



Gran Colombia Gold Corp.

Interim Condensed Consolidated Financial Statements
(Unaudited)

For the three and six months ended June 30, 2021

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

	Notes	As at June 30, 2021	As at December 31, 2020
ASSETS			
Current			
Cash and cash equivalents		\$ 57,803	\$ 122,508
Cash in escrow	5	-	144,409
Gold Trust Account	10a	2,645	4,368
Accounts receivable and other	14b	16,047	24,193
Inventories	6	16,236	30,374
Income tax receivable		2,657	-
Prepaid expenses and deposits		3,906	2,855
		99,294	328,707
Non-current			
Cash in trust	12c	680	742
Mining interests, plant and equipment	7	442,148	302,609
Investments and other assets	8	163,580	18,507
Total assets		\$ 705,702	\$ 650,565
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities	9	\$ 28,475	\$ 48,488
Subscription Receipts payable	4b	-	74,101
Income tax payable		-	38,027
Current portion of long-term debt	10	6,975	12,358
Current portion of lease obligations	11	1,759	1,961
Current portion of provisions	12	793	1,174
Amounts payable related to acquisitions of mining interests	22a	1,955	2,280
		39,957	178,389
Non-current			
Long-term debt	10	33,877	127,848
Lease obligations	11	2,573	2,983
Provisions	12	25,071	31,256
Warrant liabilities	13d	35,559	91,639
Deferred revenue	3	84,000	-
Deferred income taxes		13,784	22,222
Total liabilities		234,821	454,337
Equity			
Share capital	13b	627,995	472,219
Share purchase warrants	13c	10,252	-
Contributed surplus		176,694	180,498
Accumulated other comprehensive loss		(106,841)	(115,837)
Deficit		(237,219)	(383,168)
Total equity attributable to shareholders		470,881	153,712
Non-controlling interest		-	42,516
Total equity		470,881	196,228
Total liabilities and shareholders' equity		\$ 705,702	\$ 650,565
Commitments and Contingencies	(Note 22)		
Subsequent events	(Notes 8c, 10a, 13b, 13h, 23)		

See accompanying notes to the interim condensed consolidated financial statements.

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

	Notes	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
Revenue	15	\$ 96,353	\$ 77,134	\$ 198,272	\$ 178,110
Costs and expenses					
Cost of sales	16	49,893	37,942	106,919	88,201
General and administrative		3,835	4,248	7,929	9,138
Share-based compensation	13e	393	1,999	(79)	4,764
Social contributions	22b	2,596	2,515	4,756	4,717
Income from operations		39,636	30,430	78,747	71,290
Other income (expense)					
Finance income		308	561	607	976
Finance costs	17	(2,850)	(2,940)	(6,378)	(9,203)
RTO Transaction costs	4b	-	-	-	(16,700)
Aris Transaction costs	4a	-	-	(9,817)	-
Gain on loss of control of Aris	4a	-	-	56,886	-
Gain (loss) from equity accounting in associates	8	4,580	(1,497)	2,416	(2,217)
Gain on sale of Zancudo Project	8c	-	-	8,913	-
Gain (loss) on financial instruments	18	1,476	(35,403)	44,324	(18,896)
Gain on sale of securities, net		-	3,099	-	3,099
Foreign exchange gain (loss)		462	(2,648)	650	3,136
		3,976	(38,828)	97,601	(39,805)
Income (loss) before income tax and non-controlling interest		43,612	(8,398)	176,348	31,485
Income tax expense					
Current		(14,182)	(9,911)	(26,761)	(25,341)
Deferred		369	(269)	(1,483)	(467)
		(13,813)	(10,180)	(28,244)	(25,808)
Net income (loss)		\$ 29,799	\$ (18,578)	\$ 148,104	\$ 5,677
Attributed to shareholders of the Company		\$ 29,799	\$ (16,799)	\$ 154,362	\$ 7,721
Non-controlling interest		-	(1,779)	(6,258)	(2,044)
		\$ 29,799	\$ (18,578)	\$ 148,104	\$ 5,677
Net income (loss) per share attributed to shareholders of the Company					
Basic	20	\$ 0.41	\$ (0.27)	\$ 2.31	\$ 0.13
Diluted	20	0.28	(0.27)	1.47	0.13
Basic weighted average number of common shares outstanding	20	72,054,379	61,338,920	66,919,732	59,607,413

See accompanying notes to the interim condensed consolidated financial statements.

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

	Notes	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
Net income (loss)		\$ 29,799	\$ (18,578)	\$ 148,104	\$ 5,677
Other comprehensive income (loss):					
Items that will not be reclassified to profit in subsequent periods:					
Unrealized loss on investment in Amilot, net of \$Nil tax (2020 - \$Nil)		(1)	4	(2)	(7)
Unrealized (loss) gain on Gold Notes due to change in credit risk, net of tax ⁽¹⁾	10a	81	(744)	6	1,266
Unrealized (loss) gain on Convertible Debentures due to change in credit risk, net of tax ⁽²⁾	10b	(284)	(350)	(1,054)	64
Unrealized loss on Aris Gold Notes due to changes in credit risk, net of \$Nil tax	4b	-	-	(674)	-
Unrealized loss on Aris Gold Notes due to change in credit risk associated with non-controlling interest, net of tax	4b	-	-	(585)	-
Items that may be reclassified to profit in subsequent periods:					
Foreign currency translation adjustment		(1,824)	12,232	(18,546)	(23,454)
Foreign currency translation adjustment associated with non-controlling interest		-	761	(1,014)	(256)
Comprehensive income (loss)		\$ 27,771	\$ (6,675)	\$ 126,235	\$ (16,710)
Comprehensive income (loss) attributable to:					
Shareholders of the Company		\$ 27,771	\$ (5,657)	\$ 134,092	\$ (14,410)
Non-controlling interest		-	(1,018)	(7,857)	(2,300)
Comprehensive income (loss)		\$ 27,771	\$ (6,675)	\$ 126,235	\$ (16,710)

(1) For the three and six months ended June 30, 2021, the tax recovery on the Gold Notes credit risk changes was \$Nil and \$Nil, respectively. For the three and six months ended June 30, 2020, the tax recovery was \$0.2 million and \$Nil, respectively.

(2) For the three and six months ended June 30, 2021, the tax recovery on the convertible debenture credit risk changes was \$Nil and \$Nil, respectively. For the three and six months ended June 30, 2020, the tax expense was \$0.1 million and \$Nil, respectively.

See accompanying notes to the interim condensed consolidated financial statements.

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

		Six months ended June 30,	
	Notes	2021	2020
Common shares			
Balance, beginning of period	13	\$ 472,219	\$ 446,015
Issuance of common shares in Gold X acquisition	3	155,904	-
Exercise of options	13f	225	1,206
Exercise of warrants	13d	848	3,985
Issuance of common shares in lieu of debenture repayment	13b	2,240	-
Issuance of common shares	13b	-	21,709
Share issue costs	13b	(216)	(458)
Repurchase of shares	13b	(3,225)	(138)
Balance, end of period		627,995	472,319
Share purchase warrants – equity classified			
Balance, beginning of period		\$ -	\$ -
Gold X honoured warrants	13c	10,340	-
Exercise of warrants		(88)	-
Balance, end of period		10,252	-
Contributed surplus			
Balance, beginning of period		180,498	176,094
Exercise of options		(58)	(294)
Share-based compensation		622	3,668
Elimination of Aris share-based compensation on loss of control of Aris	4a	(4,368)	-
Balance, end of period		176,694	179,468
Accumulated other comprehensive loss			
Balance, beginning of period		(115,837)	(109,046)
Unrealized loss on investment in Amilot, net of tax		(2)	(7)
Unrealized loss on Gold Notes due to changes in credit risk, net of tax	10a	6	1,266
Unrealized (gain) loss on Convertible Debentures due to changes in credit risk, net of tax	10b	(1,054)	64
Unrealized loss on Aris Gold Notes due to changes in credit risk, net of tax	4b	(674)	-
Foreign currency translation adjustment		(18,546)	(23,454)
Recognition of accumulated foreign currency translation adjustment on sale of Zancudo Project		688	-
Elimination of accumulated other comprehensive loss on loss of control of Aris	4a	28,578	-
Balance, end of period		(106,841)	(131,177)
Deficit			
Balance, beginning of period		(383,168)	(395,415)
Dividends declared	13b	(4,892)	-
Amount related to consideration in Bluenose RTO Transaction		-	5,055
Impact of changes in ownership of Aris		-	(1,654)
Recognition of accumulated unrealized gains due to changes in credit risk on Aris Gold Notes on loss of control of Aris	4a	(3,521)	-
Net income attributable to shareholders of the Company		154,362	7,721
Balance, end of period		(237,219)	(384,293)
Non-controlling interest			
Balance, beginning of period		42,516	-
Bluenose RTO Transaction without change of control		-	14,192
Impact of changes in ownership of Aris in the period		58,870	(142)
Foreign currency translation adjustment		(1,014)	(256)
Unrealized loss on Aris Gold Notes due to change in credit risk, net of tax	4b	(585)	-
Net loss attributable to non-controlling interest		(6,258)	(2,044)
Elimination of non-controlling interest on loss of control	4a	(93,529)	-
Balance, end of period		-	11,750
Total equity		\$ 470,881	\$ 148,067

See accompanying notes to the interim condensed consolidated financial statements.

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

		Six months ended June 30,	
	Notes	2021	2020
Operating Activities			
Net income		\$ 148,104	\$ 5,677
Adjusted for the following items:			
Depreciation, depletion and amortization	7	15,650	11,946
Share-based compensation	13e	(79)	4,764
Bluenose RTO Transaction costs	4a	-	16,700
Finance costs	17	6,378	9,203
Foreign exchange		1,769	(2,816)
(Gain) loss on financial instruments	18	(44,324)	18,896
Provision for environmental fees		-	6
(Gain) loss from equity accounting in associates	8	(2,416)	2,217
Environmental fees paid	12	(58)	(4)
Payment of health obligations	12	(331)	(322)
Payment of rehabilitation obligations		-	(51)
Gain on sale of securities		-	(3,862)
Gain on sale of Zancudo Project	8c	(8,913)	-
Gain on loss of control of Aris	4b	(56,886)	-
Income tax expense		28,244	25,808
Changes in non-cash operating working capital items	19	3,017	(6,680)
Operating cash flows before taxes		90,155	81,482
Income taxes paid		(63,752)	(42,622)
Net cash provided by operating activities		26,403	38,860
Investing Activities			
Additions to mining interests, plant and equipment	7	(26,890)	(24,786)
Acquisition of Fellsmere	7	(7,015)	-
Reduction in cash on sale of Zancudo Project	8c	(30)	-
Purchase of Denarius Subscription Receipts	8c	(7,942)	-
Reduction in cash on loss of control of Aris	4b	(151,404)	-
Cash acquired in Gold X acquisition	3	6,678	-
Transaction costs incurred in Gold X acquisition	3	(2,100)	-
Advance and costs related to acquisition of SARC		-	(10,028)
Acquisition of shares of Guyana Goldfields		-	(4,012)
Proceeds from sale of shares of Guyana Goldfields		-	7,874
Cash acquired in Bluenose RTO Transaction		-	33
Net cash used in investing activities		(188,703)	(30,919)
Financing Activities			
Repayment of Gold Notes, including Gold Premium	10a	(18,720)	(31,872)
Decrease in Gold Trust Account	10a	1,404	2,334
Release of cash in escrow in connection with Aris			
Gold Notes and Aris Subscription Receipts		131,345	-
Financing costs incurred by Aris		(149)	-
Payment of lease obligations	11	(1,120)	(807)
Interest paid		(1,822)	(3,122)
Exercises of stock options	13f	167	912
Exercises of warrants	13c, 13d	369	1,304
Repurchases of common shares under NCIB	13b	(3,225)	(138)
Acquisition of shares from non-controlling interest		-	(1,796)
Payment of dividends on common shares	13b	(4,428)	-
Share issue cost in connection with Gold X acquisition	3	(216)	-
Share issue cost in connection with Bluenose RTO		-	(400)
Release of cash in escrow from CFC Subscription Receipts		-	4,731
Net proceeds from Private Placement	13b	-	29,505
Net cash provided in financing activities		103,605	651
Impact of foreign exchange rate changes on cash and cash equivalents		(6,010)	(5,082)
(Decrease) increase in cash and cash equivalents		(64,705)	3,510
Cash and cash equivalents, beginning of period		122,508	84,239
Cash and cash equivalents, end of period		\$ 57,803	\$ 87,749

See accompanying notes to the interim condensed consolidated financial statements.

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

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

1. NATURE OF OPERATIONS

Gran Colombia Gold Corp. and its subsidiaries (collectively the "Company") is a publicly listed entity incorporated under the laws of the Province of British Columbia. The head office of the Company is located at 401 Bay Street, Suite 2400, PO Box 15, Toronto, Ontario, M5H 2Y4 and its registered office is at 1166 Alberni Street, Suite 1604, Vancouver, British Columbia, V6E 3Z3. The Company also has offices in Medellin and Bogota, Colombia. The Company is engaged in the acquisition, exploration, development, and operation of gold and silver properties in Latin America.

2. BASIS OF PRESENTATION

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

The interim financial statements have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the fiscal year ended December 31, 2020.

The interim financial statements do not include all the disclosures included in the annual audited consolidated financial statements and accordingly should be read in conjunction with the annual audited consolidated financial statements and the notes thereto for the year ended December 31, 2020. These interim financial statements were approved by the Audit Committee of the Company for issue on August 12, 2021.

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

Consolidation

These financial statements comprise the financial results of the Company, including its subsidiaries, at June 30, 2021 as follows:

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

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

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

The consolidated financial statements also include the Company's equity interests in associates as outlined in Note 8. Investments in Aris Gold Corporation ("Aris"), Denarius Silver Corp. ("Denarius") and Western Atlas Resources Inc. ("Western Atlas") are all accounted for using the equity method.

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

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

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

- On February 4, 2021, on closing of the Aris Transaction (Note 4a), the Company ceased consolidation and commenced accounting for the results in Aris using the equity method; and,
- The Company, as described in Note 8c, obtained 36.15% of the issued and outstanding common shares of Denarius on February 19, 2021. The Company has determined that it holds significant influence over Denarius and, effective February 19, 2021, the Company has commenced accounting for the results in its investment in Denarius using the equity method.

Deferred revenue

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

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

New accounting standards issued but not effective

IAS 16, Property, Plant and Equipment

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

IFRS 3 – Business Combinations

The IASB has issued an amendment to IFRS 3 Business Combinations adding an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. This exception specifies that for some assets and liabilities, an entity applying IFRS 3 should instead refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

IFRS 9 – Financial Instruments

The IASB has issued an amendment to IFRS 9 Financial Instruments clarifying which fees to include in the test in assessing whether to derecognize a financial liability. Only those fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other’s behalf are included.

The amendment is effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

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

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amendments further clarify that settlement of a liability refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

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

3. ACQUISITION OF GOLD X MINING CORP.

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

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

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

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

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

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

The initial investment in Gold X comprised approximately 9.6 million common shares, which were accounted for as an investment in an associate using the equity method (Note 8b), and 4.6 million warrants of Gold X, which were fair valued immediately before the closing of the transaction (Note 8b) and cancelled at the acquisition date.

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

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

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

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

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

4. ARIS

a) Aris Transaction

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

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

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

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

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

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

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

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

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

b) Financial liabilities associated with Aris

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

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

In the six months ended June 30, 2020, RTO Transaction costs of \$16.7 million in the statement of operations included \$16.4 million recognized by Aris for the excess of the fair value of the consideration paid over the net

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liability assumed during its RTO Transaction and transaction costs of approximately \$0.3 million.

5. CASH IN ESCROW

	June 30, 2021	December 31, 2020
Aris Gold Notes (Note 4a)	\$ -	\$ 75,288
Aris Subscription Receipts (Note 4a)	-	66,808
Guia Antigua Vendor Subscription Receipts (8c)	-	2,313
	\$ -	\$ 144,409

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

6. INVENTORIES

	June 30, 2021	December 31, 2020 ⁽¹⁾
Mineral inventories	\$ 5,864	\$ 13,872
Materials and supplies	10,372	16,502
	\$ 16,236	\$ 30,374

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

During the three and six months ended June 30, 2021, the total cost of materials and supplies recognized in the statement of operations amounted \$23.7 million and \$51.7 million, respectively (three and six months ended June 30, 2020 - \$16.9 million and \$38.2 million, respectively).

7. MINING INTERESTS, PLANT AND EQUIPMENT

	Mineral properties	Plant and equipment	ROU plant and equipment	Construction in progress	E&E assets	Total
Six months ended June 30, 2021						
Opening net book value	\$ 104,902	\$ 66,041	\$ 4,983	\$ 15,174	\$ 111,509	\$ 302,609
Additions	16,914	2,860	1,191	4,010	2,414	27,389
Acquisition of Gold X	-	51	-	-	263,546	263,597
Acquisition of Fellsmere	-	-	-	7,214	-	7,214
Transfers	3,755	5,007	-	(5,007)	(3,755)	-
Depreciation and amortization	(11,099)	(3,584)	(1,047)	-	-	(15,730)
Exchange difference	(9,386)	(4,726)	(438)	(1,430)	(2,191)	(18,171)
Derecognition of Aris' assets (Note 4a)	(3,611)	(16,354)	(489)	-	(104,306)	(124,760)
Closing net book value	\$ 101,475	\$ 49,295	\$ 4,200	\$ 19,961	\$ 267,217	\$ 442,148
As at June 30, 2021						
Cost	\$ 246,377	\$ 79,619	\$ 6,808	\$ 46,167	\$ 446,692	\$ 825,663
Accumulated depreciation, Amortization and impairment	(144,902)	(30,324)	(2,608)	(26,206)	(179,475)	(383,515)
Net book value	\$ 101,475	\$ 49,295	\$ 4,200	\$ 19,961	\$ 267,217	\$ 442,148

In February 2021, the Company paid \$7.0 million to acquire all of the issued and outstanding shares of Fellsmere International Inc. ("Fellsmere"), an arms-length Panamanian company, through its wholly-owned

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Colombian subsidiary, constructing a polymetallic recovery plant located in the Company's Segovia mining title. As the only assets of Fellsmere related to the plant construction in process, the transaction has been accounted for as an asset acquisition and the purchase price has been allocated to "construction in progress".

A summary of the net book value is as follows:

	Mineral properties	Plant and equipment	ROU Plant and equipment	Construction in progress	E&E assets	Total
As at June 30, 2021						
Segovia Operations	\$ 101,475	\$ 49,185	\$ 4,135	\$ 19,961	\$ 3,521	\$ 178,277
Toroparu Project	-	51	-	-	263,696	263,747
Corporate	-	59	65	-	-	124
Total	\$ 101,475	\$ 49,295	\$ 4,200	\$ 19,961	\$ 267,217	\$ 442,148

	Mineral properties	Plant and equipment	ROU Plant and equipment	Construction in progress	E&E assets	Total
As at December 31, 2020						
Segovia Operations	\$ 104,902	\$ 49,846	\$ 4,508	\$ 15,174	\$ 2,738	\$ 177,168
Marmato Project ⁽¹⁾	-	16,177	405	-	58,719	75,301
Juby Project ⁽¹⁾	-	-	-	-	50,052	50,052
Corporate	-	18	70	-	-	88
Total	\$ 104,902	\$ 66,041	\$ 4,983	\$ 15,174	\$ 111,509	\$ 302,609

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

As at June 30, 2021, accounts payable and accrued liabilities (Note 9) include \$1.0 million related to capital expenditures (December 31, 2020 - \$1.7 million).

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

	Three months ended June 30, 2021	June 30, 2020	Six months ended June 30, 2021	June 30, 2020
Cost of sales expense	\$ 7,945	\$ 5,119	\$ 15,614	\$ 11,916
General and administrative expenses	21	15	36	30
Total charged to operations	7,966	5,134	15,650	11,946
Increase (decrease) in inventories	(62)	233	(483)	(438)
Capitalized depreciation	282	196	563	387
	\$ 8,186	\$ 5,563	\$ 15,730	\$ 11,895

8. INVESTMENTS AND OTHER ASSETS

	Common Shares	Warrants	Gold Notes	June 30, 2021	December 31, 2020
Aris	\$ 124,000	\$ 10,009	\$ 9,900	\$ 143,909	\$ -
Gold X	-	-	-	-	17,507
Denarius	17,027	1,878	-	18,905	-
Western Atlas	663	81	-	744	976
Amilot ⁽¹⁾	22	-	-	22	24
As at June 30, 2021	\$ 141,712	\$ 11,968	\$ 9,900	\$ 163,580	\$ 18,507

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

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The gain (loss) from equity accounting in associates during the three and six month periods ended June 30 comprises:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Aris	\$ 2,397	\$ -	\$ 5,195	\$ -
Gold X	566	(1,479)	321	(2,116)
Denarius	1,653	-	(3,060)	-
Western Atlas	(36)	(18)	(40)	(101)
	\$ 4,580	\$ (1,497)	\$ 2,416	\$ (2,217)

a) Aris

	Common Shares	Listed Warrants	Unlisted Warrants	Gold Notes	Total
As at December 31, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Fair value assigned on loss of control (Note 4a)	118,805	10,822	3,933	10,000	143,560
Change in FVTPL (Note 18)	-	(3,383)	(1,363)	(100)	(4,846)
Gain from equity accounting	5,195	-	-	-	5,195
As at June 30, 2021	\$ 124,000	\$ 7,439	\$ 2,570	\$ 9,900	\$ 143,909

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

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

Aris Listed Warrants

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

The Aris Listed Warrants are derivative instruments and have been designated at FVTPL. As such, they were recognized at fair value on February 4, 2021 and subsequently they are remeasured with the change in fair value being recognized in the statement of operations. The fair value of the Aris Listed Warrants as at June 30, 2021 was determined based on their last traded price, a level 1 fair value input, of CA\$0.50 (equivalent to approximately \$0.40) per Aris Listed Warrant. During the three and six months ended June 30, 2021, the Company recognized a loss of \$2.1 million and \$3.4 million, respectively related to its Aris Listed Warrants (Note 18).

Aris Unlisted Warrants

The Aris Unlisted Warrants entitle the holder to acquire one common share of Aris until December 19, 2024 at a price of CA\$3.00 per Aris common share. The Aris Unlisted Warrants are derivative instruments and have been designated at FVTPL. As such, they were recognized at fair value on February 4, 2021 and, subsequently, they are remeasured with the change in fair value being recognized in the statement of operations. At June 30, 2021, the fair value was determined using the Black-Scholes option pricing model and level 2 fair value inputs, including expected share price volatility averaging of 64%, risk free interest rate of 0.87%, dividend yield of 0% , expected average life of 3.5 years. In valuing the Aris Unlisted Warrants at June 30, 2021, the Company applied a liquidity discount of 61% from the Black-Scholes value, which is consistent with the discount that the market has applied for trading prices in comparison to the Black-Scholes valuation of the Aris Listed Warrants. During the three and six months ended June 30, 2021, the Company

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recognized a loss of \$0.8 million and \$1.4 million, respectively related to its Aris Unlisted Warrants (Note 18).

Aris Gold Notes

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

The Aris Gold Notes trade on the NEO Exchange under the symbol "ARIS.NT.U" and are a financial asset designated at FVTPL. The fair value of the Aris Gold Notes as at June 30, 2021 was determined based on their last traded price, a level 1 fair value input, of \$99.00 per Aris Gold Note.

During the three and six months ended June 30, 2021, the Company recorded a gain of \$0.1 million and a loss of \$0.1 million, respectively representing the total fair value decrease of the Aris Gold Notes (Note 18).

b) Gold X

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

On June 4, 2021, Gold X became a direct, wholly owned subsidiary of the Company, before the closing of the acquisition the Company held 15.33% (December 31, 2020 - 18.1%) equity interest in Gold X. The Company elected to recognize its initial investment in Gold X using the cost accumulation approach as part of the consideration paid (Note 3).

The Company recorded a gain of \$0.3 million from its share of Gold X's results from January 1 to June 3, 2021, and a gain of \$0.6 million from April 1 to June 3, 2021 (during the three and six months ended June 30, 2020 - \$1.5 million and \$2.1 million, respectively), net of a dilution gain due to changes in ownership of \$3.4 million (2020 - \$Nil).

The Gold X Warrants were derivative instruments and designated at FVTPL. During the three and six months ended June 30, 2021, the Company recorded a loss of \$0.7 million and a gain of \$0.3 million, respectively (2020 - a gain of \$7.5 million and \$4.6 million respectively), representing the change in total fair value for the Gold X Warrants. The fair value of the Gold X Warrants at June 3, 2021 was \$8.5 million (December 31, 2020 - \$7.8 million), determined using the Black-Scholes pricing model and level 2 fair value inputs, including expected share price volatility between 82.79% and 87.86% (2020- 83.13%), risk free interest rate of 0.8% (2020 - 0.27%), expected lives of 2.1 to 3.2 years and dividend yield of 0% (2020 - 0%).

c) Denarius

	Common Shares	Warrants	Subscription Receipts	Total
As at December 31, 2020	\$ -	\$ -	\$ -	\$ -
Sale of Zancudo Project	9,631	-	-	9,631
Exercise of Guia Antigua Vendor Subscription Receipts (Note 5)	2,313	-	-	2,313
Additions	-	-	7,942	7,942
Loss from equity accounting	(3,060)	-	-	(3,060)
Change in fair value through profit and loss (Note 18)	-	(90)	1,949	1,859
Exchange difference	-	(17)	237	220
Closing subscription receipt	8,143	1,985	(10,128)	-
As at June 30, 2021	\$ 17,027	\$ 1,878	\$ -	\$ 18,905

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

As at June 30, 2021, the Company holds a 27.3% equity interest in Denarius. During the three and six months ended June 30, 2021, the Company recognized a loss of \$0.5 million and \$5.2 million, respectively from its share of Denarius's results and a dilution gain due to changes in ownership of \$2.1 million for the three months ended June 30, 2021.

Sale of Zancudo Project and Investments in Denarius

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

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

- ESV closed a November 2020 amalgamation agreement with 1255269 B.C. Ltd. (the "Guia Antigua Vendor"), which owns the rights for exploration, mining and processing operations and the commercialization of mineral products from the Guia Antigua Project located within the Company's Segovia mining title. Pursuant to the amalgamation agreement, in exchange for all of the outstanding shares of the Guia Antigua Vendor, ESV issued 15,000,000 common shares to the former shareholders of the Guia Antigua Vendor and paid a financial advisory fee to a third party equal to 300,000 common shares.
- In November 2020, the Guia Antigua Vendor completed a private placement of 18,675,053 subscription receipts at a price of CA\$0.45 per unit ("Guia Antigua Private Placement") for gross proceeds of approximately CA\$8.4 million. The Company had acquired 6,666,666 subscription receipts for a total cost of CA\$3.0 million (equivalent to approximately \$2.3 million). Immediately prior to closing of the amalgamation agreement, the Guia Antigua Subscription Receipts automatically converted into the equivalent number of common shares of the Guia Antigua Vendor for no additional consideration and were immediately exchanged for common shares of ESV on a one-for-one basis.

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

The 33,666,666 common shares of Denarius issued to the Company in the foregoing transactions, represented approximately 36.2% of the issued and outstanding shares of Denarius as of February 19, 2021 and are subject to a voluntary pooling arrangement from which 50% of the shares were released by June 30, 2021 and the balance will be released on each of September 27, 2021 and December 28, 2021.

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

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

On April 29, 2021 the aggregate fair value of the Denarius Subscription Receipts amounted to \$10.1 million, and during the three and six month ended June 30, 2021 the Company recorded a loss on financial instruments of \$2.7 million and \$1.9 million gain in the statement of operations, respectively. The fair value of the Denarius Subscription Receipts held by the Company was determined based on the sum of the fair values of the underlying Denarius common shares using the closing quoted market price and for the unlisted Denarius warrants, using the Black-Scholes pricing model with level 2 fair value inputs including expected share price volatility of 93.02%, risk free interest rate of 0.75%, dividend yield of 0% and expected average life of 4.9 years, and applied a liquidity discount of 60% from the Black-Scholes value.

Denarius Warrants

As at June 30, 2021, as a result of the conversion of Denarius Subscription Receipts, the Company holds 22,222,223 warrants ("Denarius Warrants"), the fair value was determined using the Black-Scholes option pricing model and level 2 fair value inputs, including expected share price volatility of 81.25%, risk free interest rate of 0.87%, dividend yield of 0%, expected average life of 4.7 years and a liquidity discount of 60% from the Black-Scholes value. During the three and six months ended June 30, 2021, the Company recognized a loss of \$0.1 million (Note 18). The Denarius Warrants commenced trading on the TSXV on July 23, 2021 under the trading symbol "DSL.V.WT".

d) Western Atlas

	Common Shares	Warrants
As at December 31, 2020	\$ 703	\$ 273
Loss from equity accounting	(40)	-
Change in fair value through profit and loss (Note 18)	-	(196)
Exchange difference	-	4
As at June 30, 2021	\$ 663	\$ 81

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

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

The Western Atlas Warrants are financial instruments and have been designated at FVTPL. During the three and six months ended June 30, 2021, the Company recorded a loss of \$0.3 million and \$0.2 million, respectively, (three and six months ended June 30, 2020 – a gain of \$0.2 million and \$0.1 million, respectively) representing the total fair value adjustment for the Western Atlas Warrants. The fair value of the Western Atlas Warrants at June 30, 2021 was approximately \$0.1 million (2020 – \$0.3 million), determined using the Black-Scholes pricing model and level 2 fair value inputs, including expected share price volatility averaging of 87.41% (2020 – 121.83%), risk free interest rate of 0.44% (2020 – 0.20%), dividend yield of 0% (2020 – 0%), expected average life of 0.7 years (2020 – 1.2 years).

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9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2021	December 31, 2020
Trade payables related to operating, general and administrative expenses	\$ 12,909	\$ 25,400
Trade payables related to capital expenditures	5,503	9,126
Segovia social contributions payable (Note 22b)	2,568	2,601
Other non-income taxes payable	1,386	2,355
DSU and PSU liabilities (Note 13g and 13h)	3,102	4,534
Dividend payable	1,192	728
Other provisions and accrued liabilities	1,815	3,744
Total accounts payable and accrued liabilities	\$ 28,475	\$ 48,488

10. LONG-TERM DEBT

	Maturity	Currency	Principal Amount	Interest Rate	June 30, 2021	December 31, 2020
Gold Notes (Note 23)	2024	USD	\$ 35,525	8.25%	\$ 21,626	\$ 38,545
Convertible Debentures	2024	CA	20,000	8.00%	19,226	28,426
Aris Gold Notes ⁽¹⁾	2027	USD	73,066	7.50%	-	73,235
Total					40,852	140,206
Less: current portion					6,975	12,358
Non-current portion					\$ 33,877	\$ 127,848

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

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

	Number of Gold Notes	Amount
As at December 31, 2020	35,525,000	38,545
Change in FVTPL (Note 18)	-	(1,138)
Change in FVOCI due to changes in credit risk	-	(6)
Principal repayments	(15,775,000)	(15,775)
As at June 30, 2021	19,750,000	21,626
Less: current portion	6,975,000	6,975
Non-current portion	12,775,000	\$ 14,651

During six months ended June 30, 2021, the Company completed two scheduled quarterly amortizing payments of the Gold Notes totaling approximately \$8.3 million (2020 - \$10.7 million), of which approximately \$5.8 million (2020 - \$8.3 million) was applied to reduce the principal amount outstanding and the remaining amount of \$2.5 million (2020 - \$2.4 million) was allocated to Gold Premium (Note 17).

The Company has completed the following early optional redemptions of the Gold Notes:

- On May 10, 2021, a payment in cash of \$10.4 million, of which \$10.0 million was applied to reduce the aggregate principal amount outstanding and \$0.4 million was allocated to Applicable Premium (Note 17).
- On March 31, 2020, a payment in cash of \$21.1 million, of which \$19.1 million was applied to reduce the aggregate principal amount outstanding and \$2.0 million was allocated to Applicable Premium (Note 17).

The Gold Notes are a financial liability and have been designated at FVTPL. As at June 30, 2021, the fair value of the Gold Notes has been determined based on their last traded price of \$109.50 (December 31, 2020 - \$108.50) and a credit spread of 6.60% (2020 - \$12.50%). For the three and six months ended June 30, 2021, the Company recorded a gain of \$Nil and \$1.1 million, respectively (three and six months ended June 30, 2020 - a loss of \$1.5 million and \$3.3 million, respectively) in the statement of operations (Note 18). The

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change in credit risk resulted in gain of \$0.1 million and \$Nil, respectively (three and six months ended June 30, 2020 - a loss of \$0.7 million and a gain of \$1.3 million, respectively) recognized in the statement of other comprehensive income.

As of June 30, 2021, the remaining scheduled Amortizing Payments of the Gold are as follows:

	2021	2022	2023	2024	Total
Gold ounces	2,790	5,580	5,110	2,320	15,800
Principal repayments	\$ 3,487	\$ 6,975	\$ 6,388	\$ 2,900	\$ 19,750

Subsequent to June 30, 2021, the Company completed a scheduled Amortizing Payment of the Gold Notes on August 3, 2021, reducing the aggregate principal amount of the Gold Notes outstanding to \$18.0 million. On August 9, 2021, the Company gave notice of an early optional redemption of the remaining principal amount of the Gold Notes outstanding (Note 23).

Gold Trust Account

As at June 30, 2021, there were 1,500 ounces of gold held in the Gold Trust Account with a carrying value of \$2.6 million, being the lower of cost and net realizable value (December 31, 2020 – 2,310 ounces; \$4.4 million). The Company sold 1,395 ounces in July 2021 to fund the Amortizing Payment of the Gold Notes paid on August 3, 2021.

b) Convertible Debentures

	Number of Debentures	Amount
As at December 31, 2020	20,000	\$ 28,426
Change in fair value through profit and loss (Note 18)	-	(8,612)
Change in FVOCI due to changes in credit risk	-	1,054
Early redemption	(2,000)	(2,240)
Exchange difference	-	598
As at June 30, 2021, non-current	18,000	\$ 19,226

As at June 30, 2021, a total of CA\$18.0 million in aggregate principal amount (equivalent to approximately \$14.5 million) of convertible unsecured subordinated debentures (“Convertible Debentures”) are issued and outstanding. The Convertible Debentures mature on April 5, 2024 and bear interest at a rate of 8.00% per annum, payable monthly in cash in arrears.

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

The Convertible Debentures are a financial liability and have been designated at FVTPL. At June 30, 2021 the fair value of the Convertible Debentures has been determined using the binomial pricing model and level 2 fair value inputs that capture all the features of the Convertible Debentures, share price volatility of 58.61% (2020 – 55.78%), risk free interest rate of 1.06% (2020 – 0.63%), dividend yield of 3.75% (2020– 2.10%), and credit spread of 9.94% (2020 – 15.84%).

During the three and six months ended June 30, 2021, the Company recorded a gain on fair value of \$1.5 million and \$8.6 million, respectively (three and six months ended June 30, 2020 – a loss of \$7.6 million and \$3.6 million, respectively) in the statement of operations (Note 18) and a loss of \$0.3 million and \$1.0 million, respectively (three and six months ended June 30, 2020 – a loss of \$0.3 million and a gain of less than \$0.1 million, respectively) related to the change in credit risk was recognized in the statement of other comprehensive income.

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11. LEASE OBLIGATIONS

	Maturity	Currency	Interest rate	June 30, 2021	December 31, 2020
Leases	2021 to 2026	COP	13.13%	\$ 4,258	\$ 4,867
Leases	2021	CA	6.02%	56	77
Leases	2022	USD	6.50%	18	-
Total lease obligations				4,332	4,944
Less: current portion				1,759	1,961
Non-current portion				\$ 2,573	\$ 2,983

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

The table below summarizes the changes in lease obligations during the six months ended June 30, 2021:

	Amount
As at December 31, 2020	\$ 4,944
Additions	1,174
Accretion (Note 17)	216
Lease payments	(1,120)
Exchange difference	(421)
Derecognition of Aris's lease obligations (Note 4b)	(461)
As at June 30, 2021	\$ 4,332

The undiscounted and discounted future lease payments are as follows:

	June 30, 2021	December 31, 2020
Within one year	\$ 2,139	\$ 1,744
More than one year	3,085	4,184
Total undiscounted lease obligations	5,224	5,928
Amount representing interest	(892)	(984)
Lease obligations – discounted	\$ 4,332	\$ 4,944

During the six months ended June 30, 2021, the Company recognized total payments in the consolidated statement of cash flows in the amount of \$1.1 million (2020 - \$0.8 million). Scheduled future undiscounted lease payments, comprising principal and interest, are as follows:

	2021	2022	2023	2024	Thereafter	Total
Total payments	\$ 2,131	\$ 1,595	\$ 583	\$ 384	\$ 531	\$ 5,224

12. PROVISIONS

	Decommissioning and rehabilitation	Environmental fees	Health plan obligations	Total
As at December 31, 2020	\$ 16,145	\$ 4,083	\$ 12,202	\$ 32,430
Payments in the period	-	(58)	(331)	(389)
Accretion of discount (Note 17)	259	-	411	670
Exchange difference	(1,182)	(351)	(1,056)	(2,589)
Derecognition of Aris provisions (Note 4b)	(4,258)	-	-	(4,258)
As at June 30, 2021	10,964	3,674	11,226	25,864
Less: current portion	127	27	639	793
Non-current portion	\$ 10,837	\$ 3,647	\$ 10,587	\$ 25,071

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a) **Decommissioning and rehabilitation provision (“ARO”)**

The total ARO provision recorded by the Company represents management’s best estimate of the future reclamation and remediation obligation for its Segovia Operations. The estimated amount, and timing thereof, of the future reclamation and remediation costs is inherently uncertain and will be revised as further information becomes available. Actual future expenditures and timing may therefore differ materially from the amounts currently provided.

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

	Expected date of expenditures	Inflation rate	Pre-tax risk free rate	Undiscounted cash flow
Segovia Operations	2021-2029	2.89%	4.16%	\$ 14,713

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

b) **Environmental fees**

In July 2013, Corantioquia, the local environmental authority, issued a resolution assessing fees totalling COP 29.5 billion (equivalent to approximately \$7.9 million at the June 30, 2021 exchange rate) for environmental discharges in 2010 and 2011 at tariff rates that significantly exceeded the applicable rates that the Company believes were in effect for those particular periods. In November 2013, after further appeal to Corantioquia to appropriately amend the assessments, the Company initiated proceedings in the Colombian judicial system to seek a reduction in the assessed fees. The matter is currently still in process in the judicial system.

At June 30, 2021, the Company has a provision in the amount of COP 13.8 billion (approximately \$3.7 million) related to the present value of its best estimate of the potential liability for these fees (December 31, 2020 – COP 13.8 billion or approximately \$4.1 million).

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

c) **Health plan obligations**

The Company has an obligation related to its acquisition of the Segovia Operations in 2010 to fund the health plan contributions of certain participants in a Colombian pension plan. The health plan obligation of COP 42.0 billion (approximately \$11.2 million) is based on an actuarial report prepared as at December 31, 2020, with an inflation rate of 3.2% and a discount rate of 7.3%. The Company is currently paying approximately COP 0.2 billion (approximately less than \$0.1 million) monthly to fund the obligatory health plan contributions. At June 30, 2021, non-current cash in trust includes approximately \$0.7 million deposited in a restricted cash account as security against this obligation (December 31, 2020 - \$0.7 million).

13. SHARE CAPITAL

a) **Authorized**

Unlimited number of common shares with no par value.

b) **Issued and fully paid**

As at June 30, 2021, the Company had 98,485,770 common shares issued and outstanding (December 31, 2020 – 61,762,411 common shares). The Company issued 36,772,294 common shares to the former shareholders of Gold X as described in Note 3.

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During the six months ended June 30, 2021, the Company issued a total of 83,333 common shares for the exercise of stock options, 421,050 common shares for the repayment of a portion of the Convertible Debentures (Note 10b), 39,082 common shares for Gold X Warrants exercised and 159,600 common shares were issued for exercise of Listed Warrants.

During the six months ended June 30, 2020, the Company issued a total of 342,500 common shares for the exercise of stock options and 826,666 common shares were issued for exercise of Listed Warrants.

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

Normal Course Issuer Bid ("NCIB")

On September 4, 2020, the Company renewed its NCIB to purchase for cancellation up to 5,934,811 common shares of the Company over a 12-month period, representing 10% of the issued and outstanding common shares in the public float as of August 31, 2020. Daily purchases are limited to 153,521 common shares, other than block purchase exceptions. During the three and six months ended June 30, 2021, the Company purchased a total of 702,000 common shares for cancellation at an average price of CA\$5.69, representing a total cost of approximately \$3.2 million. This brings the cumulative common shares purchased for cancellation under the current NCIB to a total of 1,536,100 common at an average price of CA\$5.93.

Dividends

Declaration date	Payment date	Per share	Amount Paid or Payable in CA	Amount Recorded in Deficit
December 15, 2020	January 15, 2021	CA\$0.015	\$ 926	\$ 729
January 18, 2021	February 16, 2021	CA\$0.015	928	726
February 16, 2021	March 15, 2021	CA\$0.015	928	728
March 16, 2021	April 15, 2021	CA\$0.015	917	730
April 15, 2021	May 17, 2021	CA\$0.015	923	750
May 17, 2021	June 15, 2021	CA\$0.015	923	765
Total paid in the period			5,545	4,428
June 15, 2021 ⁽¹⁾	July 15, 2021	CA\$0.015	1,477	1,192
Total			\$ 7,022	\$ 5,621

(1) Included in accounts payable and accrued liabilities as at June 30, 2021 (Note 9).

c) Share purchase warrants – equity classified

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

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

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

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The table below summarizes information about Gold X Warrants:

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

d) *Share purchase warrants – liability classified*

	Listed Warrants		Unlisted Warrants		Aris Warrants	Total
	Number	Amount	Number	Amount	Amount	Amount
As at December 31, 2020	10,551,760	\$ 48,595	10,403,727	\$ 26,287	\$ 16,757	\$ 91,639
Warrants exercised during the period	(159,600)	(391)	-	-	-	(391)
Fair value adjustment (Note 18)	-	(23,239)	-	(17,012)	1,370	(38,881)
Allocated from Aris Subscription Receipts (Notes 4a, 5)	-	-	-	-	17,732	17,732
Derecognized on loss of control of Aris (Note 4a)	-	-	-	-	(35,859)	(35,859)
Exchange difference	-	936	-	383	-	1,319
As at June 30, 2021	10,392,160	\$ 25,901	10,403,727	\$ 9,658	\$ -	\$ 35,559

Listed Warrants (GCM.WT.B)

The Listed Warrants expire on April 30, 2024 and represent a financial liability as the exercise price of CA\$2.21 per share is denominated in Canadian dollars, different from the Company's USD functional currency. As such, they were recognized at fair value at inception and subsequently they are remeasured with the change in fair value being recognized in the statement of operations. The fair value of the Listed Warrants as at June 30, 2021 was determined based on their last traded price, a level 1 fair value input, of CA\$3.67 (equivalent to approximately \$2.92) per Listed Warrant.

During the three and six months ended June 30, 2021, the Company recognized a fair value gain of \$5.0 million and \$23.2 million, respectively, associated with the Listed Warrants (2020 – a loss of \$21.0 million and \$11.4 million, respectively) and received \$0.3 million in cash proceeds with a corresponding increase in share capital for the total amount of \$0.7 million.

Unlisted Warrants

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

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

Expiry date	February 6, 2023	November 5, 2023
Number of warrants	7,142,857	3,260,870
Exercise price	CA\$6.50	CA\$5.40
Expected volatility	61.89%	59.29%
Risk free interest rate	0.44%	0.44%
Expected dividend yield	3.53%	3.53%
Remaining life in years	1.6	2.4
Fair value	\$ 5,839	\$ 3,819

During the three and six months ended June 30, 2021, the Company recognized a fair value gain of \$1.6 million and \$17.0 million, respectively, associated with the Unlisted Warrants (2020 – a loss of \$13.5 million and \$6.2 million, respectively) (Note 18).

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Stock options granted by the Company (Note 13f)	\$ 311	\$ -	\$ 311	\$ 688
DSUs granted by the Company (Note 13g)	178	865	(408)	672
PSUs granted by the Company (Note 13h)	(96)	257	(422)	250
Stock options granted by Aris	-	579	311	2,710
DSUs granted by Aris	-	298	129	444
Total share-based compensation expense (recovery)	\$ 393	\$ 1,999	\$ (79)	\$ 4,764

f) **Stock option plan**

A summary of the change in the stock options outstanding for the six months ended June 30, 2021 is as follows:

	Outstanding	Exercise price (CA) ⁽¹⁾
Balance, December 31, 2020	1,681,665	\$ 3.52
Exercised during the period	(83,333)	2.55
Granted during the period	924,000	6.04
Balance, June 30, 2021	2,522,332	\$ 4.47

(1) Amounts represent the weighted average exercise price per common share.

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

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

During the six months ended June 30, 2021, holders exercised 83,333 stock options at a weighted average exercise price of CA\$2.55 per share for total cash proceeds of \$0.2 million (2020 – 342,500 stock options at a weighted average exercise price of CA\$3.6 per share for proceeds of \$1.0 million).

A summary of the stock options granted and the share-based compensation expense recorded by the Company for the period ended June 30, 2021 and 2020, including the inputs used in the determination of the fair values of the stock options using the Black-Scholes option pricing model, is as follows:

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	Six months ended June 30,	
	2021	2020
Number of stock options granted	924,000	740,000
Term	5 years	5 years
Vesting	1 year	Immediately
Share-based compensation expense	\$ 311	\$ 688
Grant date fair value per option	\$1.34	\$1.32
Weighted average Black-Scholes option pricing model inputs		
Market price of the shares at grant date	CA\$5.73	CA\$4.05
Exercise price	CA\$6.04	CA\$4.05
Dividends expected	3.14%	Nil
Expected volatility	58.82%	53.78%
Risk-free interest rate	0.23%	0.47%
Expected life of options	2.5 years	2.5 years

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

Expiry date	Outstanding and exercisable options	Options vested	Remaining contractual life in years	Exercise price (CA\$/share)
April 3, 2022	194,999	194,999	1.0	2.55
December 12, 2022	53,333	53,333	1.7	2.55
June 14, 2023	475,000	475,000	2.2	3.16
April 1, 2024	305,000	305,000	3.0	3.67
April 1, 2025	520,000	520,000	4.0	4.05
July 2, 2025	50,000	50,000	4.2	6.88
April 1, 2026	924,000	-	4.8	6.04
	2,522,332	1,598,332	2.85	\$ 4.47

g) Deferred Share Units (“DSUs”)

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

	The Company	Aris	Total
Balance, December 31, 2020	\$ 2,851	\$ 681	\$ 3,532
Share-based compensation expense (Note 13e)			
DSUs recognized in the period	668	138	806
Change in fair value	(1,076)	(9)	(1,085)
Paid in the period	-	(647)	(647)
Derecognized on loss of control	-	(163)	(163)
Exchange difference	59	-	59
Balance, June 30, 2021	\$ 2,502	\$ -	\$ 2,502

The DSU liability at June 30, 2021 was determined based on the Company’s closing share price, a level 1 fair value input, of CA\$5.10 per share (equivalent to approximately \$4.11 per share) (December 31, 2020 – CA\$8.06 per share equivalent to approximately \$6.33 per share). As at June 30, 2021, the Company had 404,445 vested DSUs, 215,000 DSUs that will vest on August 1, 2021 and 78,075 DSUs that will vest on April 1, 2022.

On April 1, 2021 the Company granted a total of approximately \$0.4 million of DSUs to its five non-executive directors representing a total of 78,075 DSUs at a price of CA\$6.04 per share which will vest on April 1, 2022.

h) Performance Share Units (“PSUs”)

As at June 30, 2021, the Company had 372,151 PSUs outstanding (December 31, 2020 - 255,824), including a grant approved on April 1, 2021 for a total of 112,423 PSUs to executive officers and senior management at a price of CA\$6.04.

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During the six months ended June 30, 2021, a total of 3,904 Dividend Equivalent Units were added to the holders' accounts. A total of 114,527 PSUs will vest on June 30, 2022, 144,602 PSUs will vest on June 30, 2023 and 113,012 will vest on June 30, 2024.

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

	Total
Balance, December 31, 2020	\$ 1,002
Share-based compensation expense (Note 13e)	(422)
Exchange difference	20
Balance, June 30, 2021	\$ 600

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

14. FINANCIAL RISK MANAGEMENT

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

a) Impact of COVID-19

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

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

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

b) Credit risk

	June 30, 2021	December 31, 2020
Trade accounts receivable	\$ 770	\$ 1,816
VAT receivable	12,020	18,858
Other, net of allowance for doubtful accounts	3,257	3,519
Total accounts receivable and other	\$ 16,047	\$ 24,193

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

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The exposure to credit risk arises through the failure of a third party to meet its contractual obligations to the Company. The Company's exposure to credit risk arises primarily from the Company's cash balances, which are held with highly rated Canadian, U.S. and Colombian financial institutions, VAT and accounts receivable. Timing of collection for the VAT receivables is in accordance with the Company's bi-monthly filing.

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

c) Foreign currency risk

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

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

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

	CA	COP
Cash	\$ 164	\$ 42,324
Accounts receivable	16	14,752
Cash in trust	-	680
Warrants in associates	11,968	-
Subscription Receipts	-	-
Accounts payable and accrued liabilities, including amounts payable related to acquisitions of mining interests	(4,762)	(23,308)
Income tax receivable (payable)	-	2,657
Convertible Debentures	(19,226)	-
Warrant liabilities	(35,559)	-
Lease obligations	(56)	(4,258)
Net financial (liabilities) assets	\$ (47,455)	\$ 32,847

Based on the net exposure at June 30, 2021, a 10% depreciation or appreciation of the CA against the USD would result in a \$4.7 million increase or decrease in the Company's after-tax net income and a 10% depreciation or appreciation of the COP against the USD would result in a \$3.3 million decrease or increase in the Company's other comprehensive income.

d) Price risk

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

The Company may enter into commodity hedging contracts from time to time to reduce its exposure to fluctuations in spot commodity prices. The Company is required under the covenants of the Gold Notes to use commercially reasonable efforts to put in place commodity hedging contracts (put options) which establish a minimum selling price at the respective floor prices of \$1,250 per ounce for the Gold Notes for the physical gold being accumulated in the gold trust accounts which will be sold in each of the immediately subsequent four quarters to meet the Company's financial obligations for the quarterly amortizing payments on the Gold Notes. At June 30, 2021, the Company has no outstanding gold commodity hedging contracts in place (December 31, 2020 - \$nil).

The Company has not designated commodity hedging contracts as accounting hedges under IFRS 9.

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e) **Fair value risk**

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

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

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

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

f) **Capital management**

The Company's objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to develop its mining properties into production and to maintain investor, creditor and market confidence to sustain the future development of the business. The Company considers its capital structure to include equity attributable to its shareholders and non-controlling interest of \$470.9 million (2020 – \$196.2 million) and its debt of \$40.9 million (2020 – \$140.2 million).

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may, from time to time, issue new shares, issue new debt (secured, unsecured, convertible and/or other types of debt instruments), acquire or dispose of assets or adjust its capital spending to manage its ability to continue as a going concern. As of June 30, 2021, other than certain restrictive covenants related to incurring additional indebtedness under the terms of the Gold Notes, the Company is not subject to any externally imposed capital requirements.

g) **Liquidity risk**

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

- **Accounts payable and accrued liabilities:** These arise during the normal course of business and are paid from operating cash flow, and except under certain exceptions, are usually due within no later than one month. The Company from time to time may also enter into payment plans to pay these amounts over extended periods, typically less than 12 months.
- **Amounts payable for acquisitions of mining interests:** Principally represents compensation agreements with artisanal miners in Zona Alta at Marmato. Payments related to these compensation agreements have been suspended by the Company since 2013 and the Company is currently evaluating its options with respect to these compensation agreements.
- **Lease obligations:** These obligations represent lease payments related to ROU assets over the life of the lease contracts (Note 11).
- **Long-term debt:** The Gold Notes are carried at fair value and are being settled by deposits of physical gold, representing less than 5% of the Company's projected gold production over the term of the Gold Notes, to the Gold Trust Account. The Convertible Debentures are also carried at fair value and no principal repayment is required until the date of maturity on April 5, 2024.

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

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

	Level 1	Level 2	Level 3	Total
As at June 30, 2021				
<i>Financial assets</i>				
Investments and other assets (Note 8)	\$ 17,339	\$ 4,529	\$ -	\$ 21,868
<i>Financial liabilities</i>				
Gold Notes – current and non-current (Note 10a)	\$ 21,626	\$ -	\$ -	\$ 21,626
Convertible Debentures (Note 10b)	-	19,226	-	19,226
Company's Listed Warrants (Note 13d)	25,901	-	-	25,901
Company's Unlisted Warrants (Note 13d)	-	9,658	-	9,658
Deferred revenue (Note 3)	-	84,000	-	84,000
DSU liability issued by the Company (Note 13g)	2,502	-	-	2,502
PSU liability issued by Company (Note 13h)	-	600	-	600

15. REVENUE

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
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

16. COST OF SALES

	Three months ended June 30,		Six months ended June 30,	
	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	7,945	5,119	15,614	11,916
	\$ 49,893	\$ 37,942	\$ 106,919	\$ 88,201

17. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Interest expense	\$ 845	\$ 1,189	\$ 2,398	\$ 2,866
Gold Premium payment (Note 10a)	1,171	1,279	2,532	2,445
Applicable Premium on early redemption of Gold Notes (Note 10a)	413	-	413	1,977
Private placement transaction costs related to warrant liabilities	-	-	-	960
Financing fees related with Aris Transaction	-	-	149	-
Accretion of lease obligation (Note 11)	97	76	216	154
Accretion of provisions (Note 12)	324	396	670	801
	\$ 2,850	\$ 2,940	\$ 6,378	\$ 9,203

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18. GAIN (LOSS) ON FINANCIAL INSTRUMENTS

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

	Three month ended June 30		Six months ended June 30	
	2021	2020	2021	2020
<i>Financial Assets</i>				
Aris Listed Warrants held by the Company (Note 8a)	\$ (2,095)	\$ -	\$ (3,383)	\$ -
Aris Unlisted Warrants held by the Company (Note 8a)	(847)	-	(1,363)	-
Aris Gold Notes held by the Company (Note 8a)	100	-	(100)	-
Gold X Warrants (Note 8b)	(659)	7,464	265	4,684
Gold X Debentures (Note 8b)	-	1,862	-	1,509
Denarius Subscription Receipts (Note 8c)	(2,687)	-	1,949	-
Denarius Warrants held by the Company (Note 8c)	(90)	-	(90)	-
Western Atlas Warrants (Note 8d)	(292)	224	(196)	148
(Loss) gain on gold in Gold Trust Account (Note 10a)	(29)	369	(316)	658
Commodity hedging contracts (Note 14d)	-	(16)	-	(1)
	(6,599)	9,903	(3,234)	6,998
<i>Financial Liabilities</i>				
Gold Notes (Note 10a)	2	(1,521)	1,138	(3,290)
Convertible Debentures (Note 10b)	1,500	(7,571)	8,612	(3,573)
Company's Listed Warrant liability (Note 13d)	4,985	(20,873)	23,239	(11,425)
Company's Unlisted Warrant liability (Note 13d)	1,588	(13,455)	17,012	(6,264)
Aris Listed Warrants (Note 4b)	-	-	(1,241)	-
Aris Unlisted Warrants (Note 4b)	-	(1,886)	(129)	(1,342)
Aris Gold Notes (Note 4b)	-	-	1,428	-
Aris Subscription Receipts (Note 4b)	-	-	(2,501)	-
	8,075	(45,306)	47,558	(25,894)
	\$ 1,476	\$ (35,403)	\$ 44,324	\$ (18,896)

19. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	Six months ended June 30	
	2021	2020
Accounts receivable	\$ 4,802	\$ (4,166)
Inventories	4,792	(39)
Prepaid expenses and deposits	(1,250)	(588)
Accounts payable and accrued liabilities	(5,327)	(1,887)
	\$ 3,017	\$ (6,680)

20. EARNINGS PER SHARE

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Net income (loss) attributed to shareholders of the Company	\$ 29,799	\$ (16,799)	\$ 154,362	\$ 7,721
Basic weighted average number of shares	72,054,379	61,338,920	66,919,732	59,607,413
Basic earnings (loss) per share	\$ 0.41	\$ (0.27)	\$ 2.31	\$ 0.13

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

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Net income (loss) attributed to shareholders of the Company	\$ 29,799	\$ (16,799)	\$ 154,362	\$ 7,721
Add (deduct):				
Interest on Convertible Debentures	292	-	610	-
Fair value gain on Convertible Debentures	(1,500)	-	(8,612)	-
Fair value gain on Listed Warrants	(4,985)	-	(23,239)	-
Fair value gain on Unlisted Warrants	-	-	(5,582)	-
	\$ 23,606	\$ (16,799)	\$ 117,539	\$ 7,721
Basic Weighted average number of shares	72,054,379	61,338,920	66,919,732	59,607,413
Effective of dilutive securities:				
Stock options	543,419	-	624,136	738,321
Convertible Debentures	3,789,474	-	3,789,474	-
Listed Warrants	6,179,424	-	6,530,620	-
Unlisted Warrants	-	-	224,468	-
Gold X Warrants	1,336,283	-	1,637,636	-
Diluted weighted average number of shares	83,902,979	61,338,920	79,726,066	60,345,734
Diluted earnings (loss) per share	\$ 0.28	\$ (0.27)	\$ 1.47	\$ 0.13

For the three months ended June 30, 2021, the diluted weighted average number of shares does not include the potential dilution from 10,403,727 Unlisted Warrants, 2,201,090 Gold X Warrants and 50,000 stock options as they would be anti-dilutive. For the six months ended June 30, 2021, the diluted weighted average number of shares does not include the potential dilution from 7,142,857 Unlisted Warrants and 50,000 stock options as they would be anti-dilutive.

For the three months ended June 30, 2020, the diluted weighted average number of shares does not include the potential dilution from 1,778,265 stock options, 10,403,727 Unlisted Warrants and 11,187,642 Listed Warrants as they would be anti-dilutive. For the six months ended June 30, 2020, the diluted weighted average number of shares does not include the potential dilution from 10,403,727 Unlisted Warrants and 11,187,642 Listed Warrants as they would be anti-dilutive.

21. SEGMENT DISCLOSURES

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

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

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

	Colombia	Guyana	Colombia	Canada		Total
	Segovia Operations	Toroparu Project	Marmato Project ⁽¹⁾	Juby Project ⁽¹⁾	Corporate	
<i>Six months ended June 30, 2021</i>						
Net income (loss)	\$ 57,432	\$ -	\$ (14,679)	\$ -	\$ 105,351	\$ 148,104
Capital expenditures	24,271	150	2,153	-	316	26,890
<i>As at June 30, 2021</i>						
Total assets	\$ 267,709	\$ 264,862	\$ -	\$ -	\$ 173,131	\$ 705,702
Total liabilities	67,069	84,102	-	-	83,650	234,821
<i>Six months ended June 30, 2020</i>						
Net income (loss)	\$ 53,998	\$ -	\$ (21,882)	\$ -	\$ (26,439)	\$ 5,677
Capital expenditures	17,515	-	7,093	-	178	24,786
<i>As at December 31, 2020</i>						
Total assets	\$ 248,316	\$ -	\$ 66,505	\$ 50,052	\$ 285,692	\$ 650,565
Total liabilities	100,696	-	19,629	-	334,012	454,337

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

22. COMMITMENTS AND CONTINGENCIES

a) Marmato Project – Zona Alta and Echandia Commitments

(i) *Mining title contracts – title transfers approved:* As at June 30, 2021, the Company has a total of COP 0.8 billion, equivalent to \$0.2 million (December 31, 2020 – COP 0.8 billion; \$0.2 million), remaining to be paid under agreements to purchase additional mining titles related to the Marmato property which is included in amounts payable for acquisition of mining interests in current liabilities.

(ii) *Mining title contracts – title transfers pending approval:* the Company has three mining title contracts for which the approval for the transfer of title has not yet been obtained from the government authorities. If government approval is not obtained, the Company will no longer be required to make further payments. As at June 30, 2021, the Company has commitments under these contracts to spend an additional COP 14.9 billion (\$4.0 million) (December 31, 2020 – COP 14.9 billion or \$4.3 million) which has not been included in amounts payable for acquisition of mining interests.

(iii) *Amounts payable related to acquisition of mining interests:* As at June 30, 2021, a total of COP 6.6 billion (\$1.8 million) including interest, is included in amounts payable for acquisition of mining interests related to agreements to compensate artisanal miners who would be required to cease mining activities at the Company's Marmato Project (December 31, 2020 – COP 7.0 billion; \$2.1 million). Payments related to these agreements have been suspended since 2013 and the Company is continuing to seek a resolution to the outstanding obligations.

b) Segovia social contributions

With respect to Segovia Operations, the Company makes contributions to a trust account to fund local social programs in each quarter in which it produces a minimum of 15,000 ounces of gold. The contribution rate is \$4 per ounce of gold production at the minimum gold price of \$700 per ounce and increases by \$2 per ounce for each \$50 increment in the price of gold. Based on the Company's gold production during the three and six months ended June 30, 2021, the Company incurred a total expense for social contributions of \$2.6 million and \$4.8 million (2020 – \$2.5 million and \$4.7 million).

c) Arbitration Proceedings under Free Trade Agreement

In May 2018, as a consequence of ongoing impediments to establishing mining operations in Zona Alta and Echandia at its Marmato Project due to the presence of illegal miners who have not only impeded mining

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

d) Claims

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

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

23. SUBSEQUENT EVENTS

On August 9, 2021, the Company issued \$300.0 million of 6.875% senior unsecured notes due 2026 (the "2026 Notes"). Interest on the 2026 Notes is payable semi-annually in arrears on February 9th and August 9th of each year and will mature on August 9, 2026.

The Company gave notice on August 9, 2021 that it will complete an early redemption of the remaining aggregate principal amount of the Gold Notes outstanding of \$18.0 million on September 9, 2021. In accordance with the Gold Notes Indenture, the early redemption price will be 104.13% of the aggregate principal amount of the Gold Notes being redeemed plus accrued interest. Following the early optional redemption, the Gold Notes will be delisted from the TSX.