

# GRAN COLOMBIA GOLD CORP.

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED JUNE 30, 2021 AUGUST 12, 2021

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The following discussion and analysis of the results of operations and financial condition ("MD&A") for Gran Colombia Gold Corp. (the "Company" or "Gran Colombia") should be read in conjunction with the unaudited condensed consolidated financial statements and related notes thereto for the three and six months ended June 30, 2021 (the "Interim Financial Statements") and the annual audited financial statements and annual MD&A for the year ended December 31, 2020, which are available on the Company's web site at [www.grancolombiagold.com](http://www.grancolombiagold.com) and on [www.sedar.com](http://www.sedar.com). Readers are encouraged to read the Cautionary Note Regarding Forward Looking Information included on page 40 of this MD&A and the Company's Annual Information Form dated as of March 31, 2021, also available on the Company's website and SEDAR. The financial information in this MD&A is derived from the Interim Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial statements in International Accounting Standard – Interim Financial Reporting ("IAS 34"). Reference should also be made to pages 28-32 for information about non-IFRS measures referred to in this MD&A. **All figures contained herein are expressed in United States dollars ("USD"), except for production, share data or as otherwise stated.**

### Second Quarter and First Half 2021 Highlights

- Gran Colombia has completed a major step forward in its **strategy to grow through diversification**, completing the acquisition on June 4, 2021 of all the shares of Gold X Mining Corp ("Gold X") it did not already own and then closing a \$300 million offering on August 9, 2021 of 6.875% Senior Unsecured Notes due 2026 (the "2026 Notes") to fund the development of the Toroparu Project in Guyana, to prepay the remaining \$18.0 million balance of its Gold Notes and for general corporate purposes. The Company is nearing completion of an updated preliminary economic assessment ("PEA") for the Toroparu Project incorporating the recently announced high-grade results from the 2020-2021 drilling program undertaken by Gold X.
- The Company added a 27% equity interest in Denarius Silver Corp. ("Denarius") to its portfolio in the first half of 2021, giving it exposure to the Lomero-Poyatos polymetallic deposit located in Spain, in close proximity to the Matsa JV project in the Iberian Pyrite Belt, and to the Guia Antigua and Zancudo Projects in Colombia.
- In February 2021, Gran Colombia also successfully brought its spin out of the Marmato Mining Assets to a conclusion, one in which the Company has a continuing equity ownership of 44% in Aris Gold Corporation ("Aris"). The Marmato operating and financial results are only consolidated up to February 4, 2021 and thereafter the Company equity accounts for its investment in Aris.
- Gran Colombia published its inaugural sustainability report in June 2021. The report reflects a focused effort on measuring and disclosing the Company's Environmental, Social and Governance ("ESG") priorities and performance moving forward. The Company remains committed to the health and safety of its employees, and through COMFAMA Colombia, was the first mining company in Antioquia to secure vaccines for employees and their families. Gran Colombia has purchased 8,000 vaccines (16,000

doses), created educational vaccine campaigns, and has administered over 5,000 first doses with second doses beginning mid-August.

- Gran Colombia's **gold production** from its Segovia Operations totaled 52,198 ounces in the second quarter of 2021 compared with 44,377 ounces in the second quarter of 2020. Total gold production from Segovia for the first half of 2021 amounted to 101,256 ounces compared with 94,723 ounces in the first half last year. In July 2021, Segovia's gold production, which reflected the impact of a planned four-day maintenance shutdown at the plant, was 15,258 ounces. This brings the Company's trailing 12-months total gold production from its Segovia Operations at the end of July 2021 to 201,688 ounces, up 3% over 2020. The Company remains on track with its annual production guidance of 200,000 to 220,000 ounces of gold from Segovia in 2021. Including Marmato production up to February 4, 2021, consolidated gold production for the first half of 2021 was 103,684 ounces compared with 104,475 ounces in the first half last year.
- Consolidated **revenue** amounted to \$96.4 million and \$198.3 million in the second quarter and first half of 2021, respectively, up from \$77.1 million and \$178.1 million in the second quarter and first half, respectively, of 2020. The year-over-year increase in revenue largely reflects an increase in the Company's realized gold price <sup>(1)</sup> which averaged \$1,805 per ounce sold in the first half of 2021 compared with an average of \$1,622 per ounce sold in the first half last year.
- At the Segovia Operations, **total cash costs** <sup>(1)</sup> averaged \$767 per ounce in the second quarter of 2021, compared with \$654 per ounce in the second quarter of 2020, bringing the average for the first half of 2021 to \$796 per ounce compared with \$625 per ounce in the first half last year. The year-over-year increase in Segovia's total cash cost per ounce in the second quarter and first half of 2021 reflects (i) an increase in contractor and artisanal mining payment rates (which had not changed since 2017) implemented in the third quarter of 2020 in response to the current gold market conditions, (ii) higher spot gold prices which increased production taxes on a per ounce basis and (iii) additional costs to maintain the necessary COVID-19 protocols required to protect the health and safety of Segovia's workers and the local communities. Including Marmato, consolidated total cash costs were \$816 per ounce in the first half of 2021 compared with \$686 per ounce in the first half last year.
- **All-in sustaining costs ("AISC")** <sup>(1)</sup> **per ounce sold** for the Segovia Operations were \$1,101 and \$1,110 in the second quarter and first half, respectively, of 2021 compared with \$965 and \$890 in the second quarter and first half, respectively, of 2020. The year-over-year increase in Segovia's AISC in 2021 reflects (i) the increased total cash costs as described above and (ii) an increase in mine development and other sustaining capital expenditures. Sustaining capital expenditures at Segovia amounted to \$19.9 million in the first half of 2021, up from \$13.0 million in the first half last year which reflected a slowdown in activity in the second quarter of 2020 during the early stages of the COVID-19 national quarantine in Colombia that delayed many of the Company's initiatives until later in 2020. Including Marmato, consolidated AISC in the first half of 2021 was \$1,133 per ounce compared with \$954 per ounce in the first half last year.
- **Adjusted EBITDA** <sup>(1)</sup> amounted to \$48.0 million for the second quarter of 2021 compared with \$37.6 million in the second quarter last year. This brings the total adjusted EBITDA for the first half of 2021 to \$94.3 million, up from \$88.0 million in the first half of 2020. The Company's trailing 12-months adjusted EBITDA at the end of June 2021 stood at \$194.1 million compared with \$187.8 million in 2020.

(1) Refer to "Non-IFRS" Measures on pages 28-32.

- **Net cash provided by operating activities** in the second quarter of 2021 was \$12.8 million compared with \$7.0 million in the second quarter last year. Operating cash flow in the second quarter each year typically bears the heaviest impact of income tax payments in Colombia which amounted to \$49.3 million in the second quarter of 2021, up from \$35.3 million in the second quarter last year. For the first half of 2021, net cash provided by operating activities amounted to \$26.4 million compared with \$38.9 million in the first half last year reflecting the increased level of income tax payments in 2021 and \$8.8 million of change of control payments made by Aris related to the Aris Transaction.
- **Free Cash Flow** <sup>(1)</sup> in the second quarter of 2021, which reflected the increased levels of sustaining capital expenditures and income tax payments this year, was negative \$3.0 million compared with negative \$3.8 million in the second quarter of 2020. Free Cash Flow for the first half of 2021 was negative \$0.5 million compared with \$14.1 million in the first half of 2020. The Company's Free Cash Flow, adjusted to exclude Aris, in the first half of 2021 was \$11.8 million compared with \$20.1 million in the first half last year, reflecting an increased level of income tax payments and capital expenditures at Segovia in the first half of 2021 compared with the first half last year.
- The Company's **balance sheet** continued to reflect solid liquidity with total cash of \$57.8 million and working capital of \$59.3 million at the end of June 2021.
- The Company returned a total of \$7.6 million to shareholders in the first half of 2021 with payment of its **monthly dividends** totaling \$4.4 million and the repurchase of 702,000 shares at a cost of \$3.2 million.
- **Income from operations** in the second quarter of 2021 was \$39.6 million, up from \$30.4 million in the second quarter last year largely on the strength of higher realized gold prices and higher production volume offset partially by the increase in Segovia's total cash cost per ounce compared with the second quarter last year. Income from operations in the first half of 2021 amounted to \$78.7 million compared with \$71.3 million in the first half of 2020 despite including five fewer months of operating results from Marmato due to the loss of control of Aris at the beginning of February 2021. In the first half of 2021, the increase in realized gold prices together with lower G&A and share-based compensation expense more than mitigated the impact of Segovia's higher cash costs per ounce on income from operations.
- The Company reported **net income** of \$29.8 million (\$0.41 per share) in the second quarter of 2021 compared with a net loss of \$18.6 million (\$0.27 per share) in the second quarter of 2020, reflecting the \$9.2 million improvement in income from operations as noted above and a gain on financial instruments of \$1.5 million in the second quarter of 2021 compared with a loss on financial instruments of \$35.4 million in the second quarter of 2020. For the first half of 2021, net income amounted to \$148.1 million (\$2.31 per share) compared with \$5.7 million (\$0.13 per share) in the first half last year. Net income in the first half of 2021 reflected the \$7.4 million improvement in income from operations as noted above and also benefitted from the \$56.9 million gain on loss of control of Aris, the \$44.3 million gain on financial instruments (compared with a \$18.9 million loss on financial instruments in the first half last year) and the \$8.9 million gain on sale of the Zancudo Project. Net income in the first half of 2021 included Aris Transaction costs of \$9.8 million while net income in the first half of 2020 included Bluenose RTO Transaction costs of \$16.7 million.
- **Adjusted net income** <sup>(1)</sup> for the second quarter of 2021 was \$23.6 million (\$0.33 per share) compared with \$17.5 million (\$0.29 per share) in the second quarter last year. For the first half of 2021, adjusted net income improved to \$45.5 million (\$0.69 per share) from \$38.7 million (\$0.66 per share) in the first

(1) Refer to "Non-IFRS" Measures on pages 28-32.

half last year. The year-over-year improvement in adjusted net income in the second quarter and first half of 2021 largely reflects the factors noted above regarding income from operations partially offset by an increase in income tax expense.

- The Company's **ongoing drilling program at Segovia** continues to provide encouraging results as announced in press releases dated June 9, 2021 and July 12, 2021. Gran Colombia is carrying out 60,000 meters of drilling at Segovia in 2021 with 40,000 meters dedicated to the ongoing in-mine and near-mine drill program at its four operating mines and the other 20,000 meters is aimed at testing its highest priority brownfield targets on the 24 known veins in its mining title that it is not currently mining.

### Selected Financial Information

	Second Quarter		First Half	
	2021	2020	2021	2020
<b>Operating data</b>				
Gold produced (ounces)	52,198	48,228	103,684	104,475
Gold sold (ounces)	52,838	45,078	108,155	108,779
Average realized gold price (\$/oz sold) <sup>(1)</sup>	\$ 1,797	\$ 1,696	\$ 1,805	\$ 1,622
Total cash costs (\$/oz sold) <sup>(1)</sup>	767	713	816	686
AISC (\$/oz sold) <sup>(1)</sup>	1,101	1,045	1,133	954
<b>Financial data (\$000's, except per share amounts)</b>				
Revenue	\$ 96,353	\$ 77,134	\$ 198,272	\$ 178,110
Adjusted EBITDA <sup>(1)</sup>	47,995	37,563	94,318	88,000
Net income (loss)	29,799	(18,578)	148,104	5,677
Per share - basic	0.41	(0.27)	2.31	0.13
Per share - diluted	0.28	(0.27)	1.47	0.13
Adjusted net income <sup>(1)</sup>	23,556	17,504	45,504	38,736
Per share - basic	0.33	0.29	0.69	0.66
Per share - diluted	0.28	0.25	0.58	0.56
Net cash provided by operating activities	12,786	6,992	26,403	38,860
Free cash flow <sup>(1)</sup>	(2,984)	(3,814)	(487)	14,074
			June 30, 2021	December 31, 2020
<b>Balance sheet (\$000's):</b>				
Cash and cash equivalents			\$ 57,803	\$ 122,508
Gold Notes, including current portion – principal amount outstanding <sup>(2)</sup>			19,750	35,525
Convertible Debentures – principal amount outstanding <sup>(3)</sup>			CA18,000	CA\$20,000

(1) Refer to "Non-IFRS Measures" on pages 28-32.

(2) The Gold Notes are recorded in the Interim Financial Statements at fair value. At June 30, 2021 and December 31, 2020, the carrying amounts of the Gold Notes outstanding were \$21.6 million and \$38.5 million, respectively. Refer also to *Subsequent Event – Early Redemption* on page 9.

(3) The Convertible Debentures are recorded in the Interim Financial Statements at fair value. At June 30, 2021 and December 31, 2020, the carrying amounts of the Convertible Debentures outstanding were \$19.2 million and \$28.4 million, respectively.

### Description of Business

The Company is incorporated under the laws of the Province of British Columbia and is a Canadian-based mid-tier gold producer with its primary focus in Colombia where it is currently the largest underground gold and silver producer with several mines in operation at its high-grade Segovia Operations. In Guyana, the Company is advancing the Toroparu Project, one of the largest undeveloped gold projects in Latin America. The head office of the Company is located at 401 Bay Street, Suite 2400, PO Box 15, Toronto, Ontario, M5H 2Y4 and its registered office is located at 1166 Alberni Street, Suite 1604, Vancouver, British Columbia, V6E 3Z3. The Company also has an office in Medellin, Colombia. As of the date of this MD&A, the Company owns 44.3% of Aris, a Canadian mining company currently advancing a major expansion and modernization of its underground mining operations at its Marmato Mining Assets in Colombia. The Company's project

pipeline includes 100% ownership of the Toroparu gold/copper project in Guyana, an approximately 27% equity interest in Denarius (TSX-V: DSLV) (Spain – Lomero-Poyatos; Colombia – Guia Antigua and Zancudo) and an approximately 26% equity interest in Western Atlas Resources Inc. (“Western Atlas”) (TSX-V: WA) (Nunavut – Meadowbank).

### **Aris Transaction**

On December 3, 2020, Aris completed a non-brokered private placement (the “Aris Transaction”) of 37,777,778 subscription receipts (“Aris Subscription Receipts”) at a price of CA\$2.25 per Aris Subscription Receipt for aggregate gross proceeds of CA\$85.0 million (equivalent to US\$66.8 million at the December 31, 2020 exchange rate). The proceeds of the Aris Transaction were placed in escrow pending certain release conditions. Gran Colombia acquired 7,555,556 Aris Subscription Receipts for a total of CA\$17.0 million (approximately \$13.2 million). Each Aris Subscription Receipt entitled the holder to receive one common share of Aris and one Aris Listed Warrant having the same terms and conditions as the Aris Listed Warrants issued pursuant to the Aris Special Warrants in July 2020.

On February 4, 2021, the escrow release conditions for the Aris Transaction were satisfied and the Aris Transaction closed, with Aris issuing 37,777,778 common shares and 37,777,778 Aris Listed Warrants to the holders. On closing of the Aris Transaction, the executive officers and a majority of the Board of Directors of Aris changed pursuant to mutual agreement between Gran Colombia and a new investor group. Change of control compensation to the previous management of Aris amounted to \$9.8 million was expensed in the first quarter of 2021. In addition, Gran Colombia’s equity interest in Aris decreased from 53.5% to 44.3%. Gran Colombia recorded a gain on loss of control in the amount of \$56.9 million in the first quarter of 2021. In addition, commencing February 4, 2021, Gran Colombia ceased consolidating Aris in its financial statements and began equity accounting for its investment in Aris.

As a condition to the Aris Transaction, Gran Colombia entered into an investor agreement with Aris, which, subject to certain ownership thresholds, provides Gran Colombia 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, Gran Colombia 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.

### **Gold X Acquisition**

On March 14, 2021, the Company entered into a definitive arrangement agreement with Gold X, a Canadian junior mining company which owned the Toroparu Project in the western Guyana gold district, to acquire all of the issued and outstanding common shares of Gold X it did not already own. The acquisition was completed by way of a statutory plan of arrangement, 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 valued at \$155.9 million 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”). The Gold X Warrants, which entitle the holders to receive 0.6948 of a Gran Colombia common share when exercised, were valued at \$10.3 million at the acquisition date 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%. Including the carrying value of the Company's existing ownership of common shares, the fair value of the Gold X Warrants and acquisition costs, the total value of the consideration paid to acquire 100% of Gold X amounted to \$184.6 million.

Based on management's judgment, the acquisition does not meet the IFRS definition of a business combination as the primary asset, the Toroparu Project, is an exploration stage property and has not identified economically recoverable ore reserves. Consequently, the transaction has been accounted for as an asset acquisition. Acquisition costs incurred by the Company related to this transaction have been capitalized as part of the consideration amount.

#### *Wheaton Precious Metals Purchase Agreement ("PMPA")*

In addition to the net proceeds of the 2026 Notes Offering (refer to Subsequent Event on page 7), the Company has \$138.0 million of future funding available to it for the development of the Toroparu Project through a PMPA ("stream") obligation assumed in connection with the Gold X acquisition. Under the terms of the PMPA, Wheaton Precious Metals (Caymans) Ltd. ("Wheaton") will purchase 10% of the gold and 50% of the silver production at Toroparu in exchange of upfront cash payments totalling \$153.5 million, of which Gold X had received \$15.5 million in cash prior to the acquisition by the Company. 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 to Wheaton 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 \$3.90 per payable ounce of silver delivered to Wheaton 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 \$77.7 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.

Receipt of the remaining \$138 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 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 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.

The Company has obtained the required project capital finance through completion of the 2026 Notes and is

nearing completion of an updated PEA for the Toroparu Project, incorporating the recently announced high-grade results from the 2020-2021 drilling program undertaken by Gold X, which it expects to deliver to Wheaton prior to December 31, 2021. Security was granted to Wheaton by Gold X as required and the Company expects to meet the other conditions related to mining licenses in order to receive the remaining advance deposits under the PMPA to fund the development of the Toroparu Project.

### **Subsequent Event – Issuance of \$300 Million of 2026 Notes**

On August 9, 2021, the Company issued \$300 million of 2026 Notes. Interest on the 2026 Notes is payable semi-annually in arrears on February 9<sup>th</sup> and August 9<sup>th</sup> of each year and will mature on August 9, 2026. The net proceeds of the offering will be used by the Company to fund the development of the Toroparu Project, to fund the early redemption of the remaining balance of the Gold Notes and for general corporate purposes. The Company's subsidiaries which directly own the Segovia Operations and the Toroparu Project (the "Note Guarantors") have provided unsecured guarantees (the "Subsidiary Guarantees") for the 2026 Notes.

### **Outlook**

Gran Colombia is on track with the initial strategic objectives the Company set out for this year. Through the end of July 2021, the Company has produced 116,514 ounces of gold at its Segovia Operations and is keeping its AISC at about the \$1,100 per ounce level. Segovia's trailing 12-months total gold production is 201,688 ounces and is still expected to total between 200,000 and 220,000 ounces for this year. In February 2021, the Company paid \$7.0 million to acquire the third-party company engaged in the construction of the new polymetallic recovery plant at Segovia to add revenue diversification through the recovery of commercial quantities of zinc and lead as well as gold and silver into concentrate from its tailings. Construction is expected to be completed before the end of the third quarter this year. The polymetallic plant will add a new source of cash flow from Segovia's mining operations and will also improve the environmental impact of the Segovia Operations by eliminating these minerals from the tailings going into the El Chocho storage facility. The expansion of processing capacity from 1,500 tpd to 2,000 tpd at the Maria Dama plant is also proceeding on schedule and will be completed by the end of the year. The Company's 60,000 meters drilling program at Segovia is yielding continued high-grade intercepts at its four operating mines and encouraging results from its brownfield program.

Gran Colombia's acquisition of the approximately 85% equity interest in Gold X it did not already own on June 4, 2021 and the completion of the \$300 million 2026 Notes offering on August 9, 2021 have set the stage for the Company's growth through diversification with a second cornerstone asset in an attractive jurisdiction. The Toroparu Project represents one of the largest undeveloped gold projects in Latin America and the Company has extensively studied it over the last three years since first acquiring an equity interest in Gold X. The two-phase diamond drill program undertaken by Gold X in 2020-2021 comprised a total of 20,750 meters in 114 drill holes and has confirmed a 4-kilometer strike length of high-grade structurally controlled gold mineralization at Toroparu. In addition, the program identified a repeated pattern of intersections of NW-SE and E-W oriented sub-vertical structures containing high-grade zones extending over mineable widths up to 100 m vertically that support the Company's belief that a high-grade resource amenable to underground mining methods lies at the core of this very large, disseminated gold deposit. The Company is currently working with Nordmin to prepare an updated mineral resource estimate and PEA incorporating the high-grade results from this latest drilling program and expects to have the PEA completed before the end of the third quarter. Funded by the approximately \$6.7 million of cash in Gold X's treasury at the date of the Gold X acquisition, the Company will be completing pre-construction activities over the

balance of 2021 including engineering studies, permitting, drilling, upgrades to the camp, road and port and designing its local ESG program.

### Issued and Outstanding Securities

As at August 12, 2021, the Company had the following securities issued and outstanding:

Securities	TSX Symbol	Number	Shares Issuable	Exercise price per share	Expiry or maturity date
Common shares	GCM	98,485,770			
Stock options		2,522,332	2,522,332	CA\$2.55 to CA\$6.88	2022 to 2026
Warrants	GCM.WT.B	10,392,160	10,392,160	CA\$2.21	April 30, 2024
	Unlisted	3,260,870	3,260,870	CA\$5.40	November 5, 2023
	Unlisted	7,142,857	7,142,857	CA\$6.50	February 6, 2023
Gold X Warrants	Unlisted	2,046,500	1,421,908 <sup>(1)</sup>	CA\$5.76 <sup>(1)</sup>	October 12, 2022
	Unlisted	154,590	107,409 <sup>(1)</sup>	CA\$5.76 <sup>(1)</sup>	January 23, 2023
	Unlisted	2,728,000	1,895,414 <sup>(1)</sup>	CA\$4.61 <sup>(1)</sup>	July 20, 2023
	Unlisted	1,190,750	827,333 <sup>(1)</sup>	CA\$1.90 <sup>(1)</sup>	June 12, 2024
	Unlisted	3,219,125	2,236,648 <sup>(1)</sup>	CA\$4.03 <sup>(1)</sup>	August 27, 2024
Convertible Debentures	Unlisted	CA\$18,000,000	3,789,473	CA\$4.75	April 5, 2024
Gold Notes	GCM.NT.U	\$19,750,000	N/A	N/A	April 30, 2024

(1) Shares issuable and exercise price per share have been adjusted to reflect the Exchange Ratio of 0.6948 Gran Colombia share for each Gold X Warrant.

### *Normal Course Issuer Bid ("NCIB") for the Company's Common Shares*

The Company has a NCIB for its common shares that will terminate on September 3, 2021, or such earlier date on which purchases under the NCIB have been completed. Purchases of Shares under the NCIB will be made through the facilities of the TSX or other alternative Canadian trading systems at the market price of the shares at the time of acquisition. Daily purchases will be limited to 153,521 shares, other than block purchase exceptions. Shares purchased under the NCIB will be cancelled. The NCIB allows the Company to purchase for cancellation up to 5,934,811 shares of the Company over a 12-month period. In the first half of 2021, the Company has purchased a total of 702,000 shares for cancellation under its NCIB at an average price of CA\$5.69 per share bringing the cumulative purchases under the current NCIB to a total of 1,536,100 at an average price of CA\$5.93 per share.

In the first half of 2020, the Company had purchased a total of 56,000 common shares for cancellation under its previous NCIB, which expired on June 11, 2020, at an average price of CA\$3.42 per share.

### *Early Redemption of CA\$2 Million of Convertible Debentures in April 2021*

On April 5, 2021, the Company redeemed CA\$2.0 million aggregate principal amount of the Convertible Debentures. The holders elected to use their option to have the redemption amount settled with shares rather than receive cash. As such, the Company issued a total of 421,050 common shares to holders of the Convertible Debentures.

### *Early Redemption of \$10 Million of Gold Notes in May 2021*

On May 10, 2021, the Company completed an early optional redemption of \$10.0 million aggregate principal

amount of Gold Notes. The redemption price was equal to 104.13% of the aggregate principal amount of the Gold Notes redeemed plus accrued interest.

*Subsequent Event - Early Redemption of Remaining \$18 Million of Gold Notes on September 9, 2021*

On August 9, 2021, the Company gave notice that it will complete an early redemption of the remaining \$18.0 million aggregate principal amount of Gold Notes on September 9, 2021, at which time the Gold Notes will be delisted from the TSX. The redemption price will be equal to 104.13% of the aggregate principal amount of the Gold Notes redeemed plus accrued interest.

**Reserves and Resources**

The following table summarizes the Mineral Resource estimate for the Segovia Operations as of December 31, 2020:

Project	Deposit	Type	Measured			Indicated			Measured & Indicated			Inferred		
			Tonnes (kt)	Grade (g/t)	Au Metal (koz)	Tonnes (kt)	Grade (g/t)	Au Metal (koz)	Tonnes (kt)	Grade (g/t)	Au Metal (koz)	Tonnes (kt)	Grade (g/t)	Au Metal (koz)
Segovia	Providencia	LTR	218	18.5	130	237	14.9	114	455	16.6	243	171	9.9	55
		Pillars	109	22.3	78	99	10.2	32	208	16.5	110	384	19.8	245
	Sandra K	LTR				413	10.0	132	413	10.0	132	384	9.9	122
		Pillars				156	11.1	56	156	11.1	56	17	27.5	15
	El Silencio	LTR				1,277	9.8	404	1,277	9.8	404	1,279	9.0	371
		Pillars				1,326	10.6	454	1,326	10.6	454	395	11.4	145
	Verticales	LTR										771	7.1	176
Carla	Carla	LTR				132	6.0	25	132	6.0	25	260	9.7	81
<b>December 31, 2020 (1)</b>			<b>327</b>	<b>19.8</b>	<b>208</b>	<b>3,639</b>	<b>10.4</b>	<b>1,217</b>	<b>3,967</b>	<b>11.2</b>	<b>1,425</b>	<b>3,661</b>	<b>10.3</b>	<b>1,209</b>

- (1) The Mineral Resources are reported at an in situ cut-off grade of 2.9 g/t Au over a 1.0 m mining width, which has been derived using a gold price of US\$1,700 per ounce and suitable benchmarked technical and economic parameters for the existing underground mining (mining = US\$85.0/t, processing = US\$24.0/t, G&A = US\$24.0/t, Royalties = US\$11.1/t) and conventional gold mineralized material processing (90.5%). Each of the mining areas have been sub-divided into Pillar areas ("Pillars"), which represent the areas within the current mining development, and long-term resources ("LTR"), which lie along strike or down dip of the current mining development. Mineral Resources are reported inclusive of the Mineral Reserve. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

The following table shows a breakdown of the Mineral Reserves as of December 31, 2020:

Area	Category	Tonnes (kt)	Grade (g/t)	Au Metal (koz)
Providencia	Proven	187	13.9	83
Providencia	Probable	176	10.4	59
Sandra K	Probable	273	9.1	79
El Silencio	Probable	1,472	8.3	394
Carla	Probable	88	6.3	18
<b>December 31, 2020 (1)</b>		<b>Total</b>	<b>2,196</b>	<b>633</b>

- (1) Mineral reserves are reported using a gold cutoff grade ranging from 3.11 to 3.86 g/t depending on mining area and mining method. The cutoff grade calculations assume a \$1,600/oz Au price, 90.5% metallurgical recovery, \$6/oz smelting and refining charges, \$24/t G&A, \$24/t processing cost, and projected LOM mining costs ranging from \$85/t to \$110/t. The reserves are valid as of December 31, 2020. Mining dilution is applied to a minimum

mining height and estimated overbreak (values differ by area/mining method) using a zero grade. Reserves are inclusive of Mineral Resources. All figures are rounded to reflect the relative accuracy of the estimates. Totals may not sum due to rounding. Mineral Reserves have been stated on the basis of a mine design, mine plan, and economic model. There are potential survey unknowns in some of the mining areas and lower extractions have been used to account for these unknowns. The Mineral Reserves were estimated by Fernando Rodrigues, BS Mining, MBA, MMSAQP #01405, MAusiMM #304726 of SRK, a Qualified Person.

## Results of Operations and Overall Performance

### Gold production

(Ounces)	Second Quarter		First Half	
	2021	2020	2021	2020
Segovia Operations				
Company mines <sup>(1)</sup>				
El Silencio	21,062	16,626	39,915	33,454
Providencia	19,018	19,466	37,308	44,385
Sandra K	4,897	3,461	8,876	8,005
Carla	58	-	181	-
Total Company mines	45,036	39,553	86,279	85,843
Other contract mines <sup>(2)</sup>	7,162	4,824	14,977	8,880
Total Segovia Operations	52,198	44,377	101,256	94,723
Marmato Operations <sup>(3)</sup>	-	3,851	2,428	9,752
Total	52,198	48,228	103,684	104,475

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

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

(3) First quarter 2021 includes only the gold production from Marmato up to February 4, 2021, the date of loss of control of Aris Gold.

The Segovia Operations processed an average of 1,581 tonnes per day ("tpd") in the second quarter of 2021 with an average head grade of 12.6 g/t resulting in gold production of 52,198 ounces compared with 1,211 tpd at an average head grade of 13.9 g/t and gold production of 44,377 ounces in the second quarter last year. The Company also produced 54,573 ounces of silver at Segovia in the second quarter of 2021, up from 41,342 ounces of silver in the second quarter last year. Segovia's production in the second quarter of 2020 had been adversely affected in the first half of April 2020 while the Company implemented the health and safety protocols required to operate during the COVID-19 national quarantine in Colombia.

For the first half of 2021, the Segovia Operations processed an average of 1,526 tpd with an average head grade of 12.7 g/t compared with 1,247 tpd at an average head grade of 14.4 g/t in the first half last year. For the first half of 2021, Segovia's gold and silver production totalled 101,256 ounces and 111,888 ounces, respectively, up from 94,723 ounces of gold and 87,260 ounces of silver in the first half of 2020.

In July 2021, the Maria Dama plant was shut down for its four-day planned maintenance program and, as such, processed an average of 1,270 tpd for the month at an average head grade of 13.4 g/t. Production amounted to 15,258 ounces of gold and 14,993 ounces of silver. This brings the Company's trailing 12-months total gold production at the end of July 2021 to 201,688 ounces, up 3% over 2020. The Company remains on track with its annual production guidance for 2021 of 200,000 to 220,000 ounces.

Quarterly production data for the Company's Segovia Operations for the trailing eight quarters is as follows:

	2021		2020				2019	
	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr
<b>Company mines <sup>(1)</sup></b>								
Tonnes milled	117,901	108,015	100,306	92,689	86,810	95,614	99,815	98,892
Head grade (g/t)	13.22	13.21	14.56	16.98	15.77	16.71	18.39	16.07
Gold produced (ozs) <sup>(2)</sup>	45,036	41,243	42,176	45,526	39,553	46,290	53,385	45,936
<b>Other contract mines <sup>(3)</sup></b>								
Tonnes milled	26,008	24,274	23,211	25,364	23,385	21,219	23,921	21,966
Head grade (g/t)	9.52	11.13	11.77	8.21	7.13	6.60	6.92	6.47
Gold produced (ozs)	7,162	7,815	7,908	6,029	4,824	4,056	4,795	4,114
<b>Total</b>								
Tonnes milled	143,909	132,289	123,517	118,053	110,195	116,833	123,736	120,858
Tonnes per day (tpd)	1,581	1,470	1,343	1,283	1,211	1,284	1,345	1,314
Head grade (g/t)	12.55	12.83	14.04	15.10	13.94	14.87	16.17	14.32
Mill recovery	89.9%	89.9%	89.8%	90.0%	89.9%	90.1%	90.4%	89.9%
Gold produced (ozs) <sup>(2)</sup>	52,198	49,058	50,084	51,555	44,377	50,346	58,180	50,050
Silver produced (ozs)	54,573	57,315	51,302	47,560	41,342	45,918	50,398	44,505

- (1) Comprises the El Silencio, Providencia, Sandra K and Carla mines. Includes Company-operated and contractor-operated areas within the mines. Production from these mines is included in the Company's Mineral Reserve and Mineral Resource estimates.
- (2) Gold production may include additional ounces recovered from the mill circuit during the period. Tonnes milled, head grade and mill recovery statistics do not include any data related to these additional gold ounces produced.
- (3) Comprises other small mining operations within the Company's mining title that are operated by miners under contract to deliver the ore mined to the Company's Maria Dama plant for processing. Production from these sources is not included in the Company's Mineral Reserve and Mineral Resource estimates.

## Revenues

(\$'000's except ounce and \$/oz data)	Second Quarter		First Half	
	2021	2020	2021	2020
<b>Gold</b>				
Ounces sold	52,838	45,078	108,155	108,779
Average realized price (\$/oz)	1,797	1,696	1,805	1,622
<b>Silver</b>				
Ounces sold	55,109	43,281	122,009	104,561
Average realized price (\$/oz)	25	15	25	16
<b>Revenues</b>				
Gold	\$ 94,957	\$ 76,465	\$ 195,198	\$ 176,460
Silver	1,396	669	3,074	1,650
	\$ 96,353	\$ 77,134	\$ 198,272	\$ 178,110

Consolidated revenue in the second quarter of 2021 did not include any revenue from the Marmato Mining Assets as a result of the loss of control early in 2021 as explained on page 5. Excluding Marmato's revenue (refer to the reconciliation on page 29), Segovia's revenue of \$96.4 million in the second quarter of 2021 was up 36% over the second quarter of 2020 as a result of a 6% increase in realized gold prices, a 28% increase in the volume of gold sold (second quarter 2020 gold production was adversely impacted by the COVID-19 national quarantine) and increased silver revenue. These factors also contributed to the 20% increase in Segovia's revenue to \$193.2 million in the first half of 2021 compared with the first half last year. Marmato contributed \$5.1 million and \$16.9 million to consolidated revenue in the first half of 2021 and 2020, respectively.

## Cost of sales

	Second Quarter		First Half	
	2021	2020	2021	2020
Production costs	\$ 38,674	\$ 29,573	\$ 84,672	\$ 69,453
Production taxes	3,274	3,250	6,633	6,832
Depreciation, depletion and amortization ("DD&A")	7,945	5,119	15,614	11,916
<b>Total cost of sales</b>	<b>\$ 49,893</b>	<b>\$ 37,942</b>	<b>\$ 106,919</b>	<b>\$ 88,201</b>
Total cash costs per ounce <sup>(1)</sup>				
Production costs	\$ 732	\$ 656	\$ 783	\$ 638
Production taxes	62	72	61	63
By-product credits (silver)	(27)	(15)	(28)	(15)
	<b>\$ 767</b>	<b>\$ 713</b>	<b>\$ 816</b>	<b>\$ 686</b>

(1) See "Non-IFRS Measures" on pages 28-32.

Similar to revenue, consolidated cost of sales did not include any costs from the Marmato Mining Assets in the second quarter of 2021. The increased level of cost of sales in the second quarter of 2021 compared with the second quarter last year reflects (i) the 17% increase in the volume of gold sales, (ii) an increase in total cash costs per ounce sold to \$767 in the second quarter of 2021 compared with \$713 in the second quarter last year resulting from an increase in Segovia's contractor and artisanal mining payment rates (which had not changed since 2017) implemented in the third quarter of 2020 in response to the current gold market conditions, higher spot gold prices which increased production taxes on a per ounce basis and additional costs to maintain the necessary COVID-19 protocols required to protect the health and safety of Segovia's workers, and (iii) an increase in the DD&A rate to an average of \$150 per ounce sold in the second quarter of 2021 from \$114 per ounce sold in the second quarter of 2020 resulting from the impact on DD&A rates of Segovia's capital expenditures over the last 12 months.

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

	2021		2020				2019	
	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr
Segovia Operations	\$ 767	\$ 825	\$ 830	\$ 722	\$ 654	\$ 604	\$ 637	\$ 621
Marmato Operations <sup>(1)</sup>	-	1,595	1,421	1,353	1,366	1,215	1,063	1,156
<b>Company average</b>	<b>\$ 767</b>	<b>\$ 862</b>	<b>\$ 904</b>	<b>\$ 796</b>	<b>\$ 713</b>	<b>\$ 667</b>	<b>\$ 685</b>	<b>\$ 684</b>

(1) The methodology used to calculate total cash cost per ounce sold reflects the Company's approach and differs in certain aspects with Aris' approach. The first quarter 2021 data represents operating results only for the period from January 1 to February 4, 2021, the date of loss of control of Aris. Thereafter, the Company is using equity accounting for its investment in Aris.

For the first half of 2021, cost of sales of \$106.9 million (including \$5.4 million related to the Marmato Mining Assets up to February 4, 2021) had increased from \$88.2 million (including \$13.8 million related to the Marmato Mining Assets) for similar reasons to those outlined above for the second quarter of 2021.

### Social programs and contributions

(\$000's)	Second Quarter		First Half	
	2021	2020	2021	2020
Segovia Operations	\$ 2,596	\$ 2,130	\$ 4,727	\$ 4,332
Marmato Operations	-	385	29	385
	\$ 2,596	\$ 2,515	\$ 4,756	\$ 4,717

At its Segovia Operations, the Company makes contributions to a trust account to fund social programs with the amount of the quarterly contributions determined by a formula based on gold production and tied to the spot price of gold. Increases in Segovia's gold production and spot prices in 2021 contributed to the increased levels of social contributions in both the second quarter and first half compared with the same periods last year.

### Other items

(\$000's)	Second Quarter		First Half	
	2021	2020	2021	2020
G&A expenses	\$ 3,835	\$ 4,248	\$ 7,929	\$ 9,138
Share-based compensation expense (recovery)	393	1,999	(79)	4,764
Finance costs	2,850	2,940	6,378	9,203
Aris and Bluenose RTO Transactions costs	-	-	9,817	16,700
Gain (loss) on financial instruments	1,476	(35,403)	44,324	(18,896)
Gain on sales of assets and securities	-	3,099	8,913	3,099
Income tax expense	13,813	10,180	28,244	25,808

**G&A expenses** in the second quarter and first half of 2021 were lower than the same periods last year reflecting the change to equity accounting for the Company's investment in Aris starting in February 2021. In 2021, the Company has also incurred a lower level of costs associated with its request for institution of arbitration proceedings with the International Centre for Settlement of Investment Disputes ("ICSID") in respect of the Company's claim against the Republic of Colombia (the "FTA Claim"). G&A in the first half last year also included costs associated with the arbitration related to the Company's termination of a long-term refinery contract in early 2019 which was ultimately settled in the Company's favor in October 2020.

**Share-based compensation expense** represents the fair value of the long-term incentive program ("LTIP") compensation granted to directors, executives and managers of the Company and, up until February 4, 2021, Aris. The LTIP comprises stock options and performance share units ("PSUs") for executive officers and managers and deferred share units ("DSUs") for non-executive directors. Share-based compensation expense, including changes in fair value, is summarized as follows:

(\$000's)	Second Quarter		First Half	
	2021	2020	2021	2020
Company LTIP				
Stock options	\$ 311	\$ -	\$ 311	\$ 688
DSUs	178	865	(408)	672
PSUs	(96)	257	(422)	250
Aris LTIP				
Stock options	-	579	311	2,710
DSUs	-	298	129	444
Share-based compensation expense (recovery)	\$ 393	\$ 1,999	\$ (79)	\$ 4,764

Share-based compensation expense in the second quarter of 2021 includes \$0.3 million associated with 924,000 stock options granted by the Company on April 1, 2021 to executive officers and management which have a one-year vesting period. The previous annual stock option grants by the Company typically vested immediately. The net recovery of share-based compensation expense in the first half of 2021 reflects the impact of the decrease in the Company's share price on the fair values of its PSUs and DSUs included in accounts payable and accrued liabilities at June 30, 2021.

**Finance costs** include recurring items related to debt service and financial obligations, such as interest expense, gold premiums and non-cash accretion, in addition to fees and expenses associated with financing transactions. Finance costs in the current and prior year periods are summarized as follows:

(\$000's)	Second Quarter		First Half	
	2021	2020	2021	2020
Interest expense				
Gold Notes	\$ 519	\$ 875	\$ 1,212	\$ 2,226
Convertible Debentures	292	289	610	582
Aris Gold Notes	-	-	519	-
Other	34	25	57	58
Gold Premiums on Gold Notes	1,171	1,279	2,532	2,445
Applicable Premium on early redemption of Gold Notes	413	-	413	1,977
Non-cash accretion of lease and other financial obligations	421	472	886	955
Subtotal before the following	2,850	2,940	6,229	8,243
Transaction fees and expenses				
Private placement completed by the Company	-	-	-	560
Financings completed by Aris			149	400
	\$ 2,850	\$ 2,940	\$ 6,378	\$ 9,203

Finance costs in the second quarter and first half of 2021 included a \$0.4 million premium in connection with an early optional redemption of \$10.0 million of the Gold Notes completed in May 2021. Finance costs in the first half of 2020 included a \$2.0 million premium in connection with an early optional redemption of \$19.1 million of the Gold Notes completed in March 2020. These early optional redemptions and the ongoing quarterly principal repayments contributed to the reduction in interest expense on the Gold Notes to \$1.2 million in the first half of 2021 compared with \$2.2 million in the first half last year. Interest expense in the first half of 2021 also included \$0.5 million for one month's interest on the Aris Gold Notes prior to the Aris Transaction, after which the results of Aris have been equity accounted.

In the first half of 2021, Aris incurred a total of \$9.8 million of Aris Transaction costs related to the change of control payments due to the previous management, of which \$8.8 million was paid at closing. In the first half of 2020, the Company recorded a charge in the amount of \$16.7 million in connection with the Bluenose RTO Transaction.

The Company has a number of financial instruments for which changes in fair value from quarter to quarter, largely driven by market volatility affecting share prices used as inputs in the valuation of warrants, are recognized at fair value through profit and loss. In the second quarter of 2021, the Company recorded a **gain on financial instruments** of \$1.5 million bringing the gain on financial instruments for the first half of 2021 to \$44.3 million. In the second quarter of 2020, the Company recorded a loss on financial instruments of \$35.4

million bringing the loss on financial instruments for the first half of 2020 to \$19.0 million. The major components of the gain on financial instruments include:

- A total fair value gain on derivative financial liabilities of \$8.1 million in the second quarter of 2021 bringing the total gain for the first half of 2021 to \$47.6 million. The decrease in the Company's share price in the second quarter and first half of 2021 was the key driver behind the fair value gains on the Company's Convertible Debentures, Listed Warrants and Unlisted Warrants. Conversely, the impact of an increase in the Company's share price through the first half of 2020 on the fair values of the Company's Convertible Debentures, Listed Warrants and Unlisted Warrants contributed to losses on derivative financial liabilities of \$45.3 million and \$25.9 million in the second quarter and first half of 2020, respectively.
- A total fair value loss of \$6.6 million in the second quarter of 2021 related to its derivative financial assets including the Denarius Subscription Receipts, Gold X Warrants, Aris Subscription Receipts, Aris Gold Notes, Aris Warrants and Western Atlas Warrants. This brought the first half loss on derivative financial assets to \$3.2 million. In the second quarter and first half of 2020, the Company had recorded fair value gains of \$9.9 million and 7.0 million, respectively, on these financial instruments.

In the first half of 2021, the Company recorded an \$8.9 million gain on sale of its Zancudo Project in a spin out transaction to Denarius as described on page 22. In the second quarter and first half of 2020, the Company recorded a \$3.1 million gain on sale of securities, net of transaction costs, related to shares of Guyana Goldfields it had acquired in the open market in connection with an aborted takeover bid.

The Company recorded **income tax expense** in the second quarter and first half of 2021 of \$13.8 million and \$28.2 million, respectively, compared with \$10.2 million and \$25.8 million in the second quarter and first half of 2020, respectively. The effective income tax rate on the Company's reported pre-tax income or loss will ordinarily vary from the expected income tax expense based on the 26.5% combined statutory tax rate in Canada as a result of differences in tax rates in Colombia (which decreased from 32% in 2020 to 31% in 2021) and other foreign jurisdictions, non-taxable gains (such as the gain on loss of control in Aris), non-deductible expenses (such as the Aris and Bluenose RTO Transaction costs), losses incurred in jurisdictions outside Colombia for which deferred tax assets are not recognized and other less individually significant items.

#### *Income from operations, net income and adjusted net income*

Income from operations in the second quarter of 2021 was \$39.6 million, up from \$30.4 million in the second quarter last year largely on the strength of higher realized gold prices and higher production volume offset partially by the increase in Segovia's total cash cost per ounce compared with the second quarter last year. Income from operations in the first half of 2021 amounted to \$78.7 million compared with \$71.3 million in the first half of 2020 despite including five fewer months of operating results from Marmato due to the loss of control of Aris at the beginning of February 2021. In the first half of 2021, the increase in realized gold prices together with lower G&A and share-based compensation expense more than mitigated the impact of Segovia's higher cash costs per ounce on income from operations.

The Company reported **net income** of \$29.8 million (\$0.401 per share) in the second quarter of 2021 compared with a net loss of \$18.6 million (\$0.27 per share) in the second quarter of 2020, reflecting the \$9.2 million improvement in income from operations as noted above and a gain on financial instruments of \$1.5 million in the second quarter of 2021 compared with a loss on financial instruments of \$35.4 million in the

second quarter of 2020. For the first half of 2021, net income amounted to \$148.1 million (\$2.31 per share) compared with \$5.7 million (\$0.13 per share) in the first half last year. Net income in the first half of 2021 reflected the \$7.4 million improvement in income from operations as noted above and also benefitted from the \$56.9 million gain on loss of control of Aris, the \$44.3 million gain on financial instruments (compared with a \$18.9 million loss on financial instruments in the first half last year) and the \$8.9 million gain on sale of the Zancudo Project. Net income in the first half of 2021 included Aris Transaction costs of \$9.8 million while net income in the first half of 2020 included Bluenose RTO Transaction costs of \$16.7 million.

The Company computes **adjusted net income** reflecting the after-tax adjustments to exclude the gain on loss of control of Aris, RTO and other transactions costs, the gain/loss on financial instruments, the gain on sale of assets, debt financing costs, foreign exchange gains/losses and income/losses from equity accounting in associates, all as set out in the reconciliation of this non-IFRS measure on page 31 of this MD&A. Adjusted net income for the second quarter of 2021 was \$23.6 million (\$0.33 per share) compared with \$17.5 million (\$0.29 per share) in the second quarter last year. For the first half of 2021, adjusted net income improved to \$45.5 million (\$0.69 per share) from \$38.7 million (\$0.66 per share) in the first half last year. The year-over-year improvement in adjusted net income in the second quarter and first half of 2021 largely reflects the factors noted on page 15 regarding income from operations partially offset by an increase in income tax expense.

## Summary of Quarterly Results

\$000's except ounce, per ounce and per share data	2021 <sup>(4)</sup>		2020				2019	
	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	4 <sup>th</sup> Qtr	3 <sup>rd</sup> Qtr
<b>Operating data:</b>								
Gold produced (ounces)	52,198	51,486	57,265	58,454	48,228	56,247	65,237	56,271
Gold sold (ounces)	52,838	55,317	52,478	59,633	45,078	63,701	59,169	56,284
Average realized gold price (1)	\$ 1,797	\$ 1,812	\$ 1,875	\$ 1,875	\$ 1,696	\$ 1,570	\$ 1,480	\$ 1,458
Silver sold (ounces)	55,109	66,900	54,943	57,917	43,281	61,280	55,957	53,578
Average realized silver price (1)	\$ 25	\$ 25	\$ 23	\$ 23	\$ 15	\$ 16	\$ 16	\$ 16
Total cash costs (1, 2)	767	862	904	796	713	667	685	684
All-in sustaining costs (1, 2)	1,101	1,164	1,382	1,122	1,045	890	1,003	951
<b>Financial data:</b>								
Revenue								
Gold	\$ 94,957	\$ 100,241	\$ 98,396	\$ 111,826	\$ 76,465	\$ 99,995	\$ 87,545	\$ 82,073
Silver	1,396	1,678	1,277	1,312	669	981	918	879
Total	96,353	101,919	99,673	113,138	77,134	100,976	88,463	82,952
Cost of sales	49,893	57,026	55,265	55,255	37,942	50,259	49,486	46,220
G&A	3,835	4,094	4,731	4,938	4,248	4,890	4,339	4,865
Impairment charge (3)	-	-	-	-	-	-	175,989	-
Share-based compensation	393	(472)	2,345	702	1,999	2,765	362	342
Social programs and contributions	2,596	2,160	3,155	2,765	2,515	2,202	2,096	1,767
Income (loss) from operations	39,636	39,111	34,177	49,478	30,430	40,860	(143,809)	29,758
Finance costs, net of income	(2,542)	(3,229)	(9,192)	(11,368)	(2,379)	(5,848)	(3,155)	(2,978)
Aris/Bluenose RTO Transactions costs	-	(9,817)	-	-	-	(16,700)	(273)	-
Gain on loss of control of Aris (4)	-	56,886	-	-	-	-	-	-
Gain (loss) on financial instruments	1,476	42,848	(51,609)	(2,364)	(35,403)	16,507	(9,425)	(7,466)
Gain on sale of assets/securities	-	8,913	-	-	3,099	-	-	-
Foreign exchange	462	188	(4,690)	(410)	(2,648)	5,784	(1,143)	629
Equity-accounted (loss) gain (4)	4,580	(2,164)	2,338	200	(1,497)	(720)	(1,671)	(134)
Income (loss) before taxes	43,612	132,736	(28,976)	35,536	(8,398)	39,883	(159,476)	19,809
Income tax (expense) recovery	(13,813)	(14,431)	(22,299)	(17,509)	(10,180)	(15,628)	10,627	(10,795)
Net income (loss)	29,799	118,305	(51,275)	18,027	(18,578)	24,255	(148,849)	9,014
Per share								
Basic	0.41	2.02	(0.59)	0.39	(0.27)	0.42	(2.65)	0.18
Diluted	0.28	1.28	(0.59)	0.17	(0.27)	0.42	(2.65)	0.18
Adjusted EBITDA (2)	47,995	46,323	43,076	56,688	37,563	50,437	40,607	37,595
Adjusted net income (2)	23,556	21,948	7,703	29,503	17,504	21,232	17,113	16,168
Adjusted per share (2)								
Basic	0.33	0.36	0.15	0.47	0.29	0.37	0.33	0.33
Diluted	0.28	0.31	0.13	0.40	0.25	0.32	0.27	0.27
Net cash provided by operating activities	12,786	13,617	29,494	68,024	6,992	31,868	34,635	30,606
Free Cash Flow (2)	(2,984)	2,497	5,828	53,677	(3,814)	17,888	21,953	19,630

(1) Per ounce sold.

(2) Refer to "Non-IFRS Measures" on pages 28-32.

(3) The Company recorded an impairment charge in the fourth quarter of 2019 related to Zona Alta at its Marmato Project.

(4) As a result of the Aris Transaction in the first quarter of 2021, the Company's equity interest in Aris decreased from 53.5% to 44.3% on February 4, 2021, at which time the Company recognized a \$56.9 million gain on loss of control of Aris and commenced equity accounting for its investment in Aris. Prior to February 4, 2021, Aris was consolidated in the Company's operating and financial data.

## Liquidity and Capital Resources

The Company's balance sheet was simplified on February 4, 2021 with the de-consolidation of Aris as a result of the loss of control in the Aris Transaction and is more reflective of the Company's financial position as the long-term debt and precious metals stream facilities in Aris are non-recourse to the Company. The Company has continued to strengthen its financial position in 2021, operating normally despite the ongoing COVID-19 situation and using its Free Cash Flow to deleverage its financial position through quarterly amortizing payments and early optional redemptions of its Gold Notes. Following the Gold X acquisition completed on June 4, 2021, the Company strengthened its liquidity through the \$300 million 2026 Notes offering closed on August 9, 2021. The net proceeds of the 2026 Notes will be used to fund the development of the Toroparu Project, to prepay the remaining \$18.0 million principal amount of Gold Notes outstanding and for general corporate purposes. Combined with the expected future advance deposits amounting to \$138 million under the Wheaton PMPA for the Toroparu Project, the Company believes it has more than sufficient liquidity to fund the development of the Toroparu Project.

Free Cash Flow for the first half of 2021 (refer to computation on page 32) was negative \$0.5 million compared with \$14.1 million in the first half of 2020. The Company's Free Cash Flow, adjusted to exclude Aris, in the first half of 2021 was \$11.8 million compared with \$20.1 million in the first half last year, reflecting an increased level of income tax payments and capital expenditures at Segovia in the first half of 2021 compared with the first half last year.

The Company used its cash position and Free Cash Flow (excluding Aris) in the first half of 2021 to (a) fund the \$7.0 million acquisition of the third-party company constructing the polymetallic recovery plant in its Segovia mining title, (b) fund its purchase of Denarius Subscription Receipts at a cost of \$7.9 million, (c) fund its payments related to the Gold Notes, Convertible Debentures and leases which amounted to a total of \$20.3 million, (d) continue to fund its ongoing monthly dividends amounting to a total of \$4.4 million and (e) to repurchase 702,000 common shares for cancellation under its NCIB at a cost of approximately \$3.2 million.

At June 30, 2021, the Company's cash position stood at \$57.8 million and the aggregate principal amount of the Gold Notes had been reduced to \$19.8 million. Subsequent to June 30, 2021, the Company used the gold in the Gold Trust Account and its cash position to complete the next scheduled Amortizing Payment on August 3, 2021 bringing the aggregate principal amount of the Gold Notes outstanding as of the date of this MD&A to \$18.0 million. On August 9, 2021, the Company gave notice that it will redeem the remaining balance of the Gold Notes on September 9, 2021.

The Company's consolidated working capital decreased to \$59.3 million at June 30, 2021 from \$150.3 million at the end of 2020, which included approximately \$94.5 million related to Aris. Key components of the Company's consolidated working capital at June 30, 2021 include:

- *Cash and cash equivalents* - \$57.8 million, down from \$122.5 million at the end of 2020 (which included \$33.0 million in Aris), reflecting the Company's Free Cash Flow and uses as noted above, an inflow of \$4.6 million of cash, after transaction costs, from the Gold X acquisition, \$0.5 million of proceeds from the exercises of stock options and warrants and a \$6.0 million adverse impact on cash balances held in Colombia as a result of the COP exchange rate change against the U.S. dollar in the first half of 2021.
- *Cash in escrow* - \$Nil compared with \$144.4 million at the end of 2020. \$2.3 million of the balance at the

end of 2020 represented the Company's subscription in the Guia Antigua Private Placement (see page 22) that closed on February 19, 2021 and was exchanged for common shares of Denarius. The remaining \$142.1 million balance at the end of 2020 represented escrowed financing proceeds in Aris, most of which was released to Aris in early February 2021.

- *Gold Trust Account* - \$2.6 million associated with 1,500 ounces on deposit, compared with \$4.4 million associated with 2,310 ounces on deposit at the end of 2020. This represents the physical gold the Company deposited in accordance with the terms of the Gold Notes to meet the quarterly Amortizing Payments. The Company subsequently sold 1,395 ounces held in the Gold Trust Account at June 30, 2021 on July 15, 2021 to fund the quarterly Amortizing Payment of the Gold Notes on August 3, 2021.
- *Accounts receivable* – \$16.0 million, down from \$24.2 million at the end of 2020 (which included \$2.2 million in Aris). The Company had experienced delays in late 2020 and early 2021 in the processing of its VAT refund claims as a result of the impact of the COVID-19 situation on government operations in Colombia. These delays were rectified in the second quarter of 2021 and the level of VAT receivables has returned to normal.
- *Inventories* - \$16.2 million, down from \$30.4 million at the end of 2020 (which included \$8.2 million in Aris). At the Segovia Operations, inventory decreased by approximately \$5.9 million, of which approximately \$5.3 million was attributable to a decrease in mineral inventories which had built up at the end of 2020 due to the holiday shutdown at the refinery and were subsequently shipped in the first half of 2021 and the balance was largely due to the impact of foreign exchange revaluation.
- *Accounts payable and accrued liabilities* - \$28.5 million, down from \$48.5 million at the end of 2020 (which included \$13.0 million in Aris), reflecting payments to suppliers and foreign exchange revaluation in the first half of 2021 and a reduction in the fair value of DSU and PSU obligations due to the decrease in the Company's share price at the end of June 2021 compared with the end of 2020.
- *Subscription Receipts payable* - \$Nil compared with \$74.1 million at the end of 2020. The balance at the end of 2020 represents the fair value of the Aris Subscription receipts that were subsequently exchanged for Aris common shares and Aris Listed Warrants on February 4, 2021 (see page 5).
- *Income tax receivable/payable* – a receivable of \$2.7 million, down from a payable of \$38.0 million at the end of 2020 (which included \$1.2 million in Aris). The change in the first half of 2021 principally reflects an increase of \$26.8 million for the current provision for income taxes recorded against earnings for the first half, primarily associated with the Company's Colombian mining operations, net of \$63.8 million of income taxes paid in Colombia in the first half related to the balance owing from 2020 and prepayments for 2021 and the balance of the decrease primarily due to the impact of foreign exchange revaluation.
- *Current portion of long-term debt* - \$7.0 million, down from \$12.4 million at the end of 2020 (which included \$1.3 million in Aris). The decrease at June 30, 2021 reflects the acceleration of the Company's repayment of its Gold Notes due to the \$10.0 million early optional redemption of the Gold Notes on May 10, 2021. This early optional redemption proportionately reduced the quarterly Amortizing Payments over the remaining term of the Gold Notes.
- *Current portion of lease obligations* - \$1.8 million, down from \$2.0 million at the end of 2020, represents lease payments to be made over the next 12 months.

- *Current portion of provisions* - \$0.8 million, down from \$1.2 million at the end of 2020. The balance at June 30, 2021 includes \$0.6 million for the next 12 monthly payments to fund the ongoing health plan obligations at the Segovia Operations and \$0.2 million of expected rehabilitation costs and environmental fees to be paid over the next 12 months related to the closure of tailings storage facilities at the Segovia Operations.
- *Amounts payable for acquisitions of mining interests* - \$2.0 million related to Zona Alta at the Marmato Project, down from \$2.3 million from the end of 2020 reflecting a \$0.1 million decrease due to foreign exchange revaluation and \$0.2 million of payments.

The Company is maintaining its vigorous health and safety protocols at its Segovia Operations and its Medellin office. In addition, employees at its Toronto office continue to work remotely. To the extent possible, the Company expects that its mines will continue to operate during the ongoing COVID-19 situation in Colombia. The Company is continuing to monitor the situation and at this point in time, is continuing to take remedial action under its business continuity program as required. The Company's cash balances are sufficient to meet its debt service and other financial obligations over the next year. In the event more stringent COVID-19 restrictions are reinstated in Colombia or other circumstances disrupt the Company's operations for a prolonged period, the Company may have to take actions to reduce discretionary spending in order to preserve liquidity and fund the planned development of the Toroparu Project.

### **Operating activities**

Net cash provided by operating activities in the first half of 2021 amounted to \$26.4 million and reflected \$10.1 million used in operating activities by Aris. In the first half of 2020, net cash provided by operating activities was \$38.9 million, including \$0.7 million provided by operating activities in Aris. The year-over-year decrease in operating cash flow can largely be attributed to two factors. Income taxes paid in the first half of 2021 increased to \$63.8 million from \$42.6 million in the first half of 2020. In addition, Aris paid \$8.8 million of costs on closing of the Aris Transaction in the first half of 2021.

### **Investing activities**

Net cash used in investing activities in the first half of 2021 of \$188.7 million, up from \$30.9 million in the first half of 2020, comprised the following:

- A \$151.4 million reduction in cash as a result of the loss of control of Aris on February 4, 2021 (refer to Aris Transaction on page 5). This cash balance included funds released from escrow in conjunction with the Marmato mining title extension and closing of the Aris Transaction as outlined under *Financing Activities* on page 23.
- Additions to mining interests, plant and equipment of \$26.9 million in the first half of 2021 compared with \$24.8 million in the first half of 2020 as set out in the table on page 21;
- \$7.0 million used to acquire the polymetallic recovery plant under construction in the Company's Segovia mining title;
- \$7.9 million spent to subscribe for subscription receipts in Denarius (as described on page 22); and
- \$6.7 million of cash in Gold X at the closing of the Gold X acquisition, of which the Company used \$2.1 million to fund costs associated with the transaction.

Additions to mining interests, plant and equipment in the consolidated statements of cash flow can be broken down as follows:

	Second Quarter		First Half	
	2021	2020	2021	2020
Sustaining capital and E&E costs				
Segovia	\$ 10,725	\$ 6,751	\$ 19,889	\$ 12,972
Marmato	-	900	689	1,531
<b>Total sustaining capital and E&amp;E costs</b>	<b>10,725</b>	<b>7,651</b>	<b>20,578</b>	<b>14,503</b>
Non-sustaining capital and E&E costs:				
Segovia exploration	456	135	1,060	135
Expansion of Segovia processing and material handling facilities	1,391	-	2,478	-
Segovia ESG initiative	-	-	-	3,000
Toroparu Project	150	-	150	-
Medellin office leasehold improvements	15	-	131	-
Marmato expansion and Juby Projects	-	2,986	1,464	5,562
Change in accounts payable and accrued liabilities related to capital expenditures	2,950	(49)	844	1,408
Change in amounts payable for acquisitions of mining interests	83	83	185	178
<b>Additions to mining interests, plant and equipment</b>	<b>\$ 15,770</b>	<b>\$ 10,806</b>	<b>\$ 26,890</b>	<b>\$ 24,786</b>

Sustaining capital expenditures of \$19.9 million at the Segovia Operations in the first half of 2021 included (i) \$4.5 million for drilling under the Company's ongoing exploration campaign at its four existing mines, (ii) \$7.4 million for ongoing mine development, (iii) \$5.6 million for the Company's four mines including additional underground equipment, mine geology and infrastructure improvements, (iv) \$0.6 million for costs related to the ongoing construction activities at the El Chocho tailings storage facility, (v) \$0.5 million for hydrological studies within the Segovia mining area and (vi) \$1.3 million associated with upgrades at the Maria Dama plant and the Segovia site facilities.

Non-sustaining capital expenditures at the Segovia Operations in the first half of 2021 included (i) \$1.1 million for the brownfield exploration program, primarily focused on the Vera and Marmajito veins and the preparatory work for drilling in the second half of 2021 at Cristales, (ii) \$2.5 million related projects to expand the capacity of the Maria Dama processing plant to 2,000 tpd, to add additional crushing and blending facilities and for construction at the new polymetallic recovery plant, and (iii) \$0.1 million for leasehold improvement construction at the Company's new management office in Medellin.

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

In 2020, the Company entered into a letter of intent with Renenergetica Colombia S.A.S. ("Renenergetica"), a subsidiary of Renenergetica S.p.A., to acquire through its Segovia Operations, a solar project in the Tolima Region, Colombia (the "Suarez Project"). The Suarez Project will connect to the Colombian National Electric System and is expected to become operational mid-2022. The capital cost of the Suarez Project, expected to total approximately \$8.3 million, may be financed by up to 70% through local banks involved in "green financing" and will benefit from special tax incentives in Colombia on investments in renewable energy. The Company is currently in the process of obtaining permits and financing related to the project and expects construction will commence later this year.

### *Spin out of Zancudo Project to Denarius and Denarius Private Placements*

On February 19, 2021, ESV Resources Ltd. (“ESV”), a company listed on the TSXV, completed an RTO transaction through the concurrent closing of the following three transactions:

- The amalgamation of ESV with 1255269 B.C. Ltd. (the “Guia Antigua Vendor”) pursuant to a November 2020 Amalgamation Agreement. The Guia Antigua Vendor owned 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 of the Guia Antigua Vendor and paid a financial advisory fee to a third party equal to 300,000 common shares;
- The closing of the Guia Antigua Private Placement immediately prior to closing of the Amalgamation Agreement pursuant to which the Guia Antigua Subscription Receipts automatically converted into the equivalent number of common shares of the Guia Antigua Vendor for no additional consideration. These common shares were immediately exchanged in the RTO transaction for common shares of ESV on a one-for-one basis. In November 2020, the Guia Antigua Vendor had completed the Guia Antigua Private Placement for gross proceeds of approximately CA\$8.4 million by issuing 18,675,053 Guia Antigua Subscription Receipts at a price of CA\$0.45 per Guia Antigua Subscription Receipt. The Company had subscribed for 6,666,666 Guia Antigua Subscription Receipts amounting to CA\$3.0 million (equivalent to \$2.3 million); and
- The acquisition by ESV, pursuant to a November 2020 Share Purchase Agreement, 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.

On closing of its RTO transaction, ESV changed its name to Denarius. 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 at the closing of the RTO transaction and are subject to a voluntary pooling arrangement from which 50% of the shares have been released and the balance will be released on each of September 27, 2021 and December 28, 2021.

The above transactions resulted in the Company having significant influence over Denarius as of February 19, 2021. As such, the Company will equity account for its investment in Denarius after February 19, 2021. The Company recorded a loss of \$5.2 million in the first half of 2021 related to its share of Denarius’ loss.

In March 2021, the Company acquired 22,222,223 units of Denarius (“Denarius Subscription Receipts”) by participating in a private placement at a price of CA\$0.45 per unit for a total cash consideration of CA\$10.0 million (equivalent to \$7.9 million). Each Denarius Subscription Receipt comprised one common share and one share purchase warrant entitling the holder to purchase one additional share at CA\$0.80 until March 17, 2026. On closing of the private placement on April 29, 2021, the Denarius Subscription Receipts were exchanged for common shares and warrants of Denarius and the Company’s equity interest in Denarius decreased to 27.3% resulting on a gain on dilution of \$2.1 million.

## **Financing activities**

In the first half of 2021, net cash provided by financing activities was \$103.6 million, compared with \$0.3 million in the first half of 2020, including:

### *Financing activities of the Company*

- The Company completed two scheduled quarterly Amortizing Payments of its Gold Notes, equivalent to 4,620 ounces, totaling approximately \$8.3 million, including approximately \$2.5 million of Gold Premium, in the first half of 2021 compared with two scheduled quarterly Amortizing Payments, equivalent to 6,600 ounces, totaling \$10.8 million, including approximately \$2.4 million of Gold Premium in the first half of 2020;
- In the first half of 2021, the Company used \$10.4 million to fund a partial early redemption of \$10.0 million aggregate principal amount of the Gold Notes on May 10, 2021 and the Applicable Premium of approximately \$0.4 million;
- In the first half of 2020, the Company generated net proceeds of \$29.5 million through a private placement of shares and warrants, of which it used \$21.1 million of the proceeds to fund a partial early redemption of \$19.1 million aggregate principal amount of the Gold Notes on March 31, 2020 and the Applicable Premium of approximately \$2.0 million;
- The Company paid \$1.1 million of lease obligations, up from \$0.8 million in the first half of 2020;
- The Company paid interest totaling \$1.8 million, principally related to its Gold Notes and Convertible Debentures, down from \$3.1 million in the first half of 2020 due to the reduction in its debt;
- The Company received approximately \$0.5 million from exercises of stock options and warrants in the first half of 2021 compared with \$2.2 million in the first half of 2020;
- The Company used approximately \$3.2 million to repurchase 702,000 common shares under its NCIB for cancellation in the first half of 2021 compared with \$0.1 million to repurchase 56,000 common shares for cancellation in the first half of 2020;
- The Company completed six monthly dividend payments totaling \$4.4 million in the first half of 2021 pursuant to its new dividend policy implemented in the third quarter of 2020; and
- The Company used \$1.8 million in the first half of 2020 to acquire approximately 1.3 million additional common shares of Aris in the open market.

### *Financing activities of Aris*

- In conjunction with the receipt of the Marmato mining title extension and the closing of the Aris Transaction in the first half of 2021, \$65.1 million of the net proceeds of the Aris Gold Notes and \$66.3 million of the proceeds from the Aris Subscription Receipts were released from escrow. Aris also paid an additional \$0.1 million of costs related to the Aris Subscription Receipts financing in the first half of 2021; and
- In the first half of 2020, the closing of the Bluenose RTO Transaction triggered the release of \$4.7 million of funds held in escrow from the CFC Subscription Receipts Financing and a total of \$0.7 million of share issue costs associated with the private placements in Aris were incurred.

## **Financial Instruments**

The fair values of cash and cash equivalents, cash in trust, accounts receivable and accounts payable and accrued liabilities (including amounts payable for acquisitions of mining interests), approximate their carrying

values due to the short term to maturity of these financial instruments. The Gold X Mining warrants, Aris Gold Notes, Aris Listed and RTO Warrants, Denarius Subscription Receipts, DSU and PSU liabilities, Gold Notes, Convertible Debentures, Listed Warrants and Unlisted Warrants are all carried at fair value through profit and loss ("FVTPL"). The \$21.6 million estimated fair value of the Gold Notes at June 30, 2021 has been determined based on their last traded price.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Accounting Policy Changes**

There were no accounting policy changes during the three months ended June 30, 2021. In connection with the Gold X acquisition, the Company has adopted the following new accounting policy with respect to deferred revenue and the Company elected to recognize its initial investment in Gold X using the cost accumulation approach as part of the consideration paid.

#### *Deferred revenue*

The Company is party to a PMPA with Wheaton as described on page 6. 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 year that the change occurs.

### **Critical Accounting Estimates**

The preparation of the consolidated financial statements requires management to make significant estimates and assumptions in determining carrying values. Estimates are continuously evaluated and are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ significantly from the amounts included in the consolidated financial statements. The critical estimates applied in the preparation of the Company's Interim Financial Statements are consistent with those applied and disclosed in Note 4 to the audited consolidated financial statements for the year ended December 31, 2020. As a result of the recent Gold X acquisition, the Company has also included deferred revenue as a critical accounting estimate.

#### *Valuation of long-lived assets*

The carrying amounts of property, plant and equipment and E&E assets are assessed for any impairment triggers such as events or changes in circumstances which indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount.

The Company considers both internal and external sources of information in assessing whether there are any indications that long-lived assets are impaired. External sources of information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its long-lived assets. Internal sources of information the Company considers include the manner in which property, plant and equipment are being used or are expected to be used, and in respect of E&E assets, the right to explore in the specific area has or will expire in the future and is not expected to be renewed, substantive E&E expenditures are neither budgeted or planned, exploration has not led to the discovery of commercially viable quantities of mineral resources or sufficient data exists that although development of a specific area is likely to proceed, the carrying amount of the E&E assets is unlikely to be recovered.

#### *Provision for decommissioning*

The Company assesses its provision for decommissioning when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the decommissioning work required to comply with existing laws and regulations at each mining operation. Actual costs incurred may differ from those amounts estimated. Future changes to environmental laws and regulations could also change the extent of reclamation and remediation work required to be performed by the Company. Changes in future costs could materially impact the amounts charged to operations for such obligations and to mineral properties. The provision represents management's best estimate of the present value of the future decommissioning obligation. Actual future expenditures may differ from the amounts currently provided.

#### *Fair values of financial assets and liabilities*

As noted under "Financial Instruments" on page 24, the Company has several financial assets and liabilities recorded at FVTPL. Fair values of many of these financial assets liabilities, as described in more detail in the Financial Statements, have been determined based on a valuation methodology that captures all of the features in a set of partial differential equations that are then solved numerically to arrive at the value of these financial instruments. The fair value estimates are based on numerous assumptions including, but not limited to, commodity prices, time value, volatility factors, risk-free rates and credit spreads. The fair value estimates may differ from actual fair values and these differences may be significant and could have a material impact on the Company's financial position and results of operations. The fair value of the Gold Notes and listed warrants of the Company and Aris are determined using quoted prices in an active market.

#### *Deferred Revenue*

Judgment was required in determining the accounting for the PMPA with Wheaton included in the Gold X acquisition which has been reported as deferred revenue.

Upfront cash deposits received for streaming arrangements are accounted for as contract liabilities (deferred revenue) in accordance with IFRS 15. These contracts are not financial instruments because they will be satisfied through the delivery of non-financial items (i.e. delivery of gold and silver ounces), rather than cash or financial assets. Under the PMPA, the Company is required to satisfy the performance obligations in

reference to the Toroparu Project's production and revenue will be recognised over the duration of the PMPA as the Company satisfies its obligation to deliver gold and silver.

The fair value of \$84.0 million allocated to the PMPA in the Gold X acquisition has been recorded on the statement of financial position as deferred revenue. The additional \$138.0 million of upfront deposits will also be recorded as deferred revenue as received. On commencement of commercial operations, the deferred revenue will be recognized as revenue in profit or loss proportionally based on the metal ounces delivered in relation to the expected total metal ounces to be delivered over the life of the Toroparu Project.

Each period management estimates the cumulative amount of the deferred revenue obligation that has been satisfied and, therefore, recognized as revenue. Key inputs into the estimate of the amount of deferred revenue that should be recognized are as follows:

Valuation Inputs	Description
<b>Financing Rate</b>	IFRS 15 requires the Company to recognise a notional financing charge due to the significant time delay between receiving the upfront streaming payment and satisfying the related performance obligations.
<b>Long-term commodities price curves</b>	Estimates of the long-term commodities prices are estimated in order to calculate the expected revenue value per ounce to be recognized from deferred revenue for each delivery to Wheaton.
<b>Life of Mine Production</b>	Life of mine production is estimated giving consideration to IFRS 15 requirements constraining estimates of variable consideration and therefore is based on the approved life of mine for the Toroparu Project and the portion of resources anticipated to be converted to reserves and mined.
<b>Timing of construction milestones</b>	The expected timing for when the Company will achieve the construction milestone requirements for the additional funding from Wheaton have been estimated based on the prefeasibility study.

Each period management estimates the cumulative amount of the deferred revenue obligation that has been satisfied and, therefore, recognized as revenue. Any changes in the estimates are accounted for prospectively as a cumulative catch-up in the year that the estimates above changed.

## Recent Accounting Pronouncements

### *Accounting Standards Not Yet Adopted*

#### *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.

#### *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.

#### **Disclosure Controls and Procedures and Internal Controls Over Financial Reporting**

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

There have been no changes in the Company's internal controls over financial reporting during the three months ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

#### *Limitations of Controls and Procedures*

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believes that any disclosure controls and procedures and internal controls over financial reporting, no matter how well designed and operated, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

## Non-IFRS Measures

The Company has included non-IFRS measures in this MD&A such as Free Cash Flow, average realized gold price per ounce sold, total cash costs (by-product) per ounce sold, AISC per ounce sold, EBITDA, adjusted EBITDA and adjusted net income. These non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to other issuers. In the gold mining industry, this is a common performance measure but does not have any standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's underlying performance of its core operations and its ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Non-IFRS measures referred to in this MD&A are defined as follows:

- **“Average realized gold price per ounce sold”** is calculated by dividing gold revenue by the number of ounces sold.
- **“Total cash costs per ounce sold”** on a by-product basis is calculated by deducting revenues from silver sales from production cash costs and production taxes and dividing the sum by the number of gold ounces sold. Production cash costs include mining, milling, mine site security and mine site administration costs.
- **“AISC per ounce sold”** includes total cash costs (as defined above) and adds the sum of G&A, social contributions related to current operations, sustaining capital and certain exploration and evaluation (“E&E”) costs, sustaining lease payments, provision for environmental fees, if applicable, and rehabilitation costs paid, all divided by the number of ounces sold. As this measure seeks to reflect the full cost of gold production from current operations, capital and E&E costs related to expansion or growth projects are not included in the calculation of AISC per ounce. Additionally, certain other cash expenditures, including income and other tax payments, financing costs and debt repayments, are not included in AISC per ounce.
- **“Adjusted EBITDA”** represents earnings before interest (including non-cash accretion of financial obligations and lease obligations), income taxes and depreciation, depletion and amortization (“EBITDA”), adjusted to exclude impairment charges and reversals, gains or losses on asset dispositions, share-based compensation, gains/losses on financial instruments, gains or losses from equity accounting in investees and foreign exchange gains/losses.
- **“Adjusted net income or loss”** excludes gains/losses and other costs incurred for acquisitions and disposals of mining interests, impairment charges and reversals, debt financing costs, unrealized and non-cash gains/losses on financial instruments, foreign exchange gains/losses and gains or losses from equity accounting in associates as well as other significant non-cash, non-recurring items.
- **“Free Cash Flow”** is a common performance measure in the gold mining industry with no standardized meaning. The Company calculates free cash flow by deducting additions to mining interests from net cash provided by operating activities. The Company discloses free cash flow as it believes the measure

assists investors and analysts in evaluating the Company's ability to generate cash flow after exploration, development and capital expenditures to service its debt obligations, pay dividends, make investments and build the cash resources of the Company.

The following tables reconcile the Company's **average realized gold price, total cash costs and AISC per ounce sold** as disclosed in this MD&A to the Interim Financial Statements:

(\$000's except ounces and per ounce data)	Second Quarter 2021			Second Quarter 2020		
	Segovia Operations	Marmato Operations <sup>(1)</sup>	Total	Segovia Operations	Marmato Operations <sup>(1)</sup>	Total
Gold sales (ounces)	52,838	-	52,838	41,341	3,737	45,078
<b>Revenue</b>						
Gold	\$ 94,957	\$ -	\$ 94,957	\$ 70,146	\$ 6,319	\$ 76,465
Silver	1,396	-	1,396	596	73	669
	\$ 96,353	\$ -	\$ 96,353	\$ 70,742	\$ 6,392	\$ 77,134
Average realized gold price per ounce sold	\$ 1,797	\$ -	\$ 1,797	\$ 1,697	\$ 1,691	\$ 1,696
<b>Total cash costs</b>						
Production costs	\$ 38,674	\$ -	\$ 38,674	\$ 24,981	\$ 4,592	\$ 29,573
Production taxes	3,274	-	3,274	2,663	587	3,250
Silver revenues	(1,396)	-	(1,396)	(596)	(73)	(669)
Total cash costs on a by-product basis	\$ 40,552	\$ -	\$ 40,552	\$ 27,048	\$ 5,106	\$ 32,154
Total cash costs per ounce sold	\$ 767	\$ -	\$ 767	\$ 654	\$ 1,366	\$ 713
<b>AISC</b>						
Total cash costs on a by-product basis	\$ 40,552	\$ -	\$ 40,552	\$ 27,048	\$ 5,106	\$ 32,154
G&A, excluding DD&A	3,814	-	3,814	3,424	809	4,233
Social programs and contributions	2,596	-	2,596	2,130	385	2,515
Sustaining capital and E&E costs	10,725	-	10,725	6,751	900	7,651
Payment of rehabilitation obligations	-	-	-	51	-	51
Sustaining lease payments	497	-	497	485	17	502
<b>Total</b>	\$ 58,184	\$ -	\$ 58,184	\$ 39,889	\$ 7,217	\$ 47,106
AISC per ounce sold	\$ 1,101	\$ -	\$ 1,101	\$ 965	\$ 1,931	\$ 1,045

(\$000's except ounces and per ounce data)	First Half 2021			First Half 2020		
	Segovia Operations	Marmato Operations <sup>(1)</sup>	Total	Segovia Operations	Marmato Operations <sup>(1)</sup>	Total
Gold sales (ounces)	105,475	2,680	108,155	98,501	10,278	108,779
<b>Revenue</b>						
Gold	\$ 190,195	\$ 5,003	\$ 195,198	\$ 159,762	\$ 16,698	\$ 176,460
Silver	2,978	96	3,074	1,414	236	1,650
	\$ 193,173	\$ 5,099	\$ 198,272	\$ 161,176	\$ 16,934	\$ 178,110
Average realized gold price per ounce sold	\$ 1,803	\$ 1,867	\$ 1,805	\$ 1,622	\$ 1,625	\$ 1,622
<b>Total cash costs</b>						
Production costs	\$ 80,702	\$ 3,970	\$ 84,672	\$ 57,657	\$ 11,796	\$ 69,453
Production taxes	6,233	400	6,633	5,338	1,494	6,832
Silver revenues	(2,978)	(96)	(3,074)	(1,414)	(236)	(1,650)
Total cash costs on a by-product basis	\$ 83,957	\$ 4,274	\$ 88,231	\$ 61,581	\$ 13,054	\$ 74,635
Total cash costs per ounce sold	\$ 796	\$ 1,595	\$ 816	\$ 625	\$ 1,270	\$ 686
<b>AISC</b>						
Total cash costs on a by-product basis	\$ 83,957	\$ 4,274	\$ 88,231	\$ 61,581	\$ 13,054	\$ 74,635
G&A, excluding DD&A	7,457	436	7,893	7,957	1,151	9,108
Social programs and contributions	4,727	29	4,756	4,332	385	4,717
Sustaining capital and E&E costs	19,889	689	20,578	12,972	1,531	14,503
Payment of rehabilitation obligations	-	-	-	51	-	51
Sustaining lease payments	1,092	28	1,120	772	35	807
<b>Total</b>	\$ 117,122	\$ 5,456	\$ 122,577	\$ 87,665	\$ 16,156	\$ 103,821
AISC per ounce sold	\$ 1,110	\$ 2,036	\$ 1,133	\$ 890	\$ 1,572	\$ 954

(1) The methodology used to calculate total cash cost per oz and AISC per oz for the Marmato Operations reflects the Company's approach and differs in certain aspects with Aris' approach. The first half 2021 data represents operating results only for the period from January 1 to February 4, 2021, the date of loss of control of Aris. Thereafter, the Company is using equity accounting for its investment in Aris.

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

	Second Quarter		First Half	
	2021	2020	2021	2020
<b>Net income (loss)</b>	<b>\$ 29,799</b>	<b>\$ (18,578)</b>	<b>\$ 148,104</b>	<b>\$ 5,677</b>
Income tax expense (recovery)	13,813	10,180	28,244	25,808
Finance costs, net of finance income	2,542	2,379	5,771	8,227
Depreciation and amortization	7,966	5,134	15,650	11,946
EBITDA	55,120	(885)	197,769	51,658
Share-based compensation (recovery) expense	393	1,999	(79)	4,764
Aris and Bluenose RTO Transactions costs	-	-	9,817	16,700
(Gain) loss on financial instruments	(1,476)	35,403	(44,324)	18,896
Gain on loss of control of Aris	-	-	(56,886)	-
Gain on sale of assets	-	-	(8,913)	-
Gain on sale of securities	-	(3,099)	-	(3,099)
(Gain) loss from equity accounting in associates	(4,580)	1,497	(2,416)	2,217
Foreign exchange (gain) loss	(462)	2,648	(650)	(3,136)
<b>Adjusted EBITDA</b>	<b>\$ 47,995</b>	<b>\$ 37,563</b>	<b>\$ 94,318</b>	<b>\$ 88,000</b>

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

	Second Quarter		First Half	
	2021	2020	2021	2020
Revenue	\$ 96,353	\$ 77,134	\$ 198,272	\$ 178,110
Cost of sales, excluding DD&A	(41,948)	(32,823)	(91,305)	(76,285)
G&A, excluding DD&A	(3,814)	(4,233)	(7,893)	(9,108)
Social programs and contributions	(2,596)	(2,515)	(4,756)	(4,717)
<b>Adjusted EBITDA</b>	<b>\$ 47,995</b>	<b>\$ 37,563</b>	<b>\$ 94,318</b>	<b>\$ 88,000</b>

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

	Second Quarter		First Half	
	2021	2020	2021	2020
<b>Net income (loss)</b>	<b>\$ 29,799</b>	<b>\$ (18,578)</b>	<b>\$ 148,104</b>	<b>\$ 5,677</b>
Aris and Bluenose RTO Transactions costs	-	-	9,817	16,700
(Gain) loss on financial instruments	(1,476)	35,403	(44,324)	18,896
Gain on loss of control of Aris	-	-	(56,886)	-
Gain on sale of assets	-	-	(8,913)	-
Gain on sale of securities	-	(3,099)	-	(3,099)
Debt financing costs	-	-	149	960
Foreign exchange loss (gain)	(462)	2,648	(650)	(3,136)
(Gain) loss from equity accounting in associates	(4,580)	1,497	(2,416)	2,217
Income tax effect on adjustments	275	(367)	623	521
<b>Adjusted net income</b>	<b>\$ 23,556</b>	<b>\$ 17,504</b>	<b>\$ 45,504</b>	<b>\$ 38,736</b>

The following table provides a reconciliation of **adjusted basic and adjusted diluted earnings per share**:

	Second Quarter		First Half	
	2021	2020	2021	2020
<b>Adjusted net income</b>	<b>\$ 23,556</b>	<b>\$ 17,504</b>	<b>\$ 45,504</b>	<b>\$ 38,736</b>
Adjusted non-controlling interest	-	333	525	798
<b>Adjusted net income attributable to shareholders</b>	<b>23,556</b>	<b>17,837</b>	<b>46,029</b>	<b>39,534</b>
Add: Interest expense on Convertible Debentures, net of tax	292	289	610	582
<b>Adjusted net income for fully diluted computation</b>	<b>\$ 23,848</b>	<b>\$ 18,126</b>	<b>\$ 46,639</b>	<b>\$ 40,116</b>
<b>Weighted average number of shares (000's)</b>				
Basic	72,054	61,339	66,920	59,607
Add: Impact of stock options and warrants	8,059	8,392	9,017	7,802
Add: Impact of conversions of Convertible Debentures	3,789	4,211	3,789	4,211
Fully diluted	83,902	73,942	79,726	71,620
<b>Adjusted earnings per share</b>				
<b>Basic</b>	<b>\$ 0.33</b>	<b>\$ 0.29</b>	<b>\$ 0.69</b>	<b>\$ 0.66</b>
<b>Diluted</b>	<b>0.28</b>	<b>0.25</b>	<b>0.58</b>	<b>0.56</b>

The following table provides a reconciliation of **Free Cash Flow** to the Interim Financial Statements:

	Second Quarter		First Half	
	2021	2020	2021	2020
<b>Net cash provided by operating activities</b>	<b>\$ 12,786</b>	<b>\$ 6,992</b>	<b>\$ 26,403</b>	<b>\$ 38,860</b>
Additions to mining interests	(15,770)	(10,806)	(26,890)	(24,786)
<b>Free Cash Flow</b>	<b>\$ (2,984)</b>	<b>\$ (3,814)</b>	<b>\$ (487)</b>	<b>\$ 14,074</b>

## Risks and Uncertainties

Exploration, development and mining of precious metals involve numerous inherent risks as a result of the economic conditions in the various areas of operation. As such, the Company is subject to several financial, operational and political risks that could have a significant impact on its profitability and levels of operating cash flows. Although the Company assesses and minimizes these risks by applying high operating standards, including careful management and planning of its facilities, hiring qualified personnel and developing their skills through training and development programs, these risks cannot be eliminated.

Such risks include:

- Liquidity risks;
- Metal price volatility;
- Future production rates;
- Financing risks;
- Indebtedness of the Company;
- Servicing indebtedness;
- Indebtedness – restrictive covenants;
- Current global markets and economic conditions;
- Availability and cost of supplies;
- Exploration, development and operations;
- Risks with title to mineral properties;
- Changes in environmental laws;
- Mining risks and insurance risks;
- Additional indebtedness;
- Risks related to the Gold Notes:
  - Ranking of the Gold Notes; Collateral; Voiding the Gold Notes or Guarantees; Bankruptcy and Insolvency Laws; Subordinated Collateral; Reduction of Pool of Assets Securing the Gold Notes; Release of Collateral for the Gold Notes; Perfecting Security Interests of the Gold Notes; Financing the Change of Control Provision in the Gold Notes; and No Guarantee of Public Market for the Gold Notes;
- Price risk;
- Currency risk;
- Regulatory approvals;
- Environmental permits;
- Changes in legislation;
- Corruption;
- Labour matters and employee relations;
- Economic and political factors:
  - Colombia:
    - Emerging market country; economic and political developments; exchange controls; decline in economic growth; seizure or expropriation of assets; protection of mining

rights; local legal and regulatory systems; Colombia – less developed country; sanctions by the United States government; and guerilla and other criminal activity;

- Venezuela;
- Use of and reliance on experts outside Canada;
- Integration risks;
- Governmental regulation and permitting;
- Decommissioning liabilities;
- Shortage of experienced personnel and equipment;
- Potential conflicts of interest;
- Possible volatility of stock price;
- Repatriation of earnings;
- Enforcement of civil liabilities;
- Forward-looking information may prove inaccurate;
- Infrastructure;
- Joint ventures;
- Competition;
- Dividends;
- Service of process and enforcement of judgments outside Canada;
- COVID-19 Virus; and
- Other risks.

If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently aware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the prices of the Company's securities could decline and investors may lose all or part of their investment.

Readers are encouraged to read and consider the risk factors listed above, which are more specifically described in the Company's Annual Information Form dated as of March 31, 2021 which is available at [www.sedar.com](http://www.sedar.com). Such risk factors could materially affect the future operating results of the Company and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

As a result of the acquisition of Gold X on June 4, 2021, as described on page 5, the Company now has operations in Guyana which are subject to similar risks as Colombia as described in the Company's Annual Information Form dated as of March 31, 2021.

In addition, there are certain risk factors associated with the offering of 2026 Notes completed on August 9, 2021, as described on page 7, and the corresponding Subsidiary Guarantees. These risks include:

*The Company may not be able to generate sufficient cash to service all of its indebtedness, including the 2026 Notes, and may be forced to take other actions to satisfy its obligations under its indebtedness, which may not be successful.*

The Company's ability to make scheduled payments on or to refinance its indebtedness and fund planned expenditures depends on its financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond its control. The Company may not be able to maintain a level of cash flows from operating activities or assure that future

borrowings will be available to it under its credit facilities in an amount sufficient to enable it to pay the principal, premium, if any, and interest on its indebtedness, including the 2026 Notes, or to fund its other liquidity needs.

If the Company's cash flows and capital resources are insufficient to fund its debt service obligations, the Company may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance its indebtedness, including the 2026 Notes. The Company's ability to restructure or refinance its indebtedness will depend on the condition of the capital markets and its financial condition at such time. Any refinancing of its indebtedness could be at higher interest rates and may require it to comply with more onerous covenants, which could further restrict its business operations. The terms of existing or future debt instruments may restrict the Company from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on the Company's outstanding indebtedness on a timely basis would likely result in a reduction of its credit rating, which could harm its ability to incur additional indebtedness. In the absence of such operating results and resources, the Company could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt service and other obligations. However, in certain circumstances, the indenture governing the 2026 Notes (the "2026 Notes Indenture") will restrict the Company's ability to dispose of assets and use the proceeds from the disposition. The Company may not be able to consummate those dispositions or to obtain the proceeds that it could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit the Company to meet its scheduled debt service obligations. The failure to generate sufficient cash flow or to achieve any of these alternatives could significantly adversely affect the value of the 2026 Notes and the Company's ability to pay the amounts due under the notes.

*The Company may incur substantially more indebtedness, including secured indebtedness, which may exacerbate the risks relating to its ability to make payment on the 2026 Notes.*

As of June 30, 2021, our total consolidated indebtedness (long-term debt and leases, including current portion) was \$45.2 million in principal amount, of which \$26.0 million was secured indebtedness. The Company may incur substantial additional indebtedness in the future, including secured indebtedness. Although the 2026 Notes Indenture contains restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. The Company and its subsidiaries may not be able to generate the significant amount of cash needed to pay interest and principal amounts on all of its debt, including the 2026 Notes, all existing indebtedness and any future indebtedness, which could result in its inability to fulfill its obligations under the notes.

*The 2026 Notes and the Subsidiary Guarantees will be unsecured. Therefore, the Company's secured creditors would have a prior claim, ahead of the holders of the 2026 Notes, on the Company's assets and the related Note Guarantors' assets to the extent such assets secure such debt.*

The 2026 Notes and the Subsidiary Guarantees will be the Company's and the Note Guarantors' general unsecured senior obligations and will rank equal in right of payment to the Company's and the Note Guarantors' other existing and future unsecured senior debt. The 2026 Notes will not be secured by any of the Company's or the Note Guarantors' assets. Any future claims of secured creditors will be prior to any claim of the holders of the 2026 Notes to the extent of the value of the collateral securing such secured

indebtedness. Under the Panamanian civil code, previously issued senior unsecured indebtedness could be treated as senior to any subsequently issued senior unsecured indebtedness.

In addition, the obligations of certain of the Company's subsidiaries under the PMPA with Wheaton are secured by a general pledge of the assets of certain of the Company's subsidiaries which directly own the Toroparu Project.

As a result, upon any distribution to the Company's creditors in a bankruptcy, liquidation or reorganization or similar proceeding relating to the Company or its property, the holders of its secured debt and that of the Note Guarantors will be entitled to be paid in full to the extent of the value of their interest in the Company's assets securing that secured debt before any payment may be made with respect to the 2026 Notes. In addition, if the Company fails to meet its payment or other obligations under any secured debt, the holders of that secured debt would be entitled to foreclose on or otherwise enforce against its assets securing that secured debt and liquidate those assets to the exclusion of the holders of the 2026 Notes, even if an event of default existed under the 2026 Notes Indenture at such time.

Finally, under the Panamanian civil code, the 2026 Notes may be subordinated to any the senior unsecured indebtedness of the Segovia Operations that is outstanding on the date the 2026 Notes are issued.

*The 2026 Notes are structurally subordinated to the obligations of our non-guarantor subsidiaries.*

Gran Colombia is a holding company and it conducts its operations through its subsidiaries. As a result of its holding company structure, the 2026 Notes are structurally subordinated to all existing and future debt, trade payables and other liabilities of its non-guarantor subsidiaries. As of June 31, 2021, the Company's non-guarantor subsidiaries had no debt and represented less than 2% of its consolidated assets. The 2026 Notes Indenture governing the 2026 Notes will allow the Company's non-guarantor subsidiaries to incur indebtedness subject to certain limitations. In addition, the obligations of the Company's subsidiary Goldheart Investment Holdings Ltd. ("Goldheart") to deliver gold and silver and, in certain circumstances, repay certain amounts advanced to it as a supplier under a PMPA with Wheaton are guaranteed by the Company's subsidiaries (Gold X and ETK, Inc.). The Company's right to receive any assets of any of its non-guarantor subsidiaries upon their liquidation or reorganization, and therefore the right of noteholders to participate in those assets, will be subject to the prior claims of that non-guarantor subsidiary's creditors, including trade creditors. As a result, all indebtedness and other liabilities, including trade payables, of the Company's non-guarantor subsidiaries, whether secured or unsecured, must be satisfied before any of the assets of such subsidiaries would be available for distribution, upon liquidation or otherwise, to the Company in order for it to meet its obligations with respect to the 2026 Notes. To the extent that the Company may be a creditor with recognized claims against any non-guarantor subsidiary, its claims would still be subject to the prior claims of such subsidiary's creditors to the extent that they are secured or senior to those held by the Company. Subject to restrictions contained in financing arrangements, its non-guarantor subsidiaries may incur additional indebtedness and other liabilities, all of which would rank structurally senior to the 2026 Notes.

*If the Company defaults on its obligations to pay its other indebtedness, it may not be able to make payments on the 2026 Notes.*

The Company may incur additional indebtedness subject to certain limitations. Any default under the agreements governing such additional indebtedness that is not waived by the required lenders, and the

remedies sought by the holders of such indebtedness, could prevent the Company from paying principal, premium, if any, and interest on the 2026 Notes. In addition, if the Company is unable to generate sufficient cash flow or is otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on its indebtedness, or if it otherwise fails to comply with the various covenants in the instruments governing its indebtedness, the Company could be in default under the terms of the agreements governing this indebtedness. In this event, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest; the lenders could elect to terminate their commitments, cease making further loans and institute foreclosure or other enforcement proceedings against our assets; and the Company could be forced into bankruptcy, liquidation or other insolvency proceedings. If the Company's operating performance declines, it may need to obtain waivers from the required lenders to avoid being in default. If it breaches these covenants and seeks a waiver from the required lenders, the Company may not be able to obtain it. If this occurs, the Company would be in default under its indebtedness, the lenders could exercise their rights, as described above, and it could be forced into bankruptcy, liquidation or other insolvency proceedings.

*The Company may not have the ability to raise the funds necessary to finance a Change of Control offer if required by the 2026 Notes Indenture.*

If the Company undergoes a Change of Control, as defined in 2026 Notes Indenture, it may need to refinance its debt. Under the 2026 Notes Indenture, if a Change of Control Triggering Event (as defined in the 2026 Notes Indenture) occurs, the Company must offer to buy back the 2026 Notes for a price equal to 101% of the principal amount of the 2026 Notes, plus any accrued and unpaid interest. The Company may not have sufficient funds available to it to make any required repurchases of the 2026 Notes upon a Change of Control Triggering Event. If the Company fails to repurchase the 2026 Notes in those circumstances, it will be in default under the 2026 Notes Indenture, which may, in turn, trigger cross default provisions in the Company's other debt instruments.

*It may not be possible to determine when a Change of Control giving rise to the right of holders to have the 2026 Notes repurchased has occurred following a sale of "substantially all" of the Company's assets.*

The definition of Change of Control in the 2026 Notes Indenture includes a phrase relating to the sale of "all or substantially all" of the Company's assets. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "substantially all" of the Company's assets. As a result, it may be unclear as to whether a Change of Control has occurred and whether the Company is required to make an offer to repurchase the 2026 Notes. The belief by holders of the 2026 Notes that an unrecognized Change of Control has occurred could lead to a dispute with the Company and a determination that a Change of Control payment that had not been anticipated by the Company be made.

*Applicable bankruptcy and insolvency laws may impair the trustee's ability to enforce remedies under the 2026 Notes Indenture or the 2026 Notes themselves.*

The Company is a company existing under the laws of the Province of British Columbia, Canada and substantially all of its assets are located outside Canada and the United States, principally in Colombia and Guyana. Holders' rights under the 2026 Notes may be subject to the insolvency and administrative laws of Canada or the respective jurisdictions of the Note Guarantors and the Company's other subsidiaries, and

enforcement against or foreclosure on assets would likely be subject to the laws of Colombia, where the majority of the assets reside. There can be no assurance that holders of the 2026 Notes will be able to effectively enforce their rights in such bankruptcy, insolvency, reorganization or similar proceedings.

The rights of the trustee who represents noteholders to enforce noteholder rights and remedies could be significantly impaired or delayed by the restructuring provisions of applicable Canadian federal bankruptcy, insolvency and other restructuring legislation if the benefit of such legislation is sought. For example, both the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”) and the *Companies’ Creditors Arrangement Act* (Canada) (the “CCAA”) contain provisions enabling an insolvent person to obtain a stay of proceedings against its creditors and to file a proposal or plan, as applicable, to be voted on by the various classes of its affected creditors. A restructuring or plan proposal, if accepted by the requisite majorities of each affected class of creditors, and if approved by the relevant Canadian court, would be binding on all creditors within each affected class, including those creditors that did not vote to accept the proposal. Moreover, the CCAA, and in certain circumstances, the BIA, permit the insolvent debtor to retain possession and administration of its property, subject to court oversight, even though it may be in default under the applicable debt instrument, during the period that the stay against proceedings remains in place. In addition, it may be possible in certain circumstances to restructure certain debt obligations under the corporate governing statute applicable to the debtor.

The powers of the court under the BIA, and particularly under the CCAA, have been interpreted and exercised broadly so as to protect a restructuring entity from actions taken by creditors and other parties. Accordingly, the Company cannot predict whether payments under the 2026 Notes would be made during any proceedings in bankruptcy, insolvency or other restructuring, whether or when the trustee could exercise its rights under the 2026 Notes Indenture or whether and to what extent holders of 2026 Notes would be compensated for any delays in payment, if any, of principal, interest and costs, including the fees and disbursements of the trustee.

If the Note Guarantors become subject to insolvency proceedings under the CCAA or the BIA, the incurrence of the Subsidiary Guarantees may be subject to review as a fraudulent preference or transfer. If in such a case a court were to find that, at the time such 2026 Note Guarantor incurred their respective Subsidiary Guarantee, such 2026 Note Guarantor: either (a) incurred the guarantee of the 2026 Notes with the intent of hindering, delaying or defrauding current or future creditors, or (b) received less than reasonably equivalent value or fair consideration for incurring the Subsidiary Guarantee, or (c) was insolvent or was rendered insolvent by reason of such incurrence, or (d) was engaged, or about to engage, in a business or transaction for which its remaining assets constituted unreasonably small capital to carry on its business, or (e) intended to incur, or believed that it would incur, debts and obligations beyond its ability to pay as such debts and obligations matured (as all of the foregoing terms are defined or interpreted under the relevant statutes), then such court could void such Subsidiary Guarantee or take other actions detrimental to holders, including requiring holders to return payments they have received with respect to such Subsidiary Guarantee. The invalidation of the Subsidiary Guarantee where some or all of the factors listed in (a) – (d) above are present could also be possible outside of insolvency proceedings by the Note Guarantors.

The insolvency laws of Colombia, particularly with regards to the priority of creditors (secured or unsecured), the ability to obtain post-petition interest and the duration of insolvency proceedings, may be less favorable to holders’ interests than the bankruptcy laws of their respective jurisdiction. Although Colombian branches are subject to the insolvency proceedings established under Colombian Law 1116 of 2006, it is unclear whether, in the event of an insolvency proceeding of their parent company, they will also be subject to the

insolvency regulations applicable to its parent company. In response to the COVID-19 pandemic, the Colombian government issued a decree that established mechanisms to protect companies and their employees and, when applicable, facilitate the reallocation of resources from the debtor to other uses through the liquidation process. These measures are temporary, as they will only be available for two years from their entry into force and will only apply to companies affected by the COVID-19 pandemic.

The ability of holders to enforce their rights under the 2026 Notes may be limited if they become subject to the insolvency proceedings under applicable Colombian law, which establishes the events under which a Colombian branch, its creditors or the authorities may request admission of the Colombian branch to insolvency proceedings in order to reach an agreement with its creditors (*acuerdo de reorganización empresarial*) in order to restructure its operations, management and debts. In addition, among other situations, if a debtor breaches an insolvency agreement, or if an insolvency agreement is not reached, the Colombian branch will be judicially liquidated. Furthermore, Colombian insolvency regulations provide that contractual provisions that directly or indirectly prevent or create obstacles to the commencement and execution of reorganization proceedings in Colombia, including early termination of agreements or acceleration of contractual obligations upon the initiation of a reorganization proceeding, are unenforceable in Colombia. Any attempt by creditors to enforce such provisions may result in the rights of such creditors being subordinated to the payment of all external liabilities of the debtor.

Claims by holders under the 2026 Notes are subordinated to certain statutory preferences, which include claims for salaries, wages, social security, administrative expenses arising after the commencement of the insolvency proceeding (*gastos de administración*) taxes and court fees and expenses. Further, any transaction entered into by the insolvent party may be revoked within a period of 18 months if (i) there are not enough assets to cover the outstanding indebtedness on the insolvency estate; or (ii) the transaction was entered into with intent to defraud the creditors of the insolvent debtor.

In addition, the bankruptcy, insolvency, administrative and other laws of the respective jurisdictions of the Note Guarantors may be materially different from, or in conflict with, those of the holders' jurisdictions, and may contemplate: (i) the suspension of all measures of enforcement subject to limited exceptions, (ii) the payment of creditors in accordance with their ranking upon the realization of the guarantor's assets, and (iii) rules on fraudulent conveyance.

Judgments rendered in local currency may not result in the intended award amount in U.S. dollars.

*The 2026 Note Indenture imposes significant operating and financial restrictions, which may prevent the Company from capitalizing on business opportunities or otherwise engaging in activities that may be in its long-term best interests.*

The 2026 Notes Indenture imposes significant operating and financial restrictions on the Company. These restrictions may limit the Company's ability and the ability of its restricted subsidiaries, among other things, to incur additional indebtedness, make investments, sell assets, incur liens, enter into agreements restricting its restricted subsidiaries' ability to pay dividends, enter into transactions with affiliates, and consolidate, merge or sell substantially all of the Company's assets. These restrictions could limit the Company's ability to seize attractive growth opportunities for its businesses or otherwise engage in activities that may be in its long-term best interests that are currently unforeseeable, particularly if the Company is unable to incur financing or make investments to take advantage of these opportunities.

Further, the Company's failure to comply with these covenants could result in an event of default that, if not cured or waived, could result in the acceleration of substantially all of its funded debt. The Company may not have sufficient working capital to satisfy its debt obligations in the event of an acceleration of all or a significant portion of its outstanding indebtedness.

*The Company cannot assure holders that the credit ratings for the 2026 Notes will not be lowered, suspended or withdrawn by the rating agencies, including the rating agency's assessments of the Company's financial strength or the sovereign risks of the countries it operates in.*

The ratings of the 2026 Notes may change in the future and the Company is under no obligation to maintain such ratings. Such ratings are limited in scope, and do not address all material risks relating to an investment in the 2026 Notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. There is no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the 2026 Notes, and could also result in higher financing costs and the reduction of access to capital markets, suppliers or derivatives counterparties, impacting the assessment of the Company's financial strength as well as the assessment of the sovereign risks of the countries it operates or invests in.

*2026 Note holders' ability to enforce civil liabilities under U.S. securities laws may be limited.*

The 2026 Notes and the 2026 Notes Indenture are governed by New York law. Some of the Company's directors and officers reside outside the United States, and all or a significant portion of the assets of such persons may be, and substantially all the Company's assets are, located outside the United States. As a result, it may not be possible for holders to effect service of process within the United States upon such persons or to enforce judgments obtained against such persons outside the United States in U.S. courts or outside the United States. It is not clear whether a foreign court would accept jurisdiction and impose civil liability upon such persons if proceedings were commenced in a foreign jurisdiction predicated solely upon U.S. federal securities laws.

*An increase in market interest rates could result in a decrease in the value of the 2026 Notes.*

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value because the premium, if any, over market interest rates will decline. Consequently, if market interest rates increase, the market value of 2026 Notes may decline. The Company cannot predict the future level of market interest rates.

*The 2026 Notes constitute a new issue of securities for which there is no existing market, and an active trading market for the 2026 Notes may not develop.*

The 2026 Notes constitute a new issue of securities and although the 2026 Notes are listed on the Singapore Exchange, the Company cannot assure holders that in the future a market for the 2026 Notes will develop or that holders will be able to sell any 2026 Notes that they have purchased or that any such 2026 Notes may be sold for any particular price. If an active trading market were to develop, the 2026 Notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including

prevailing interest rates, the Company's results of operations and financial condition, political and economic developments in and affecting the countries in which it operates, risks associated with other issuers of similar securities and the market for similar securities. If an active trading market for the 2026 Notes does not develop or is interrupted, the market price and liquidity of the 2026 Notes may be materially and adversely affected. As a result, the Company cannot assure holders as to the liquidity of any trading market for the 2026 Notes and holders may be required to bear the financial risk of their investment in the 2026 Notes until maturity.

*The Subsidiary Guarantees may not be enforceable.*

The Subsidiary Guarantees provide a basis for a direct claim against the Note Guarantors; however, it is possible that the Subsidiary Guarantees may not be enforceable under the laws of the jurisdictions of the domicile of the Note Guarantors.

If a Note Guarantor becomes subject to an insolvency proceeding in its home jurisdiction or if such Note Guarantor was insolvent on or before the time of providing the Subsidiary Guarantee (within a prescribed period of time ranging from 30 days to six years before filing for insolvency proceedings depending on the jurisdiction), such guarantee may not be enforceable.

In addition, under the jurisdictions of all Note Guarantors, the 2026 Notes and the 2026 Note Indenture may be subordinated to certain statutory preferences. In the event of liquidation, such statutory preferences, including claims for salaries, wages, secured obligations, social security, taxes, court fees and expenses related thereto, will have preference over any other claims, including claims by any holder in respect of the 2026 Notes.

Furthermore, creditors of the Note Guarantors may hold negotiable instruments or other instruments governed by local law that grant rights to attach the assets of the Note Guarantors at the inception of judicial proceedings in the relevant jurisdiction, which attachment is likely to result in priorities benefiting those creditors when compared to the rights of holders of 2026 Notes.

### **Cautionary Note Regarding Forward Looking Statements**

Certain statements in this MD&A constitute forward-looking information. Often, but not always, forward-looking statements use words or phrases such as: "expects", "does not expect" or "is expected", "anticipates" or "does not anticipate", "plans" or "planned", "estimates" or "estimated", "projects" or "projected", "forecasts" or "forecasted", "believes", "intends", "likely", "possible", "probable", "scheduled", "positioned", "goal", "objective" or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking statements, including but not limited to statements with respect to anticipated business plans or strategies, gold production, total cash costs, AISC and All-in costs per ounce sold, capital expenditures and quarterly amortizing payments of the Gold Notes, involve known and unknown risks, uncertainties and other factors which may cause the actual actions, events and results to be materially different from estimated actions, events or results expressed or implied by such forward-looking statements. The Company believes the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "*Risk Factors*" in the Company's Annual Information Form dated as of March 31, 2021, which is available for review on SEDAR at

[www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws.