,773)
Convertible Debentures	(18,301)	-
Warrant liabilities	(27,495)	-
Lease obligations	(44)	(3,914)
Net financial (liabilities) assets	\$ (40,105)	\$ 35,888

Based on the net exposure at September 30, 2021, a 10% depreciation or appreciation of the CA against the USD would result in a \$4.0 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 \$3.6 million decrease or increase in the Company's other comprehensive income.

d) **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

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

are beyond the Company's control. The Company has not designated commodity hedging contracts as accounting hedges under IFRS 9.

e) 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).

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 escrow, 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.

f) 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 \$488.7 million (2020 – \$196.2 million) and its debt of \$304.7 million (2020 – \$140.2 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 September 30, 2021, other than certain restrictive covenants related to incurring additional indebtedness under the terms of the Senior Notes, the Company is not subject to any externally imposed capital requirements.

g) 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 11).
- *Long-term debt:* The Convertible Debentures are carried at fair value and no principal repayment is required until the date of maturity on April 5, 2024. The Senior Notes are carried at amortised cost and mature on August 9, 2026, with interest paid semi-annually commencing in February 2022.

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

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.

The following table summarizes the Company's financial instruments as at September 30, 2021 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
<i>Financial assets</i>				
Investments and other assets (Note 8)	\$ 17,802	\$ 2,074	\$ -	\$ 19,876
Embedded derivative (Note 10a)	-	800	-	800
<i>Financial liabilities</i>				
Convertible Debentures (Note 10c)	-	18,301	-	18,301
Company's Listed Warrants (Note 13d)	21,718	-	-	21,718
Company's Unlisted Warrants (Note 13d)	-	5,777	-	5,777
Deferred revenue (Note 3)	-	84,000	-	84,000
DSU liability issued by the Company (Note 13g)	2,568	-	-	2,568
PSU liability issued by Company (Note 13h)	-	931	-	931

15. REVENUE

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Gold	\$ 89,509	\$ 111,826	\$ 284,707	\$ 288,286
Silver	1,207	1,312	4,281	2,962
	\$ 90,716	\$ 113,138	\$ 288,988	\$ 291,248

16. COST OF SALES

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Production costs	\$ 40,628	\$ 43,711	\$ 125,300	\$ 113,164
Production taxes	2,977	5,050	9,610	11,882
Depreciation, depletion and amortization	7,761	6,494	23,375	18,410
	\$ 51,366	\$ 55,255	\$ 158,285	\$ 143,456

17. FINANCE COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Interest expense	\$ 3,546	\$ 863	\$ 5,944	\$ 3,979
Gold Premium payment (Note 10b)	800	1,282	3,332	3,727
Applicable Premium on early redemptions of Gold Notes (Note 10b)	744	-	1,157	1,977
Private placement transaction costs related to warrant liabilities	-	-	-	960
Transaction costs related to Aris GLN Subscription Receipts (Note 4b)	-	6,273	-	6,273
Transaction costs related to Aris Special Warrants (Note 4b)	-	2,766	-	2,766
Financing fees related with Aris Transaction	-	-	149	-
Accretion of Senior Notes (Note 10a)	335	-	335	-
Accretion of lease obligation (Note 11)	85	92	301	246
Accretion of provisions (Note 12)	286	404	956	1,205
Reversal of interest accrued on amounts payable related to mineral interests	-	-	-	(250)
	\$ 5,796	\$ 11,680	\$ 12,174	\$ 20,883

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

18. 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:

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
<i>Financial Assets</i>				
Aris Listed Warrants held by the Company (Note 8a)	\$ (1,766)	\$ -	\$ (5,149)	\$ -
Aris Unlisted Warrants held by the Company (Note 8a)	(627)	-	(1,990)	-
Aris Gold Notes held by the Company (Note 8a)	(400)	-	(500)	-
Gold X Warrants (Note 8b)	-	(2,093)	265	2,592
Gold X Debentures (Note 8b)	-	(686)	-	822
Denarius Warrants held by the Company (Note 8c)	798	-	708	-
Denarius Subscription Receipts (Note 8c)	-	-	1,949	-
Western Atlas Warrants (Note 8d)	50	(205)	(146)	(57)
Gold bullion	(28)	-	(28)	-
Gold in Gold Trust Account (Note 10b)	94	(32)	(222)	626
Commodity hedging contracts (Note 14d)	-	-	-	(1)
Embedded derivative asset in Senior Notes (Note 10a)	11	-	11	-
	(1,868)	(3,016)	(5,102)	3,982
<i>Financial Liabilities</i>				
Gold Notes (Note 10b)	1,876	(334)	3,014	(3,625)
Convertible Debentures (Note 10c)	415	1,938	9,027	(1,635)
Company's Listed Warrant liability (Note 13d)	3,630	4,886	26,869	(6,539)
Company's Unlisted Warrant liability (Note 13d)	3,690	4,589	20,702	(1,674)
Aris Listed Warrants (Note 4b)	-	-	(1,241)	-
Aris Unlisted Warrants (Note 4b)	-	310	(129)	(1,032)
Aris Gold Notes (Note 4b)	-	-	1,428	-
Aris Special Warrants (Note 4b)	-	(10,889)	-	(10,889)
Aris Subscription Receipts (Note 4b)	-	152	(2,501)	152
	9,611	652	57,169	(25,242)
	\$ 7,743	\$ (2,364)	\$ 52,067	\$ (21,260)

19. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	Nine months ended September 30	
	2021	2020
Accounts receivable	\$ (1,783)	\$ (1,189)
Inventories	2,375	(825)
Prepaid expenses and deposits	(802)	(483)
Accounts payable and accrued liabilities	(6,965)	7,627
	\$ (7,175)	\$ 5,130

20. 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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net income attributed to shareholders of the Company	\$ 25,258	\$ 24,151	\$ 179,620	\$ 31,872
Basic weighted average number of shares	98,485,773	61,901,211	77,557,372	60,377,597
Basic earnings per share	\$ 0.26	\$ 0.39	\$ 2.32	\$ 0.53

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

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.

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net income attributed to shareholders of the Company	\$ 25,258	\$ 24,151	\$ 179,620	\$ 31,872
Add (deduct):				
Interest on Convertible Debentures	284	301	894	-
Fair value gain on Convertible Debentures	(415)	(1,938)	(9,027)	-
Fair value gain on Listed Warrants	(3,630)	(4,885)	(26,869)	-
Fair value gain on Unlisted Warrants	-	(4,589)	(6,324)	-
	\$ 21,497	\$ 13,040	\$ 138,294	\$ 31,872
Basic Weighted average number of shares	98,485,773	61,901,211	77,557,372	60,377,597
Effective of dilutive securities:				
Stock options	442,912	814,448	589,014	705,370
Convertible Debentures	3,789,473	4,210,526	3,789,473	-
Listed Warrants	5,655,268	7,378,994	6,281,334	-
Unlisted Warrants	-	643,366	109,075	-
Gold X Warrants	973,917	-	1,500,669	-
Diluted weighted average number of shares	109,347,343	74,948,545	89,826,937	61,082,967
Diluted earnings (loss) per share	\$ 0.20	\$ 0.17	\$ 1.54	\$ 0.52

For the three months ended September 30, 2021, the diluted weighted average number of shares does not include the potential dilution from 10,403,727 Unlisted Warrants, 1,529,317 Gold X Warrants and 50,000 stock options as they would be anti-dilutive. For the nine months ended September 30, 2021, the diluted weighted average number of shares does not include the potential dilution from 7,142,857 Unlisted Warrants, 1,529,317 Gold X Warrants and 50,000 stock options as they would be anti-dilutive.

For the three months ended September 30, 2020, the diluted weighted average number of shares does not include the potential dilution from 50,000 stock options and 7,142,857 Unlisted Warrants as they would be anti-dilutive. For the nine months ended September 30, 2020, the diluted weighted average number of shares does not include the potential dilution from 66,359 Unlisted Warrants as they would be anti-dilutive.

21. SEGMENT DISCLOSURES

Each of the Company's reportable operating segments generally consists of an individual mining property or cash generating unit managed by a single general manager and operations management team. The Company owns and operates its Segovia Operations in Colombia and its Toroparu Project in Guyana.

For the three and nine months ended September 30, 2021 and 2020, all the Company's sales were made to one customer under a long-term supply agreement in the Colombian segment. There were no sales or revenue earned from the other segments.

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021
(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

The following table shows the Company's reportable segments and its geographic locations:

	Colombia Segovia Operations	Guyana Toroparu Project	Colombia Marmato Project ⁽¹⁾	Canada Juby Project ⁽¹⁾	Corporate	Total
<i>Nine months ended September 30, 2021</i>						
Net income (loss)	\$ 81,022	\$ -	\$ (14,679)	\$ -	\$ 107,019	\$ 173,362
Capital expenditures	36,918	2,337	2,153	-	88	41,496
<i>As at September 30, 2021</i>						
Total assets	\$ 274,649	\$ 268,192	\$ -	\$ -	\$ 444,238	\$ 987,079
Total liabilities	71,266	84,440	-	-	342,711	498,417
<i>Nine months ended September 30, 2020</i>						
Net income (loss)	\$ 87,982	\$ -	\$ (49,370)	\$ -	\$ (14,908)	\$ 23,704
Capital expenditures	23,838	-	12,020	-	3,275	39,133
<i>As at December 31, 2020</i>						
Total assets	\$ 248,316	\$ -	\$ 66,505	\$ 50,052	\$ 285,692	\$ 650,565
Total liabilities	100,696	-	19,629	-	334,012	454,337

(1) Includes Marmato Project and Juby Project up to February 4, 2021. As a result of the Aris Transaction (Note 4a), the Company derecognized related assets, liabilities and non-controlling interest related to Aris on February 4, 2021 and commenced equity accounting thereafter for its investment in Aris which is included in Corporate.

22. COMMITMENTS AND CONTINGENCIES

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

(i) *Mining title contracts – title transfers approved:* As at September 30, 2021, the Company has a total of COP 0.8 billion, equivalent to \$0.2 million (December 31, 2020 – COP 0.8 billion; \$0.2 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 September 30, 2021, the Company has commitments under these contracts to spend an additional COP 14.9 billion (\$3.8 million) (December 31, 2020 – COP 14.9 billion or \$4.3 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 September 30, 2021, a total of COP 6.5 billion (\$1.7 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, 2020 – COP 7.0 billion; \$2.1 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) *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 three and nine months ended September 30, 2021, the Company incurred a total expense for social contributions of \$2.2 million and \$6.9 million (2020 – \$2.5 million and \$4.7 million).

c) *Arbitration Proceedings under Free Trade Agreement*

In May 2018, as a consequence of ongoing impediments to establishing mining operations in Zona Alta and Echandia at its Marmato Project due to the presence of illegal miners who have not only impeded mining operations in the area by the Company but also curtailed access to it, along with certain related matters

Gran Colombia Gold Corp.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2021

(Unaudited; Tabular amounts expressed in thousands of U.S. dollars unless otherwise noted)

associated with its Segovia Operations, the Company filed a request for institution of arbitration proceedings with the International Centre for Settlement of Investment Disputes against the Republic of Colombia ("FTA Claim"). The arbitration proceedings center on claims against Colombia for its non-compliance with its obligations under the Free Trade Agreement which effectively continues to preclude the Company from establishing operations in Zona Alta and Echandia. The arbitration proceedings are in process; however, a decision on the matter is expected to be more than 12 months away.

d) 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.