

GRAN COLOMBIA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 MARCH 30, 2020

The following discussion and analysis of the results of operations and financial condition ("MD&A") for Gran Colombia Gold Corp. (the "Company" or "Gran Colombia") should be read in conjunction with the audited consolidated financial statements and related notes thereto for the year ended December 31, 2019 (the "Financial Statements"), which are available on the Company's web site at www.grancolombiagold.com and on www.sedar.com. Readers are encouraged to read the Cautionary Note Regarding Forward Looking Information included on page 38 of this MD&A and the Company's Annual Information Form dated as of March 30, 2020, also available on the Company's website and SEDAR. The financial information in this MD&A is derived from the Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Reference should also be made to pages 31-36 for information about non-IFRS measures referred to in this MD&A. **All figures contained herein are expressed in United States dollars ("USD"), except for production, share data or as otherwise stated.**

Fourth Quarter and Full Year 2019 Highlights

- The Company set new quarterly and annual records for **gold production** in 2019 with 65,237 ounces produced in the fourth quarter of 2019, up 18% over the fourth quarter of 2018, and total annual production for 2019 of 239,991 ounces, up 10% over last year, reaching the upper end of its guidance.
- **Revenue** amounted to \$88.5 million in the fourth quarter of 2019, up 30% over the fourth quarter last year, getting a boost from the 21% increase in spot gold prices which, along with savings in refining charges under the new refining contract entered into earlier this year, increased the Company's realized gold price to an average of \$1,480 per ounce sold compared with \$1,198 per ounce sold in the fourth quarter last year. For 2019, production growth, the higher spot gold and silver prices and the reduction in refining charges all combined to increase annual revenue to \$326.5 million, up 22% over last year.
- **Total cash costs** ⁽¹⁾ per ounce averaged \$685 per ounce in the fourth quarter of 2019 compared with \$698 per ounce in the fourth quarter last year, reflecting a reduction in Segovia's total cash cost to \$607 per ounce in the fourth quarter of 2019 from \$623 per ounce in the fourth quarter last year. Production growth, which has helped to reduce Segovia's fixed production costs on a per ounce basis, coupled with the positive impact of devaluation of the Colombian peso in 2019 on Segovia's US dollar-equivalent production costs, have more than mitigated an increase in production taxes due to higher spot gold prices in 2019. In 2019, the Company's total cash costs decreased to \$661 per ounce from \$680 per ounce in 2018.
- **All-in sustaining costs ("AISC")** ⁽¹⁾ and **All-in costs** ⁽¹⁾ of \$1,003 per ounce and \$1,048 per ounce, respectively, in the fourth quarter of 2019 reflected increased levels of capital and exploration spending and arbitration-related costs in G&A, compared with \$934 per ounce and \$951 per ounce, respectively, in the fourth quarter last year. For 2019, AISC and All-in costs per ounce were \$916 and \$946 per ounce, respectively, compared with \$919 and \$930, respectively, last year. For 2019, the Company met its guidance with AISC and All-in costs for the full year below \$925 per ounce and \$950 per ounce, respectively.
- The Company reported **adjusted EBITDA** ⁽¹⁾ of \$40.6 million for the fourth quarter of 2019, up 71% over the fourth quarter last year, bringing the total for 2019 to \$146.7 million, up 43% over 2018.

- **Net cash provided by operating activities** in the fourth quarter of 2019 of \$34.6 million brought the total for 2019 to \$103.3 million, up 30% over last year. The Company's **Free Cash Flow** ⁽¹⁾ in the fourth quarter of 2019 of \$22.0 million brought the total for 2019 to \$60.6 million, up 38% over last year.
- The Company's **balance sheet** continued to benefit from 2019's operating and financial performance and the private placements of Convertible Debentures in April and common shares and warrants in November, increasing cash and cash equivalents to \$84.2 million at December 31, 2019 from \$35.6 million at the end of 2018. At the end of 2019, the aggregate principal amount of Gold Notes issued and outstanding had been reduced through four quarterly repayments in 2019 to \$68.8 million, down from \$88.3 million at the end of 2018, and the Convertible Debentures stood at CA\$20 million. Fitch Ratings affirmed its rating of 'B' with a Stable Outlook in the fourth quarter of 2019.
- On November 5, 2019, the Company closed a CA\$15 million non-brokered private placement (the "2019 Private Placement") with Eric Sprott resulting in the issuance of approximately 3.3 million common shares and 3.3 million common share purchase warrants exercisable at CA\$5.40 per share expiring November 5, 2023. In February 2020, Eric Sprott was the lead order in a CA\$40 million non-brokered private placement (the "2020 Private Placement") resulting in the issuance of approximately 7.1 million common shares and 7.1 million common share purchase warrants exercisable at CA\$6.50 per share expiring February 6, 2023.
- The Company completed the spin-out of its Marmato Mining Assets through a reverse takeover ("RTO") transaction (the "Bluenose RTO Transaction"). The resulting issuer, named Caldas Gold Corp. ("Caldas Gold"), commenced trading on the TSX Venture Exchange ("TSXV") on February 28, 2020 under the symbol "CGC".
- As of March 27, 2020, the total **issued and outstanding common shares** of the Company is 60.8 million and after inclusion of stock options, warrants and the Convertible Debentures, the Company's fully diluted common shares would total approximately 88.7 million.
- On March 31, 2020, using a portion of the cash from the 2020 Private Placement, the Company is redeeming 30% of the aggregate principal amount of its Gold Notes at approximately 110% of the principal amount being redeemed, reducing the issued and outstanding balance to \$44.7 million.
- The Company reported **a net loss** for the fourth quarter of 2019 of \$148.8 million (\$2.86 per share) compared with net income of \$8.0 million (\$0.17 per share) in the fourth quarter last year. The fourth quarter 2019 net loss includes an after-tax impairment charge of \$153.6 million associated with the Company's exploration and evaluation assets in Zona Alta and Echandia at the Marmato Project. For 2019, the net loss amounted to \$131.2 million (\$2.65 per share) compared with a net loss of \$3.4 million (\$0.10 per share) last year. **Adjusted net income** ⁽¹⁾ for the fourth quarter of 2019 was \$17.1 million (\$0.33 per share), up from \$14.5 million (\$0.30 per share) in the fourth quarter last year. For 2019, adjusted net income amounted to \$60.5 million (\$1.22 per share) compared with \$42.5 million (\$1.23 per share) in last year. The year-over-year increase in 2019's adjusted net income largely reflects the positive impact of Segovia's production growth, the increase in realized gold prices and the reduction in total cash costs per ounce sold on income from operations in 2019, net of an associated increase in income tax expense.
- The Company's **drilling program in Segovia** is continuing to provide encouraging results, reaffirming confidence in the high grade nature of the Segovia gold deposits and replacing Mineral Reserves and Resourced mined in 2019. The updated Mineral Resource estimate as of December 31, 2019 comprises 3.6 million tonnes at a grade of 11.7 g/t totalling 1.36 million ounces of gold in Measured and Indicated Resources, up 2% from last year. Inferred Resources increased to 4.1 million tonnes at a grade of 9.6 g/t totalling 1.27 million ounces of gold, up 9% compared to last year. The Company also reported an updated Mineral Reserve for Segovia with a total of 2.0 million tonnes at an average grade of 10.5 g/t representing 670,000 proven and probable ounces of gold as of December 31, 2019. The Company expects to carry out approximately 45,000 meters of drilling in 2020, of which approximately 70% will

(1) Refer to "Non-IFRS" Measures on pages 31-36.

continue to focus on step-out and infill drilling in proximity to the Company's four mining operations and approximately 30% will be dedicated to regional exploration in the Segovia mining title targeting areas of interest for future mining operations.

- In October 2019, the Company completed the acquisition of a 19.89% equity investment in Western Atlas Resources Inc. ("Western Atlas") at a cost of approximately \$1.0 million and signed an agreement with Western Atlas that established a potential opportunity to add to the Company's pipeline of Latin America-based projects which could fuel the Company's mid- to long-term growth objectives should the parties recover and develop the Company's gold exploration assets in Venezuela that were nationalized in 2011.

Selected Financial Information

| | Fourth Quarter | | Year | | |
|---|----------------|-----------|------------|--------------|------------|
| | 2019 | 2018 | 2019 | 2018 | 2017 |
| Operating data | | | | | |
| Gold produced (ounces) | 65,237 | 55,260 | 239,991 | 218,001 | 173,821 |
| Gold sold (ounces) | 59,169 | 56,360 | 233,866 | 214,622 | 173,645 |
| Average realized gold price (\$/oz sold) | \$ 1,480 | \$ 1,198 | \$ 1,381 | \$ 1,239 | \$ 1,226 |
| Total cash costs (\$/oz sold) ⁽¹⁾ | 685 | 698 | 661 | 680 | 720 |
| AISC (\$/oz sold) ⁽¹⁾ | 1,003 | 934 | 916 | 919 | 942 |
| All-in costs (\$/oz sold) ⁽¹⁾ | 1,048 | 951 | 946 | 930 | 942 |
| Financial data (\$000's, except per share amounts) | | | | | |
| Revenue | \$ 88,463 | \$ 68,207 | \$ 326,480 | \$ 268,525 | \$ 215,365 |
| Adjusted EBITDA ⁽¹⁾ | 40,607 | 23,736 | 146,675 | 102,386 | 75,456 |
| Impairment (charge) reversal | (175,989) | - | (175,989) | - | 45,307 |
| Net (loss) income | (148,849) | 8,038 | (131,164) | (3,379) | 36,848 |
| Per share - basic | (2.86) | 0.17 | (2.65) | (0.10) | 1.81 |
| Per share - diluted | (2.86) | 0.17 | (2.65) | (0.11) | 0.61 |
| Adjusted net income ⁽¹⁾ | 17,113 | 14,517 | 60,460 | 42,498 | 22,895 |
| Per share - basic | 0.33 | 0.30 | 1.22 | 1.23 | 1.13 |
| Per share - diluted | 0.27 | 0.29 | 1.04 | 0.59 | 0.30 |
| Net cash provided by operating activities | 34,635 | 23,463 | 103,276 | 79,643 | 50,527 |
| Free cash flow ⁽¹⁾ | 21,953 | 14,444 | 60,611 | 44,040 | 25,560 |
| | | | | December 31, | |
| | | | 2019 | 2018 | 2017 |
| Balance sheet (\$000's): | | | | | |
| Cash and cash equivalents | | | \$ 84,239 | \$ 35,645 | \$ 3,272 |
| Gold Notes, including current portion – principal amount outstanding ⁽²⁾ | | | 68,750 | 88,250 | - |
| Convertible Debentures – principal amount outstanding ⁽³⁾ | | | CA20,000 | - | - |
| Former Convertible Debentures – principal amount outstanding ⁽⁴⁾ | | | - | - | 140,811 |

(1) Refer to "Non-IFRS Measures" on pages 31-36.

(2) The Gold Notes were issued in 2018 and are recorded in the Financial Statements at fair value. At December 31, 2019 and 2018, the carrying amounts of the Gold Notes outstanding were \$69.0 and \$74.1 million, respectively.

(3) The Convertible Debentures were issued in 2019 and are recorded in the Financial Statements at fair value. At December 31, the carrying amount of the Convertible Debentures outstanding was \$21.1 million.

(4) The Former Convertible Debentures were retired in 2018 and were recorded in the Financial Statements at amortized cost. At December 31, 2017, the carrying amount of the Former Convertible Debentures outstanding was \$98.7 million.

Outlook

The Company started 2020 with the completion of two significant transactions in February. The CA\$40 million non-brokered private placement that closed in early February enables the Company to deleverage its balance sheet and reduce its debt service costs with an early redemption at the end of March of 30% of the

aggregate principal amount of the Gold Notes issued and outstanding. The spin-out of the Marmato Mining Assets in Zona Baja into Caldas Gold, in which the Company holds a 74.4% equity interest, in late February sets the stage for Caldas Gold to move toward the eventual financing and development for the expansion of the existing underground mining operation to incorporate the Deeps mineralization. Caldas Gold is proceeding with the preliminary feasibility study ("PFS") which should be completed by mid-2020 and has started a 15,000 meters drill program aimed at extending the Main Zone down-plunge, from the 650-level down to the 400-level. The drilling program also aims to test the hanging-wall and footwall of the Main Zone, looking for satellite bodies and a replica of the Deeps Zone.

In February 2020, the Company provided its annual production guidance for this year. At its Segovia Operations, total gold production for the first two months of 2020 amounted to 33,413 ounces and the Company indicated at the time that it expects its annual gold production at Segovia for 2020 will range between 200,000 and 220,000 ounces. Head grades averaged 15 g/t through the first two months of 2020 and are expected to average approximately 14 g/t (+/- 5%) over the course of the full year as the Company opens additional new areas within its existing three mines and commences production from its Carla mine late in the third quarter of 2020. Caldas Gold also indicated at the time that it expects that with the implementation of the optimized mine plan envisioned in the 2019 preliminary economic assessment ("PEA"), the existing Marmato mine will produce a total of between 32,000 and 37,000 ounces of gold in 2020.

The World Health Organization declared COVID-19 to be a pandemic on March 11, 2020. COVID-19 has spread globally, and actions taken in response to COVID-19 have interrupted business activities and supply chains; disrupted travel; contributed to significant volatility in the financial markets, resulting in a general decline in equity prices and lower interest rates; impacted social conditions; and adversely impacted local, regional, national and international economic conditions, as well as the labor market. To date, COVID-19 has not had any significant impact on production or product shipments at Segovia and Marmato. However, the Company has activated its business continuity program at its mine sites in Colombia in response to a national quarantine that went into effect on March 25, 2020 and is expected to continue through to mid-April and possibly longer. To the extent possible, the Company expects that the mines at Segovia and Marmato will continue to operate during the quarantine period, leveraging stockpiled material and supported by a contingent of employees, both Company and contractor, who will remain isolated within the mine camps during the quarantine period to carry out mine, plant and other operations. The Company is continuing to monitor the situation and at this point in time, is taking remedial action as the situation unfolds. However, in light of COVID-19, the Company has taken steps to slow down discretionary operating and capital expenditures to preserve its liquidity during this unusual situation. The Gold Trust account already holds sufficient physical gold to meet the April 30th quarterly amortizing payment of the Gold Notes and the Company's cash balances are sufficient to meet its debt service other financial obligations through the balance of the year. There is risk in the event of an extended quarantine or other circumstances which disrupt the Company's operations over a prolonged period that the Company's production could be impacted in the future as the situation unfolds, which may cause the Company to have to revise its production guidance and outlook for 2020 accordingly. The Company will provide further guidance regarding expected cost metrics and planned capital and exploration spending once the situation returns to normal and it has a more fulsome understanding of the impact of the COVID-19 pandemic on the Company's 2020's operating and financial results.

Description of Business

The Company is incorporated under the laws of the Province of British Columbia and is engaged in the acquisition, exploration, development and operation of gold properties in Colombia. The head office of the Company is located at 401 Bay Street, Suite 2400, PO Box 15, Toronto, Ontario, M5H 2Y4 and its registered office is located at 1166 Alberni Street, Suite 1604, Vancouver, British Columbia, V6E 3Z3. The Company also has an office in Medellin, Colombia. The Company is currently the largest underground gold and silver producer in Colombia with several underground mines and two processing plants in operation. The Company is continuing its exploration, expansion and modernization activities at its high-grade Segovia Operations.

Issued and Outstanding Securities

At March 27, 2020, the Company had the following securities issued and outstanding:

| Securities | TSX Symbol | Number | Shares Issuable | Exercise price per share | Expiry or maturity date |
|-------------------------------|------------|----------------|-----------------|--------------------------|-------------------------|
| <i>Common shares</i> | GCM | 60,756,630 | | | |
| <i>Stock options</i> | | 96,666 | 96,666 | CA\$2.55 | April 2021 |
| | | 224,999 | 224,999 | CA\$2.55 | April 2022 |
| | | 53,333 | 53,333 | CA\$2.55 | December 2022 |
| | | 480,000 | 480,000 | CA\$3.16 | June 2023 |
| | | 415,000 | 415,000 | CA\$3.67 | April 2024 |
| | | 1,269,998 | 1,269,998 | | |
| <i>Gold Notes</i> | GCM.NT.U | \$63,875,000 | N/A | N/A | April 30, 2024 |
| <i>Convertible Debentures</i> | Unlisted | CA\$20,000,000 | 4,210,526 | CA\$4.75 | April 5, 2024 |
| <i>Warrants</i> | GCM.WT.B | 12,013,308 | 12,013,308 | CA\$2.21 | April 30, 2024 |
| | Unlisted | 3,260,870 | 3,260,870 | CA\$5.40 | November 5, 2023 |
| | Unlisted | 7,142,857 | 7,142,857 | CA\$6.50 | February 6, 2023 |

Bought Deal Private Placement of CA\$20 Million of Convertible Debentures

On April 4, 2019, the Company closed a private placement offering on a bought deal basis of CA\$20.0 million aggregate principal amount (equivalent to approximately \$14.9 million) of convertible unsecured subordinated debentures at a price of CA\$1,000 per CA\$1,000 principal amount of debentures (the "Convertible Debentures"). After financing costs, net proceeds amounted to approximately \$13.7 million. The Convertible Debentures mature on April 5, 2024 (the "Maturity Date") and bear interest at a rate of 8.00% per annum, payable monthly in cash. At the holders' option, the Convertible Debentures may be converted into common shares of the Company at any time and from time to time, up to the Maturity Date, at a conversion rate of approximately 210.53 shares per CA\$1,000 principal amount, subject to adjustment in certain circumstances, which equates to an initial conversion price of CA\$4.75 per share.

The Convertible Debentures will not be listed and represent convertible unsecured obligations of the Company, subordinated to senior indebtedness of the Company and ranking equally with all present and future unsecured subordinated indebtedness of the Company.

On and after the first anniversary of the issuance date, the Company may, at its option, on not more than one occasion during each twelve-month period beginning on each yearly anniversary of the issuance date, redeem up to 10% of the aggregate principal amount of the Convertible Debentures then outstanding, at par plus accrued and unpaid interest, in cash on not less than 30 and not more than 60 days' prior written notice (during which period the holders of the Convertible Debentures may, for the avoidance of doubt, convert their Convertible Debentures into Common Shares).

The Convertible Debentures are repayable in cash at maturity.

NCIBs for the Company's Common Shares and Warrants

On June 12, 2019, the Company commenced NCIBs for its common shares ("Common Share NCIB") and its 2024 Warrants ("2024 Warrant NCIB"). The NCIBs will remain open until the earlier of June 11, 2020 or the date on which the Company has purchased the maximum number of common shares and 2024 Warrants permitted under the bids of 4,589,129 common shares and 1,109,628 warrants, respectively, each representing 10% of the issued and outstanding common shares and 2024 Warrants in the public float as of June 4, 2019.

Management of the Company will determine the actual number of common shares and 2024 Warrants that may be purchased and the timing of any such purchases, subject to compliance with applicable TSX rules. Daily purchases are limited to 33,055 common shares and 6,328 warrants, other than block purchase exceptions. Purchases made pursuant to the NCIBs will be made on the open market through the facilities of the TSX and/or alternative Canadian trading systems, and the price that the Company will pay for any such common shares and 2024 Warrants will be the market price at the time of the acquisition.

From June 12, 2019 through December 31, 2019, the Company purchased a total of 137,100 warrants for cancellation under the 2024 Warrant NCIB at an average price of CA\$2.41 per 2024 Warrant. The Company did not make any purchases under the Common Share NCIB in 2019. In mid-March 2020, the Company purchased a total of 56,000 common shares for cancellation at an average price of CA\$3.42 per under the Common Share NCIB.

2019 Private Placement with Eric Sprott

On November 5, 2019, the Company closed the "2019 Private Placement with 2176423 Ontario Ltd., a corporation that is beneficially owned by Eric Sprott. Through the 2019 Private Placement, Mr. Sprott acquired 3,260,870 units of the Company at a price of CA\$4.60 per unit for a total investment of CA\$15 million (equivalent to approximately \$11.4 million). Each unit consists of one common share and one common share purchase warrant ("2019 PP Warrant") exercisable into a full common share at CA\$5.40 per share expiring November 5, 2023.

Subsequent Events - 2020 Private Placement; Early Redemption of 30% of Gold Notes

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

The Company announced on February 6, 2020 that it will use a portion of the net proceeds of the 2020 Private Placement to redeem 30% of the aggregate principal amount of the Gold Notes outstanding, equivalent to approximately \$19.2 million, on March 31, 2020, reducing the aggregate principal amount outstanding to approximately \$44.7 million. The redemption price will be equal to 100% of the aggregate principal amount of the Gold Notes redeemed plus the Applicable Premium calculated in accordance with the provisions of the Gold Notes Indenture of approximately 10.32%.

Subsequent Event - Bluenose Reverse Takeover Transaction

On October 4, 2019, the Company entered into a LOI with Bluenose Gold Corp. (“Bluenose” or “BN”) in respect of the proposed spin out of the Company’s mining assets at its Marmato Project, located in the Department of Caldas, Colombia (the “Marmato Mining Assets”), to a new publicly traded subsidiary of the Company.

The Marmato Mining Assets principally comprise the existing producing underground gold mine, including the right to mine in the lower portion of the Echandia license area, the existing 1,200 tonnes per day processing plant and the area encompassing the Deeps mineralization, all located within the mining license area referred to as Zona Baja. On February 25, 2020, the Company completed the spin-out of its Marmato Mining Assets to Bluenose through the Bluenose RTO Transaction. The resulting issuer, and subsidiary of the Company, is named Caldas Gold, and it commenced trading on the TSXV on February 28, 2020 under the symbol “CGC”.

The Bluenose RTO Transaction

The Bluenose RTO Transaction was completed pursuant to an Amalgamation Agreement dated effective December 13, 2019 between the Company, GC Holdco, Caldas Finance Corp. (“CFC”), Bluenose and 1233316 B.C. Ltd. (“BN Subco”), a wholly-owned subsidiary of Bluenose incorporated on December 11, 2019 for the purpose of effecting the RTO. GC Holdco and CFC were incorporated on November 4, 2019 by the Company for the purpose of effecting the RTO and for undertaking two private placement equity financings that were completed prior to the RTO, as further described below.

On December 13, 2019, the Company completed an internal reorganization resulting in CFC becoming the sole shareholder of Medoro Resources Colombia Inc. (“MRC”), a subsidiary of the Company which owns, through Caldas Gold Marmato S.A.S., all of the Marmato Mining Assets. The Company indirectly owned CFC through GC Holdco.

Prior to the RTO transaction, Bluenose consolidated its common shares on the basis of 10 BN pre-consolidation shares for 1 BN post-consolidation share and, as noted above, changed its name to Caldas Gold.

On completion of the Bluenose RTO Transaction, Bluenose acquired all of the shares of CFC from GC Holdco for CA\$57.5 million (equivalent to approximately \$44.2 million) which was satisfied by the issuance by Bluenose to GC Holdco of an aggregate of 28,750,100 Caldas Gold common shares (on a post-consolidation basis) having an ascribed price of CA\$2.00 per post-consolidation BN common share.

Subsequent to the completion of the Bluenose RTO Transaction, the Subscription Receipt Financing and the Gran Colombia Private Placement (both financings as further described below), the shares held by the Company through GC Holdco represented approximately 71.8% of Caldas Gold.

Subscription Receipt Financing

On December 19, 2019, CFC completed a brokered private placement financing of 3,292,500 subscription receipts (the "Subscription Receipts Financing") at a price of CA\$2.00 per subscription receipt for aggregate gross cash proceeds of approximately CA\$6.6 million (equivalent to \$5.1 million) included in Subscription Receipts payable at December 31, 2019. Pursuant to the Amalgamation Agreement, at the closing of the Bluenose RTO Transaction, which did not occur until subsequent to year end, subscription receipts would be exchanged for:

- i. One post-consolidation common share of Caldas Gold, and
- ii. One share purchase warrant of Caldas Gold with an exercise price of CA\$3.00 per post-consolidation share expiring five years from the date of closing of the Subscription Receipt Financing.

In connection with the Subscription Receipts Financing, the agents received a cash commission of approximately \$0.2 million (the "Agents' Commission") and 125,550 non-transferable broker warrants ("Broker Warrants"). Each Broker Warrant, exercisable at a price of CA\$2.00 per Broker Warrant for a period of three years ending December 19, 2022 will entitle the Agents, after the closing of the Bluenose RTO Transaction, to purchase:

- i. One post-consolidation common share of Caldas Gold, and
- ii. One share purchase warrant of Caldas Gold with an exercise price of CA\$3.00 per post-consolidation share expiring five years from the date of closing of the Subscription Receipt Financing.

At December 31, 2019, Subscription Receipts cash in trust of approximately \$4.8 million represented the net proceeds from the Subscription Receipts Financing (the "Escrowed Proceeds") that were placed in escrow pending satisfaction of the Escrow Release Conditions, which included completion of the Bluenose RTO Transaction and the receipt of all required regulatory and third party approvals. On February 25, 2020, the Subscription Receipts Financing closed and the Escrowed Proceeds (and accrued interest less the balance of the Agents' Commission and additional expenses payable to the Agents) were released to Caldas Gold.

Gran Colombia Private Placement

Pursuant to the Amalgamation Agreement, on February 7, 2020, the Company, through GC Holdco, purchased 7,500,000 units of CFC in a non-brokered private placement basis at a price of CA\$2.00 per unit, for gross cash proceeds of CA\$15.0 million (equivalent to approximately \$11.3 million).

At the time of the Bluenose RTO Transaction, each unit issued under the Gran Colombia Private Placement was exchanged for:

- i. One post-consolidation common share of Caldas Gold, and
- ii. One share purchase warrant of Caldas Gold with an exercise price of CA\$3.00 per post-consolidation share expiring five years from the date of closing of the Subscription Receipt Financing.

Subsequent Open Market Purchases of Caldas Gold by the Company in 2020

The Company, through GC Holdco, acquired an aggregate of 1,295,100 common shares of Caldas Gold at an average price of CA\$1.89 per share in the open market during the period from February 28, 2020 through March 16, 2020, inclusive, for an aggregate amount of CA\$2.4 million. These purchases increased the common shares controlled by the Company to a total of 37,545,200, representing approximately 74.4% of the outstanding common shares of Caldas Gold.

Assuming exercise of the 7,500,000 Caldas Gold share purchase warrants at CA\$3.00 per share owned by the Company, it would have control and direction over 45,045,200 common shares representing approximately 77.7% of the then outstanding common shares of Caldas Gold, after giving effect to the exercise of the Company's warrants but assuming no exercise of any other outstanding warrants or options of Caldas Gold.

Reserves and Resources

Segovia Mineral Resource Estimate Update Effective December 31, 2019

The Company has completed an updated Mineral Resource estimate (“MRE”) for its Segovia Operations prepared in accordance with the Canadian Institute of Mining Metallurgy and Petroleum (“CIM”) Definition Standards incorporated by reference in National Instrument 43-101 (“NI 43-101”) with an effective date of December 31, 2019. Highlights of the December 31, 2019 MRE update include:

- Total Measured & Indicated Resources increased to 3.6 million tonnes at a grade of 11.7 g/t totalling 1.36 million ounces of gold, up 2% from last year.
- Total Inferred Resources increased to 4.1 million tonnes at a grade of 9.6 g/t totalling 1.27 million ounces of gold, up 9% compared to last year.
- The Company replaced Mineral Resources mined in 2019 and the largest increases came at the El Silencio and Sandra K mines.
- The updated MRE continues to reaffirm confidence in the high grade nature of the Segovia gold deposits.
- The MRE for Las Verticales and Carla have not been updated as no new information is currently available and the previous estimates for these projects remain valid.

The following table summarizes the MRE for the Segovia Operations as of December 31, 2019 and changes by category in tonnes, grade and ounces of gold compared with the previous total MRE as of December 31, 2018:

| Project | Deposit | Type | Measured | | | Indicated | | | Measured & Indicated | | | Inferred | | |
|------------------------------|--------------------------|------------------------|-------------|-------------|----------------|--------------|-------------|----------------|----------------------|-------------|----------------|--------------|-------------|----------------|
| | | | Tonnes (kt) | Grade (g/t) | Au Metal (koz) | Tonnes (kt) | Grade (g/t) | Au Metal (koz) | Tonnes (kt) | Grade (g/t) | Au Metal (koz) | Tonnes (kt) | Grade (g/t) | Au Metal (koz) |
| Segovia | Providencia | LTR | 118 | 15.9 | 60 | 296 | 13.0 | 124 | 414 | 13.8 | 184 | 315 | 8.3 | 84 |
| | | Pillars | 108 | 26.1 | 90 | 116 | 12.1 | 45 | 224 | 18.8 | 135 | 389 | 20.0 | 249 |
| | Sandra K | LTR | | | | 385 | 10.3 | 128 | 385 | 10.3 | 128 | 315 | 8.6 | 87 |
| | | Pillars | | | | 152 | 10.9 | 53 | 152 | 10.9 | 53 | | | |
| | El Silencio | LTR | | | | 824 | 11.5 | 304 | 824 | 11.5 | 304 | 1,736 | 8.3 | 462 |
| | | Pillars | | | | 1,459 | 10.7 | 504 | 1,459 | 10.7 | 504 | 395 | 12.1 | 154 |
| | Verticales | LTR | | | | | | | | | | 771 | 7.1 | 176 |
| | Subtotal Segovia Project | LTR | 118 | 15.9 | 60 | 1,504 | 11.5 | 555 | 1,623 | 11.8 | 616 | 3,136 | 8.0 | 809 |
| | | Pillars | 108 | 26.1 | 90 | 1,727 | 10.8 | 602 | 1,835 | 11.7 | 692 | 784 | 16.0 | 403 |
| | Carla | Subtotal Carla Project | LTR | | | | 154 | 9.7 | 48 | 154 | 9.7 | 48 | 178 | 9.3 |
| December 31, 2019 (1) | | | 226 | 20.8 | 151 | 3,385 | 11.1 | 1,205 | 3,611 | 11.7 | 1,356 | 4,098 | 9.6 | 1,265 |
| December 31, 2018 (2) | | | 218 | 20.0 | 140 | 3,289 | 11.2 | 1,187 | 3,507 | 11.8 | 1,327 | 3,562 | 10.1 | 1,157 |
| % Change vs previous | | | 4% | 4% | 8% | 3% | -1% | 2% | 3% | -1% | 2% | 15% | -5% | 9% |

(1) The Mineral Resources are reported at an in situ cut-off grade of 3.0 g/t Au over a 1.0 m mining width, which has been derived using a gold price of US\$1,400 per ounce and technical and economic parameters for the existing underground mining and conventional gold mineralized material processing using a gold recovery of 90.5%. Each of the mining areas have been sub-divided into Pillar areas (“Pillars”), which represent the areas within the current mining development, and long-term resources (“LTR”), which lie along strike or down dip of the current mining development. Mineral Resources are reported inclusive of the Mineral Reserve. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

(2) Derived from the Amended NI 43-101 Technical Report Prefeasibility Study Update, Segovia Project, Colombia, dated July 8, 2019, prepared by SRK Consulting (US) Inc. (“SRK”).

During 2019, Gran Colombia continued its in-mine and near mine drilling campaign designed to increase the Company's confidence in the potential to add new mineral reserves and extend mine life. The results of the 2019 drilling program were included in press releases issued by the Company on August 13, 2019, October 21, 2019 and February 24, 2020, including (i) the discovery of a new high-grade vein called the 1180 Vein at El Silencio that is expected to begin mining as early as the third quarter of 2020, (ii) confirmation of the extension of the Manto Vein at El Silencio down-dip by over 1,000 meters relative to Level 38, the deepest level of mining on the Manto Vein by Frontino Gold Mining, (iii) continued to delineate and further extend down-plunge, to approximately Level 8, the main high-grade shoots at Sandra K and (iv) successfully intercepted the faulted block of the Providencia vein. The results of the 2019 drilling have identified potential targets to increase the Mineral Resources at Segovia, all of which will be followed up in the 2020 drilling program. The updated MRE for the Segovia Operations incorporates assay results from an additional 319 diamond drillholes totalling 52,335 meters of sampling information in the databases compared to the previous model, inclusive of the 2019 drilling program and the ongoing validation exercises of historical information being completed by the Company's geologists. All diamond core has been logged and sent for preparation at the SGS laboratories in Medellin, with associated Quality Control Programs. In addition to the drilling, a total of 5,700 channel samples totalling some 5,869 meters in length were completed in 2019.

The MRE was prepared using a block model constrained with 3D wireframes of the principal veins, which have been sub-domained using high-grade mineralisation wireframes to constrain the influence of higher grade material. Assays are capped prior to compositing. Values were interpolated using ordinary kriging and inverse distance squared. All models have been depleted using projections of the mining faces through the entire width of the veins. Classification has been applied based on a combination of data quality, confidence in the spatial location, and confidence in the mining depletion shapes. Only material reporting above a cut-off of 3.0 g/t over a minimum stope width of 1.0 m has been included in the MRE. The MRE for Las Verticales and Carla have not been updated as no new information is currently available and the previous estimates for these projects remain valid.

Ben Parsons, Principal Consultant (Resource Geology) with SRK, prepared the Segovia MRE according to CIM Definition Standards and will be supported by a NI 43-101 independent report which will be published and filed on the Company's website and SEDAR profile within 45 days. Mr. Parsons is a Qualified Person as defined by NI 43-101. The NI 43-101 independent report will include detailed information on the key assumptions, parameters and methods used to estimate the mineral resources.

Segovia Life-of-Mine ("LoM") Mineable Gold Reserves Total 670,000 Contained Ounces Effective December 31, 2019

SRK has also completed preliminary results of an updated Preliminary Feasibility Study ("PFS") for the Segovia Operations effective December 31, 2019 and is currently finalizing the technical report. The PFS demonstrates that the Company has replaced the Mineral Reserves mined in 2019. At December 31, 2019, Segovia's reported Mineral Reserve totaled 670,000 proven and probable ounces of gold, based on 2.0 million tonnes of material at an average head grade of 10.5 g/t, compared with 688,000 ounces at the end of 2018.

For this PFS, SRK included the geological and resource modelling of the various deposits and mining areas that comprise the operating mine site of the Segovia Operations. A mining study and schedule was prepared by both SRK's and the Company's technical professionals to create a LoM production schedule, including both Company-operated areas and contractor-operated areas within the Company's Providencia, El Silencio, Sandra K and Carla mines. The PFS production schedule includes only Proven and Probable Reserves, and

as such, the six-year projected mine life in the PFS is shorter than the Company's current expectations of at least seven years based on its mineral resources largely due to the exclusion of Inferred Resources which the Company currently mines and intends to continue mining in the future. In addition, the material processed under operating contracts at the Company's Maria Dama plant from the small artisanal mines located in the Company's mining title is not included in the LoM production schedule in the PFS as it falls outside the Company's mines and is therefore not included in the Company's MRE.

The following table shows a breakdown of the Mineral Reserve as of December 31, 2019 by area and category compared with the total Mineral Reserve as of December 31, 2018:

| Area | Category | Tonnes (kt) | Grade (g/t) | Au Metal (koz) |
|------------------------------|--------------|--------------|-------------|----------------|
| Providencia | Proven | 165 | 16.5 | 88 |
| Providencia | Probable | 154 | 12.0 | 59 |
| Sandra K | Probable | 249 | 8.9 | 71 |
| El Silencio | Probable | 1,313 | 9.9 | 419 |
| Carla | Probable | 104 | 10.0 | 33 |
| December 31, 2019 (1) | Total | 1,985 | 10.5 | 670 |
| December 31, 2018 (2) | Total | 1,941 | 11.0 | 688 |
| % Change vs previous | | 2% | -5% | -3% |

- (1) Ore reserves are reported using a gold cutoff grade ranging from 3.25 to 4.24 g/t depending on mining area and mining method. The cutoff grade calculations assume a \$1,350/oz Au price, 90.5% metallurgical recovery, \$6/oz smelting and refining charges, \$25/t G&A, \$26/t processing cost, and projected LoM mining costs ranging from \$76/t to 115/t. The reserves are valid as of December 31, 2019. Mining dilution is applied to a minimum mining height and estimated overbreak (values differ by area/mining method) using a zero grade. Reserves are inclusive of Mineral Resources. All figures are rounded to reflect the relative accuracy of the estimates. Totals may not sum due to rounding. Mineral Reserves have been stated on the basis of a mine design, mine plan, and cash-flow model. There are potential survey unknowns in some of the mining areas and lower extractions have been used to account for these unknowns. The Mineral Reserves were estimated by Fernando Rodrigues, BS Mining, MBA, MMSAQP #01405, MAusIMM #304726 of SRK, a Qualified Person.
- (2) Derived from the Amended NI 43-101 Technical Report Prefeasibility Study Update, Segovia Project, Colombia, dated July 8, 2019, prepared by SRK.

A summary of the key LoM operating and financial parameters of the current PFS dated as of December 31, 2019 compared with the previous PFS prepared as of December 31, 2018 is as follows:

| | December 31, 2019 | December 31, 2018 ⁽¹⁾ |
|---|----------------------|-------------------------------------|
| Operating data: | | |
| Ore milled (tonnes) | 1,985,000 | 1,941,000 |
| Gold produced (ozs) | 607,000 | 623,000 |
| Financial data (U.S. dollars): | | |
| Expected long-term gold price | \$1,350/oz | \$1,275/oz |
| LoM gold revenue | \$819 million | \$794 million |
| Total cash cost, including refining | \$711/oz | \$695/oz |
| LoM sustaining capex, including exploration | \$150 million | \$132 million |
| Mine-level AISC | \$958/oz | \$907/oz |
| Undiscounted after-tax free cash flow | \$151 million | \$148 million |
| NPV after-tax free cash flow @ 5% | \$139 million | \$136 million |

- (1) Derived from the Amended NI 43-101 Technical Report Prefeasibility Study Update, Segovia Project, Colombia, dated July 8, 2019, prepared by SRK.

Fernando Rodrigues, BS Mining, MBA, MAusIMM, MMSAQP Practice Leader/Principal Consultant (Mining Engineer) with SRK, prepared the Segovia Mineable Reserve according to CIM Definition Standards and will be supported by a NI 43-101 independent report which will be published and filed on the Company's website and SEDAR profile within 45 days. Mr. Rodrigues is a Qualified Person as defined by NI 43-101. The NI 43-

101 independent report will include detailed information on the key assumptions, parameters and methods used to estimate the mineable reserve.

Marmato Project

On October 15, 2019, the Company announced that it had completed an updated MRE for its Marmato Project prepared in accordance with the Canadian Institute of Mining Metallurgy and Petroleum (“CIM”) Definition Standards incorporated by reference in National Instrument 43-101 (“NI 43-101”) with an effective date of July 31, 2019.

The following table summarizes the updated MRE effective as of July 31, 2019 for Zona Baja at Marmato which was transferred to Caldas Gold after completion of the Bluenose RTO Transaction on February 25, 2020. The Company has a 74.4% equity interest in Caldas Gold.

| | Gold | | | Silver | |
|------------------------|----------------|----------------|-----------------|----------------|-----------------|
| | Tonnes (kt) | Grade (g/t) | Ounces (koz) | Grade (g/t) | Ounces (koz) |
| Measured | 2.1 | 4.9 | 325 | 23.2 | 1,543 |
| Indicated | 15.2 | 3.5 | 1,714 | 11.6 | 5,672 |
| Measured and Indicated | 17.3 | 3.7 | 2,039 | 13.0 | 7,214 |
| Inferred Mineral | 44.9 | 2.3 | 3,312 | 3.7 | 5,293 |

On November 27, 2019, the Company filed a NI 43-101 Technical Report on SEDAR and its website containing the results of a PEA for the Marmato Project prepared by SRK effective July 31, 2019, focused on the Mining Assets in Zona Baja. The Zona Baja contract was awarded to a Colombian subsidiary of the Company (and now a wholly-owned subsidiary of Caldas Gold) in October 1991 and is valid for 30 years until October 2021. In October 2017, the Company commenced the process to renew the contract for another 30-year term, which is progressing well and is expected to be completed in 2020.

A mining study and schedule was prepared by both SRK’s and the Company’s technical professionals to create a life-of-mine (“LoM”) production schedule in the PEA for the Mining Assets at Marmato. The Marmato mine in Zona Baja will ultimately comprise two distinct operations, the existing Upper Zone operation and a new Deep Zone operation which sits directly below the Upper Zone vein system. The PEA charts a course whereby the immediate implementation of an optimized mine plan in the Upper Zone operation at Marmato, focused on reducing dilution and increasing head grades mined, will increase production and free cash flow starting in 2020. Concurrently, following completion of a PFS by mid-2020, the Company will commence the development and construction activities in the new Deep Zone operation, which should come on stream in 2023, further increasing total gold production which reaches more than 150,000 ounces annually from 2024 through 2027 and then averages more than 100,000 ounces annually over the next nine years of operation.

The PEA LoM production schedule foresees a total of 26.4 million tonnes of mineralized material being processed over a 19-year mine life resulting in a total of 2.2 million ounces of gold produced at an average LoM total cash cost of \$799 per ounce and an average LoM AISC of \$882 per ounce. The initial capital cost, to be incurred between 2020 and 2022, required for the Deep Zone mining operation is estimated to total \$269 million. At an expected long-term gold price of \$1,300 per ounce, total LoM undiscounted after-tax free cash flow from mining operations amounts to \$448 million. At a 5% discount rate, the net present value of the total LoM after-tax free cash flow amounts \$207 million. Before financing, the project has a 20% internal rate of return and payback by 2026.

Results of Operations and Overall Performance

Gold production

| (Ounces) | Fourth Quarter | | Year | |
|-------------------------------------|----------------|--------|---------|---------|
| | 2019 | 2018 | 2019 | 2018 |
| Segovia Operations | | | | |
| Company mines ⁽¹⁾ | | | | |
| El Silencio | 24,805 | 20,687 | 86,154 | 84,701 |
| Providencia | 24,320 | 22,872 | 98,640 | 88,226 |
| Sandra K | 4,260 | 1,901 | 12,801 | 8,904 |
| Total Company mines | 53,385 | 45,460 | 197,595 | 181,831 |
| Other contract mines ⁽²⁾ | 4,795 | 3,349 | 16,646 | 11,219 |
| Total Segovia Operations | 58,180 | 48,809 | 214,241 | 193,050 |
| Marmato Operations | 7,057 | 6,451 | 25,750 | 24,951 |
| Total | 65,237 | 55,260 | 239,991 | 218,001 |

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

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

The Company produced a total of 65,237 ounces of gold in the fourth quarter of 2019, a new quarterly record, and up 18% compared with 55,260 ounces produced in the fourth quarter of 2018. This brings the total gold production for 2019 to the top end of the Company's guidance range with a new annual record of 239,991 ounces, up 10% over 2018.

The Segovia Operations produced 58,180 ounces of gold in the fourth quarter of 2019, a new quarterly record, up 19% compared with the 48,809 ounces produced in the fourth quarter of 2018. In the fourth quarter of 2019, the Segovia Operations processed an average of 1,345 tpd at an average head grade of 16.2 g/t compared with an average of 1,076 tpd at an average head grade of 17.1 g/t in the fourth quarter of 2018. For the full year, the Segovia Operations produced a new record total of 214,241 ounces of gold in 2019, achieving the top end of its guidance range for the year and representing an 11% increase over 2018. Overall, the Segovia Operations processed an average of 1,237 tpd in 2019 at an average head grade of 16.4 g/t compared with an average of 1,015 tpd at an average head grade of 17.1 g/t in 2018. The Company expects that its annual gold production at its Segovia Operations for 2020 will range between 200,000 and 220,000 ounces with head grades expected to average approximately 14 g/t (+/- 5%) over the course of the year as it opens additional new areas within its existing three mines and commences production from its Carla mine late in the third quarter of 2020.

At the Marmato Operations, gold production for the fourth quarter of 2019 of 7,057 ounces was up 9% compared with the 6,451 ounces produced in the fourth quarter of 2018. The Company processed an average of 1,009 tpd in the fourth quarter of 2019 at Marmato, up from 926 tpd in the fourth quarter last year. Gold production in the fourth quarter of 2019 received a boost from improved head grades which increased to an average of 2.7 g/t from an average of 2.4 g/t through the first nine months of 2019. For the full year, Marmato produced a total of 25,750 ounces of gold in 2019, near the top end of its guidance range and representing a 3% increase over 2018. The Company expects that with the implementation of the optimized

mine plan envisioned in the recent PEA, the existing Marmato mine will produce a total of between 32,000 and 37,000 ounces of gold in 2020.

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

| | 2019 | | | | | 2018 | | | | |
|--|---------|---------------------|---------------------|---------------------|---------------------|---------|---------------------|---------------------|---------------------|---------------------|
| | Year | 4 th Qtr | 3 rd Qtr | 2 nd Qtr | 1 st Qtr | Year | 4 th Qtr | 3 rd Qtr | 2 nd Qtr | 1 st Qtr |
| Segovia Operations | | | | | | | | | | |
| Company mines ⁽¹⁾ | | | | | | | | | | |
| Tonnes milled | 367,136 | 99,815 | 98,892 | 85,444 | 82,985 | 302,509 | 81,617 | 78,703 | 76,493 | 65,696 |
| Head grade (g/t) | 18.61 | 18.39 | 16.07 | 19.19 | 21.28 | 19.64 | 19.30 | 20.10 | 19.69 | 19.47 |
| Gold produced (ozs) ⁽²⁾ | 197,595 | 53,385 | 45,936 | 47,254 | 51,020 | 181,831 | 45,460 | 47,432 | 44,530 | 44,409 |
| Other contract mines ⁽³⁾ | | | | | | | | | | |
| Tonnes milled | 84,313 | 23,921 | 21,966 | 21,298 | 17,128 | 67,897 | 17,359 | 16,816 | 15,585 | 18,137 |
| Head grade (g/t) | 6.82 | 6.92 | 6.47 | 7.09 | 6.79 | 5.74 | 6.67 | 6.85 | 5.65 | 3.91 |
| Gold produced (ozs) | 16,646 | 4,795 | 4,114 | 4,371 | 3,366 | 11,219 | 3,349 | 3,266 | 2,541 | 2,063 |
| Total Segovia Operations | | | | | | | | | | |
| Tonnes milled | 451,449 | 123,736 | 120,858 | 106,742 | 100,113 | 370,406 | 98,976 | 95,519 | 92,078 | 83,833 |
| Tonnes per day (tpd) | 1,237 | 1,345 | 1,314 | 1,173 | 1,112 | 1,015 | 1,076 | 1,038 | 1,012 | 931 |
| Head grade (g/t) | 16.40 | 16.17 | 14.32 | 16.78 | 18.80 | 17.10 | 17.09 | 17.77 | 17.31 | 16.10 |
| Mill recovery | 90.0% | 90.4% | 89.9% | 89.7% | 89.9% | 90.0% | 89.8% | 90.0% | 89.8% | 90.5% |
| Gold produced (ozs) ⁽²⁾ | 214,241 | 58,180 | 50,050 | 51,625 | 54,386 | 193,050 | 48,809 | 50,698 | 47,071 | 46,472 |
| Silver produced (ozs) | 187,820 | 50,398 | 44,505 | 46,826 | 46,091 | 160,954 | 42,705 | 42,294 | 39,263 | 36,692 |
| Marmato Operations | | | | | | | | | | |
| Tonnes milled | 370,494 | 92,832 | 95,862 | 90,411 | 91,389 | 340,052 | 85,157 | 83,077 | 83,672 | 88,146 |
| Tonnes per day (tpd) | 1,015 | 1,009 | 1,042 | 994 | 1,015 | 932 | 926 | 903 | 919 | 979 |
| Head grade (g/t) | 2.48 | 2.71 | 2.32 | 2.45 | 2.44 | 2.67 | 2.72 | 2.83 | 2.59 | 2.55 |
| Mill recovery | 87.1% | 87.1% | 86.9% | 87.8% | 86.6% | 85.4% | 86.8% | 85.4% | 83.7% | 85.7% |
| Gold produced (ozs) | 25,750 | 7,057 | 6,221 | 6,257 | 6,215 | 24,951 | 6,451 | 6,465 | 5,835 | 6,200 |
| Silver produced (ozs) | 39,559 | 10,423 | 9,219 | 10,078 | 9,839 | 37,580 | 9,726 | 10,073 | 8,667 | 9,114 |
| Total Company | | | | | | | | | | |
| Gold produced (ozs) | 239,991 | 65,237 | 56,271 | 57,882 | 60,601 | 218,001 | 55,260 | 57,163 | 52,906 | 52,672 |
| Silver produced (ozs) | 227,379 | 60,821 | 53,724 | 56,904 | 55,930 | 198,534 | 52,431 | 52,367 | 47,930 | 45,806 |

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

Revenues

| (\$000's except ounce and \$/oz data) | Fourth Quarter | | Year | |
|---------------------------------------|----------------|-----------|------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Gold | | | | |
| Ounces sold | 59,169 | 56,100 | 233,866 | 214,622 |
| Average realized price (\$/oz) | 1,480 | 1,198 | 1,381 | 1,239 |
| Silver | | | | |
| Ounces sold | 55,957 | 48,536 | 222,309 | 194,828 |
| Average realized price (\$/oz) | 16 | 14 | 15 | 13 |
| Revenues | | | | |
| Gold | \$ 87,545 | \$ 67,545 | \$ 323,057 | \$ 265,923 |
| Silver | 918 | 662 | 3,423 | 2,602 |
| | \$ 88,463 | \$ 68,207 | \$ 326,480 | \$ 268,525 |

Revenue amounted to \$88.5 million in the fourth quarter of 2019, up 30% over the fourth quarter last year, getting a boost from the 21% increase in spot gold prices which, along with savings in refining charges under the new refining contract entered into earlier this year, increased the Company's realized gold price to an average of \$1,480 per ounce sold compared with \$1,198 per ounce sold in the fourth quarter last year.

In 2019, production growth increased gold sales volume by 9% over 2018. Combined with the 10% higher spot gold prices, 3% higher spot silver prices and the reduction in refining charges, revenue increased to \$326.5 million, up 22% over 2018.

In January 2019, the Company terminated its long-term supply agreement, under which realized selling prices for gold reflected refining charges averaging 2% of spot gold prices, and commenced delivering all of its production under a new three-year refining agreement with an international refinery with refining charges averaging 0.5% of spot gold prices. As such, the Company has saved approximately \$21 per ounce in refining charges under the new agreement in 2019, benefitting its realized selling price for gold and improving its 2019 annual revenues by approximately \$4.9 million compared with the previous refining arrangement. The Company is also being paid faster under the new refining contract, a benefit to operating cash flow and significantly reducing its credit exposure on trade receivables. Although the Company believes as a result of breaches of performance on numerous occasions that it had a justifiable basis for terminating the former long-term supply agreement, in May 2019, the Company received notice of a request for arbitration to settle the dispute as further outlined in Note 22a to the Financial Statements. The Company believes that it is more likely than not that it will not have any liability from this arbitration.

Cost of sales

| | Fourth Quarter | | Year | |
|---|------------------|------------------|-------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Production costs | \$ 37,576 | \$ 37,059 | \$ 144,496 | \$ 137,375 |
| Production taxes | 3,845 | 2,814 | 13,472 | 11,113 |
| Allowance for doubtful accounts | - | 113 | - | 113 |
| Provision for environmental fees | 15 | 101 | (721) | 2,174 |
| Depreciation, depletion and amortization ("DD&A") | 8,050 | 8,248 | 32,312 | 28,875 |
| Total cost of sales | \$ 49,486 | \$ 48,335 | \$ 189,559 | \$ 179,650 |
| Total cash costs per ounce ⁽¹⁾ | | | | |
| Production costs | \$ 635 | \$ 658 | \$ 618 | \$ 640 |
| Production taxes | 65 | 50 | 58 | 51 |
| Allowance for doubtful accounts | - | 2 | - | 1 |
| By-product credits (silver) | (15) | (12) | (15) | (12) |
| | \$ 685 | \$ 698 | \$ 661 | \$ 680 |

(1) See "Non-IFRS Measures" on pages 31-36.

The total cash costs per ounce sold from the Company's mining operations over the trailing eight quarters were as follows:

| | 2019 | | | | | 2018 | | | | |
|------------------------|---------------|---------------------|---------------------|---------------------|---------------------|---------------|---------------------|---------------------|---------------------|---------------------|
| | Year | 4 th Qtr | 3 rd Qtr | 2 nd Qtr | 1 st Qtr | Year | 4 th Qtr | 3 rd Qtr | 2 nd Qtr | 1 st Qtr |
| Segovia Operations | \$ 607 | \$ 637 | \$ 621 | \$ 600 | \$ 570 | \$ 623 | \$ 635 | \$ 616 | \$ 624 | \$ 616 |
| Marmato Operations | 1,108 | 1,063 | 1,156 | 1,090 | 1,128 | 1,132 | 1,120 | 1,052 | 1,204 | 1,141 |
| Company average | \$ 661 | \$ 685 | \$ 684 | \$ 655 | \$ 621 | \$ 680 | \$ 698 | \$ 657 | \$ 696 | \$ 670 |

The Company's total cash costs per ounce averaged \$661 in 2019 compared with \$680 in 2018. At the Segovia Operations, which account for almost 90% of total gold sales, a decrease in production costs in 2019, in part a function of the production growth at Segovia reducing fixed costs on a per ounce basis and in part due to the impact on costs of the 11% devaluation in 2019 in the Colombian peso ("COP") relative to the US dollar, more than offset an increase in production taxes due to the higher spot gold prices in 2019. As such, Segovia's annual cash costs decreased to \$607 per ounce in 2019 compared with \$623 per ounce in 2018. At the Marmato Operations, annual cash costs decreased to \$1,108 per ounce in 2019 compared with \$1,132 per ounce in 2018, benefitting from the COP devaluation and the positive influence of the increased production level in the fourth quarter of the year.

In 2018, the Company recorded a provision for environmental fees in the amount of \$2.2 million which included \$1.2 million associated with a fine imposed by the local environmental authority related to the Company's construction of a tailings storage facility, known as "Pomarossa", on its Segovia property which operated between 2014 and 2017. Although the facility was not fully permitted at the time, it was constructed and operated in accordance with environmental norms and standards with minimal environmental impact and has since been fully rehabilitated. In 2019, the Company recorded a \$0.7 million reversal of the provision for environmental fees triggered by a reduction in the amount of the fine imposed following a successful appeal by the Company. The balance of the fine was paid in 2019.

DD&A in of 2019 of \$32.3 million reflects an increase in the DD&A rate to \$138 per ounce sold from \$135 per ounce sold in 2018 reflecting the impact of additional capital expenditures on its depletion base in 2019 at the Segovia Operations.

Social contributions

| (\$000's) | Fourth Quarter | | Year | |
|------------------------------|----------------|----------|----------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| Segovia social contributions | 2,096 | \$ 1,256 | \$ 6,937 | \$ 4,861 |

The Company makes contributions to a trust account to fund social programs in Segovia in each quarter in which the Segovia Operations produce a minimum of 15,000 ounces of gold. The amount of the contributions is determined by a formula based on gold production and tied to the spot price of gold. The approximately \$0.8 million increase in the total amount of the Segovia social contributions in the fourth quarter of 2019 over the fourth quarter last year is driven by a \$10 per ounce increase in the contribution rate for the fourth quarter of 2019 as a result of the higher spot gold price this year. For 2019, total annual social contributions have increased by 43% over last year with 10% attributable to Segovia's production growth in 2019 and the balance due to the increase in 2019's spot gold prices which raised contribution rates in 2019 to an average of \$32 per ounce compared with an average of \$25 per ounce in 2018.

Other items

| (\$000's) | Fourth Quarter | | Year | |
|---------------------------------------|----------------|----------|-----------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| G&A expenses | \$ 4,339 | \$ 3,245 | \$ 15,679 | \$ 10,636 |
| Impairment charge | 175,989 | - | 175,989 | - |
| Gain on assignment of mining interest | - | - | - | 2,376 |
| Share-based compensation expense | 362 | - | 2,157 | 903 |
| Finance costs | 3,253 | 1,320 | 13,109 | 30,046 |
| Loss on financial instruments | 9,425 | 6,195 | 32,539 | 28,412 |
| Income tax (recovery) expense | (10,627) | 385 | 19,378 | 20,670 |

G&A expenses in the fourth quarter of 2019 amounted to \$4.3 million, bringing the total for 2019 to \$15.7 million, up from \$10.6 million last year. The increased level of G&A expenses in 2019 reflects several factors including: (i) ongoing costs related to the Company's request for institution of arbitration proceedings with the International Centre for Settlement of Investment Disputes in respect of the Company's claim against the Republic of Colombia (the "FTA Claim") and the arbitration related to the termination of the refinery contract, all of which amounted to \$4.8 million in 2019, (ii) additional personnel-related costs including new hires during the past year, (iii) an increase in investor and public relations initiatives and marketing, (iv) business development costs and expenses, and (v) the director and executive compensation benchmarking studies completed in 2019.

During the fourth quarter of 2019, the Company recorded an **impairment charge** in the amount of \$176.0 million (\$153.6 million net of tax) related to its Marmato Project. The Company determined that the proposed spin-out of the Zona Baja part of the Marmato Project through the Bluenose RTO Transaction, along with its assessment of the prospects for the Zona Alta and Echandia mining titles, were indicators that the recoverable amount of the Marmato Project CGU may be less than its carrying amount of approximately \$194.8 million. In the Bluenose RTO Transaction, the arm's length fair value assigned to the Marmato Mining Assets in Zona Baja was \$44.2 million. With the spin-out of Zona Baja, including its operating mine, the

Company reassessed the separate fair value of the Zona Alta and Echandia mining titles on a stand-alone basis. The Company has no exploration operations in Zona Alta or Echandia and has not been able to establish its own mining operations in these areas due to the presence of illegal miners who have not only impeded any mining operations by the Company in the area but have also curtailed access to it. In addition, in May 2018, as a consequence of these ongoing impediments to establishing mining operations, along with certain related matters associated with its Segovia Operations, the Company had filed the 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. In light of the various factors considered by the Company in evaluating its inability to develop Zona Alta and Echandia, the Company concluded that, even if it could sell such assets, the estimated fair value (less cost of disposal) realizable through a potential sale process at the present time would be negligible.

In 2018, the Company recorded a **gain on assignment of mining interest** in the amount of \$2.4 million related to the assignment of its 30% carried participating interest in the Chicharron Project area located within the Company's Segovia mining title to Sandspring as part of its initial equity investment in Gold X Mining.

As a result of a director and executive benchmarking study completed in early 2019, the Company discontinued the practice of granting stock options to non-executive directors and in its place, the Company adopted Deferred Share Units ("DSUs") as the equity-based instrument for non-executive directors under its long-term incentive plan ("LTIP"). In addition, the Company refined the LTIP for its executive officers and senior management such that approximately 50% of the LTIP awards will now be in the form of Performance Share Units ("PSUs") with three-year cliff vesting and the balance will still be in the form of stock options. **Share-based compensation expense** of \$2.2 million recorded in 2019 includes \$1.4 million related to the DSU/PSU grants earlier this year and \$0.8 million related to the grant of approximately 0.9 million stock options at a price of CA\$3.67 per share to executive officers, senior management and employees of the Company and an investor relations advisory firm assisting the Company with its investor relations initiatives and marketing. In 2018, share-based compensation expense of \$0.9 million related to the grant and vesting of 1.2 million stock options at an exercise price of CA\$3.16 per share to directors, executive officers and senior management of the Company.

Finance costs amounted to \$3.3 million in the fourth quarter of 2019 bringing the total for 2019 to \$13.1 million, down from \$30.0 million last year. Finance costs in the 2019 and 2018 comprise six primary categories as follows:

- **Interest expense - \$7.8 million in 2019**, down from \$8.7 million last year. The year-over-year reduction in interest expense largely stems from a decrease in long-term debt outstanding and actions taken in the second half of 2018 to reduce the Company's obligations under interest-bearing compensation agreements at Marmato. Interest expense in 2019 included approximately \$6.4 million for the Gold Notes, down from \$8.1 million of combined interest expense last year on the Gold Notes and the Former Convertible Debentures. Interest expense in 2019 also included \$0.9 million related to the new Convertible Debentures issued on April 4, 2019 bearing interest at a rate of 8% per annum.
- **Reversal of interest accrued on Marmato compensation agreements - \$0.1 million recovery in 2019** compared with a recovery of \$1.6 million in 2018 associated with actions taken by the Company to cancel its obligations under certain compensation agreements with artisanal miners in the Echandia area

in Zona Alta of the Marmato Project for which payments have been suspended by the Company since 2013.

- *Gold Premium - \$1.9 million in 2019*, compared to \$Nil last year. Under the terms of the Gold Notes, quarterly amortizing payments on the Gold Notes are based on the London P.M. Fix on the 15th day of the month preceding the date of the quarterly amortizing payments, which occur on January 31st, April 30th, July 31st and October 31st. For the four quarterly amortizing payments completed in 2019 on January 31st, April 30th, July 31st and October 31st, the London P.M. Fix per ounce was \$1,294.30, \$1,285.65, \$1,406.20 and \$1,487.80, respectively, of which \$1,250 per ounce was allocated to principal amortization. The balance, averaging \$120 per ounce, was allocated to Gold Premium and amounted to \$1.9 million in aggregate based on the total of 15,600 ounces of gold sold to meet the four amortizing payments in 2019. In 2018, no Gold Premium was applicable as the London P.M. Fix was below \$1,250 per ounce for each of the three quarterly amortizing payments.
- *Non-cash accretion of lease and other financial obligations - \$2.2 million in 2019* compared with \$2.5 million last year. As outlined on page 29, the Company adopted IFRS 16 on January 1, 2019 and has recorded \$0.3 million of accretion in 2019 related to its lease obligations. In addition, the Company has financial obligations associated with its funding of health plan contributions at Segovia, decommissioning liabilities at Segovia and Marmato Operations and environmental fees at Segovia, all of which will be paid over time and therefore are recorded at the present value of the future obligations. Non-cash finance costs are recognized as these liabilities are accreted with the passage of time. Accretion of these financial obligations decreased by approximately \$0.6 million in 2019 compared with last year as certain of the payment plans associated with environmental fees at Segovia are nearing the end of their term.
- *Non-cash accretion of the debt discounts on the Former Convertible Debentures - \$Nil in 2019* compared with \$12.7 million last year. Accretion of the debt discounts related to the Former Convertible Debentures ceased with their extinguishment in 2018.
- *Debt financing costs - \$1.4 million in 2019*, of which \$1.3 million was associated with the private placement of the Convertible Debentures and \$0.1 million related to the 2019 PP Warrants. In 2018, financing costs of \$7.6 million were associated with the issuance of the Gold Notes.

The Company recorded a **loss on financial instruments** in the fourth quarter of 2019 in the amount of \$9.4 million bringing the total for 2019 to \$32.5 million, compared with a loss on financial instruments in 2018 in the amount of \$28.4 million. The major components of the loss on financial instruments in 2019 and 2018 include:

- \$18.8 million fair value loss related to the 2024 Warrants and the 2019 PP Warrants in 2019 compared with a \$0.5 million fair value gain in 2018. The 2024 Warrants and 2019 PP Warrants are accounted for as derivative financial liabilities to the Company as their exercise prices are in Canadian dollars, different than the Company's US dollar functional currency. Consequently changes in the fair value of the 2024 Warrants and the 2019 PP Warrants are being recognized through profit and loss on a quarterly basis.
- Similarly, the Company recognizes changes in the fair value of the Gold Notes through profit and loss on a quarterly basis, other than changes in the fair value of the Gold Notes attributable to changes in credit risk which are recognized through other comprehensive income. In 2019, the Company recorded a fair value loss of \$9.4 million through profit and loss related to an increase in the fair value of the Gold Notes and a fair value loss of \$5.0 million through other comprehensive income due to the change in credit risk which increased the fair value of the Gold Notes. In 2018, the fair value loss on the Gold Notes recognized through profit and loss was \$3.8 million.
- The Company also recognizes changes in the fair value of the Convertible Debentures issued at the beginning of April 2019. In 2019, the Company recorded a fair value loss of \$5.5 million through profit and loss related to an increase in the fair value of the Convertible Debentures.

- The Company recognized a fair value gain of \$1.2 million in 2019 related to the Gold X Mining warrants (refer to page 26 for details of the Gold X Mining warrants owned by the Company).
- In 2018, the Company recorded a \$24.8 million fair value loss associated with the extinguishment of the Former Convertible Debentures, essentially representing the unamortized debt discount remaining on the Former Convertible Debentures outstanding at the time of their redemption since the debt was redeemed at par.

The Company recorded **income tax expense** in 2019 of \$19.4 million compared with \$20.7 million in 2018. The effective income tax rate on the Company's reported pre-tax income or loss will ordinarily vary from the expected income tax expense based on the 26.5% combined statutory tax rate in Canada as a result of differences in tax rates in Colombia (which decreased from 37% last year to 33% in 2019) and other foreign jurisdictions, non-deductible expenses (such as the loss on financial instruments), losses incurred in jurisdictions outside Colombia for which deferred tax assets are not recognized and other less individually significant items. The increased level of income from operations in 2019 as a result of Segovia's production growth, the increase in realized gold prices and the reduction in total cash costs per ounce sold was the primary driver behind the increase in current income tax expense in 2019 compared with last year. The deferred income tax recovery in 2019 includes approximately \$22.4 million associated with the \$176.0 million impairment charge recorded in 2019.

Net loss and adjusted net income

The Company reported a **net loss** for the fourth quarter of 2019 of \$148.8 million (\$2.86 per share) compared with net income of \$8.0 million (\$0.17 per share) in the fourth quarter last year. Net income in the fourth quarter of 2019 was adversely impacted by the \$153.6 million (\$2.95 per share) after-tax impairment charge related to the Zona Alta and Echandia areas of the Marmato Project. After taking these impairment charges into account, along with adjustments for the loss on financial instruments, foreign exchange gains and losses, debt financing costs, loss on equity in associates and the income tax effect of the foregoing items, **adjusted net income** for the fourth quarter of 2019 was \$17.1 million (\$0.33 per share), up from \$14.5 million (\$0.30 per share) in the fourth quarter last year. See the reconciliation on page 35 for the computation of this non-IFRS measure. The year-over-year improvement in adjusted net income for the fourth quarter of 2019 is primarily attributable to the improvement in adjusted EBITDA, net of an associated increase in income tax expense.

The Company reported a **net loss** for 2019 of \$131.2 million (\$2.65 per share) compared with a net loss of \$3.4 million (\$0.10 per share) in 2018. The 2019 net loss includes the after-tax impairment charge of \$153.6 million for Marmato and \$32.5 million of losses on financial instruments. After taking these factors and certain other items as shown in the reconciliation on page 35 into account, **adjusted net income** for 2019 was \$60.5 million (\$1.22 per share) compared with \$42.5 million (\$1.23 per share) in 2018. The year-over-year increase in 2019's adjusted net income largely reflects the positive impact of Segovia's production growth, the increase in realized gold prices and the reduction in total cash costs per ounce sold on income from operations in 2019, net of an associated increase in income tax expense.

Summary of Quarterly Results

| \$000's except ounce, per ounce and per share data | 2019 | | | | 2018 | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 4 th Qtr | 3 rd Qtr | 2 nd Qtr | 1 st Qtr | 4 th Qtr | 3 rd Qtr | 2 nd Qtr | 1 st Qtr |
| Operating data: | | | | | | | | |
| Gold produced (ounces) | 65,237 | 56,271 | 57,882 | 60,601 | 55,260 | 57,163 | 52,906 | 52,672 |
| Gold sold (ounces) | 59,169 | 56,284 | 59,368 | 59,045 | 56,360 | 55,601 | 53,051 | 49,610 |
| Average realized gold price (1) | \$ 1,480 | \$ 1,458 | \$ 1,293 | \$ 1,298 | \$ 1,198 | \$ 1,186 | \$ 1,286 | \$ 1,293 |
| Silver sold (ounces) | 55,957 | 53,578 | 58,062 | 54,712 | 48,536 | 55,006 | 48,129 | 43,157 |
| Average realized silver price (1) | \$ 16 | \$ 16 | \$ 14 | \$ 15 | \$ 14 | \$ 12 | \$ 14 | \$ 14 |
| Total cash costs (1, 2) | 685 | 684 | 655 | 621 | 698 | 657 | 696 | 670 |
| All-in sustaining costs (1, 2) | 1,003 | 951 | 878 | 832 | 934 | 892 | 930 | 920 |
| All-in costs (1, 2) | 1,048 | 991 | 903 | 843 | 951 | 908 | 937 | 920 |
| Financial data: | | | | | | | | |
| Revenue | | | | | | | | |
| Gold | \$ 87,545 | \$ 82,073 | \$ 76,783 | \$ 76,656 | \$ 67,545 | \$ 65,959 | \$ 68,249 | \$ 64,170 |
| Silver | 918 | 879 | 827 | 799 | 662 | 646 | 678 | 616 |
| Total | 88463 | 82,952 | 77,610 | 77,455 | 68,207 | 66,605 | 68,927 | 64,786 |
| Cost of sales | 49,486 | 46,220 | 47,227 | 46,626 | 48,335 | 46,379 | 44,999 | 39,937 |
| G&A | 4,339 | 4,865 | 3,146 | 3,329 | 3,245 | 2,394 | 2,738 | 2,259 |
| Impairment charge (4) | 175,989 | - | - | - | - | - | - | - |
| Gain on assignment of mining interest | - | - | - | - | - | (2,376) | - | - |
| Bluenose RTO Transaction costs | 273 | - | - | - | - | - | - | - |
| Share-based compensation | 362 | 342 | 686 | 767 | - | - | 903 | - |
| Social contributions | 2,096 | 1,767 | 1,666 | 1,408 | 1,256 | 1,109 | 1,267 | 1,229 |
| (Loss) income from operations | (144,082) | 29,758 | 24,885 | 25,325 | 15,371 | 19,099 | 19,020 | 21,361 |
| Finance costs, net of income (3) | (3,155) | (2,978) | (3,476) | (2,436) | (797) | (3,768) | (15,514) | (9,090) |
| (Loss) gain on financial instruments (3) | (9,425) | (7,466) | (11,057) | (4,591) | (6,195) | 4,163 | (26,380) | - |
| Foreign exchange | (1,143) | 629 | (427) | (132) | 215 | 87 | (92) | (18) |
| Equity-accounted loss | (1,671) | (134) | (128) | (82) | (171) | - | - | - |
| (Loss) income before taxes | (159,476) | 19,809 | 9,797 | 18,084 | 8,423 | 19,581 | (22,966) | 12,253 |
| Income tax recovery (expense) | 10,627 | (10,795) | (9,029) | (10,181) | (385) | (5,608) | (7,776) | (6,901) |
| Net (loss) income | (148,849) | 9,014 | 768 | 7,903 | 8,038 | 13,973 | (30,742) | 5,352 |
| Per share | | | | | | | | |
| Basic | (2.65) | 0.18 | 0.02 | 0.16 | 0.17 | 0.35 | (1.09) | 0.25 |
| Diluted | (2.65) | 0.18 | 0.02 | 0.16 | 0.17 | 0.23 | (1.09) | 0.12 |
| Adjusted EBITDA (2) | 40,607 | 37,595 | 33,198 | 35,275 | 23,736 | 24,701 | 26,506 | 27,443 |
| Adjusted net income (2) | 17,113 | 16,168 | 14,164 | 13,015 | 14,517 | 9,930 | 8,205 | 9,846 |
| Adjusted per share (2) | | | | | | | | |
| Basic | 0.33 | 0.33 | 0.29 | 0.27 | 0.30 | 0.25 | 0.29 | 0.46 |
| Diluted | 0.27 | 0.27 | 0.25 | 0.24 | 0.29 | 0.21 | 0.13 | 0.12 |
| Net cash provided by operating activities | 34,635 | 30,606 | 18,217 | 19,818 | 23,463 | 20,531 | 22,922 | 12,727 |
| Free Cash Flow (2) | 21,953 | 19,630 | 7,751 | 11,277 | 14,444 | 11,200 | 13,866 | 4,530 |

(1) Per ounce sold.

(2) Refer to "Non-IFRS Measures" on pages 31-36. Reported amounts for All-in sustaining costs and All-in costs have been revised in accordance with the updated World Gold Council guidance effective as of January 1, 2019 as outlined on page 33.

- (3) Finance costs in the second quarter of 2018 include \$7.6 million of debt financing fees associated with the issuance of the Gold Notes. The loss on financial instruments in the second quarter of 2018 includes \$24.8 million associated with the extinguishment of the Senior Debentures.
- (4) The Company recorded an impairment charge in the fourth quarter of 2019 related to its Marmato Project. Refer to the discussion on pages 18-19 of this MD&A.

Liquidity and Capital Resources

The Company's operating performance in 2019, fueled by the production growth at its high-grade Segovia Operations, and an improvement in spot gold prices, has enabled it to continue to strengthen its financial position. Free Cash Flow of \$60.6 million in 2019 (refer to computation on page 36), which was net of \$35.4 million of income tax payments, was more than sufficient to meet debt service and lease obligations and repurchases of 2024 Warrants 2019, all of which totaled approximately \$32.0 million in 2019. The Company also used a total of \$8.9 million of cash in 2019 to increase its equity position in Gold X Mining to 20.7%, purchase \$5.0 million of Gold X Convertible Debentures and acquire an approximately 20% equity interest in Western Atlas. In addition, net proceeds totaling \$29.0 million from the issuance of the Convertible Debentures, the 2019 Private Placement and the exercise of stock options helped to increase the Company's cash and cash equivalents at December 31, 2019 to \$84.2 million, up from \$35.6 million at the end of 2018. The aggregate principal amount of the Gold Notes was reduced to \$68.8 million as of December 31, 2019 compared with \$88.3 million at the end of 2018.

The Company's working capital increased to \$50.0 million at the end of 2019 from \$4.4 million at the end of 2018. Key components of the Company's working capital at December 31, 2019 include:

- *Cash and cash equivalents* - \$84.2 million, up from \$35.6 million at the end of 2018 as noted above.
- *Subscription Receipts cash in trust and payable* - \$4.8 million and \$5.1 million, respectively, at the end of 2019, are associated with the financing completed in December 2019 in connection with the Bluenose RTO Transaction. In February 2020, the cash in trust was paid on closing of the Bluenose RTO Transaction to Caldas Gold and the Subscription Receipts were exchanged for common shares and warrants of Caldas Gold.
- *Gold Trust Account* - \$5.8 million associated with 3,900 ounces on deposit, compared with \$3.2 million associated with 2,600 ounces on deposit at the end of 2018. This represents the physical gold the Company has deposited in accordance with the terms of the Gold Notes to meet the quarterly amortizing payments. The 3,900 ounces held in the Gold Trust Account at the end of 2019 were subsequently sold on January 15, 2020 to fund the quarterly amortizing payment of the Gold Notes at the end of January 2020. As noted on page 7, the Company is redeeming 30% of the aggregate principal amount of the Gold Notes on March 31, 2020 using a portion of the net proceeds from the 2020 Private Placement. This will reduce the number of ounces the Company is required to set aside in the Gold Trust to meet the quarterly Amortizing Payment requirements starting April 1, 2020 by 30%.
- *Accounts receivable* - \$15.3 million, up \$1.7 million from December 31, 2018. The Company's VAT recoverable increased by \$4.5 million in 2019 from the end of 2018 primarily as a result of timing of collection of refund claims. This increase was partially offset by a \$3.0 million decrease in trade receivables in 2019 reflecting (i) the receipt of an overdue amount of \$1.4 million related to a shipment in the third quarter of 2018 that was ultimately collected from the former customer, with interest, following the termination of the former long-term refining agreement in January 2019 (see *Revenues* on page 16) and (ii) the improvement in the payment terms for shipments under the Company's new agreement with an international refinery.
- *Inventories* - \$24.3 million, up \$8.5 million from the end of 2018, of which \$5.1 million was attributable to an increase in mineral inventories due to the timing of shipment of dore to the refinery during the 2019

end of year holiday season and approximately \$3.3 million resulting from additional spare parts for new equipment and timing of receipt for materials and supplies ordered in bulk quantities to meet operational requirements.

- *Accounts payable and accrued liabilities* - \$29.9 million, up \$8.2 million from the end of 2018, largely reflecting timing of payment of suppliers' obligations at the end of the year, a \$1.8 million increase in accounts payable associated with capital expenditures due to the increased level of activity in the fourth quarter of 2019 and a \$1.4 million increase associated with the Company's new DSU and PSU plans for its directors, executive officers and senior management. The Company is continuing to manage obligations due to its trade creditors within normal payment terms.
- *Income tax payable* - \$28.8 million, up from \$18.0 million at the end of 2018. The change in 2019 principally reflects an increase of \$45.5 million for the current provision for income taxes recorded against earnings for 2019, primarily associated with the Company's Colombian mining operations, net of \$35.4 million of income taxes paid in Colombia in 2019 related to the balance owing from 2018 and prepayments toward the 2019 income tax liability. Payment of the balance of 2019's income tax obligation will be completed in three instalments in the first half of 2020.
- *Current portion of long-term debt* - \$18.0 million, down from \$19.5 million at the end of 2018, reflects the change in the scheduled reduction in the aggregate principal amount of the Gold Notes that will be repaid in the third year of the six-year term of the Gold Notes starting in May 2020. With the early redemption of 30% of the Gold Notes on March 31, 2020, the current portion of long-term debt will decrease proportionately thereafter.
- *Current portion of lease obligations* - \$0.7 million, up from less than \$0.1 million at the end of 2018, reflecting the adoption of IFRS 16 (see page 27) effective January 1, 2019 and representing lease payments to be made over the next 12 months.
- *Current portion of provisions* - \$1.4 million, down from \$2.9 million at December 31, 2018, reflecting payments in 2019 and the \$0.7 million reduction in a fine as described under *Cost of Sales*. The December 31, 2019 balance includes \$0.7 million for the next 12 monthly payments to fund the ongoing health plan obligations at the Segovia Operations and \$0.7 million of expected rehabilitation costs to be paid over the next 12 months related to the closure of tailings storage facilities at the Segovia Operations.
- *Amounts payable for acquisitions of mining interests* - \$3.0 million related to the Marmato Project, down from \$3.2 million from the end of 2018 primarily reflecting a negotiated reduction in the amount owing under two of the remaining compensation agreements and \$0.1 million of payments in 2019. The Company is continuing to seek a resolution to its obligations under the other remaining compensation agreements, which amount to approximately \$2.7 million, including accumulated interest, of the total obligation at December 31, 2019.

As discussed on page 4, to date, COVID-19 has not had any significant impact on production or product shipments at Segovia and Marmato. However, the Company has activated its business continuity program at its mine sites in Colombia and has taken steps to slow down discretionary operating and capital expenditures to preserve its liquidity during this unusual situation. To the extent possible, the Company expects that its mines will continue to operate during the quarantine period recently imposed in Colombia, leveraging stockpiled material and supported by a contingent of employees, both Company and contractor, who will remain isolated within the mine camps during the quarantine period to carry out mine, plant and other operations. The Company is continuing to monitor the situation and at this point in time, is taking remedial action as the situation unfolds. The Gold Trust account already holds sufficient physical gold to meet the April 30th quarterly amortizing payment of the Gold Notes and the Company's cash balances are sufficient to meet its debt service other financial obligations through the balance of the year. In the event of an extended quarantine or other circumstances which disrupt the Company's operations over a prolonged period, the

Company may have to take further actions to reduce non-discretionary spending in order to preserve liquidity.

Operating activities

Net cash provided by operating activities in the 2019 amounted to \$103.3 million, a \$23.6 million or 30% increase over 2018. Factors contributing to this year-over-year increase included the positive impact on operating cash flow of the higher realized gold prices and the increased production level in 2019, including the reduction in total cash cost per ounce, combined with a reduction in Segovia's environmental fees paid and other operating working capital improvements, partially offset by an increase in G&A expenses and a \$15.8 million increase in income taxes paid in 2019 compared with last year.

Investing activities

Net cash used in investing activities in 2019 of \$51.6 million primarily comprised (i) additions to mining interests, plant and equipment in the amount of \$42.7 million, up from \$35.6 million in 2018, (ii) \$2.8 million used in connection with the acquisition of additional common shares in Gold X Mining, up from \$3.1 million invested last year, (iii) \$1.1 million to acquire an equity interest in Western Atlas and (iv) \$5.0 million used to purchase the Gold X Convertible Debenture. In 2018, investing activities also included the receipt of the final \$0.8 million instalment of proceeds receivable for the sale of the Company's CIIGSA refinery interest in 2015.

Additions to mining interests, plant and equipment amounting to \$42.7 million in 2019 comprised:

- *Sustaining capital expenditures.* The Company incurred \$36.6 million of sustaining capital expenditures in 2019, including \$33.8 million at the Segovia Operations and \$2.8 million at the Marmato Operations, as outlined below;
- *Non-sustaining capital expenditures.* The Company incurred \$7.1 million of non-sustaining capital expenditures in 2019 related to further exploration drilling, the completion of the PEA and commencement of a PFS at the Marmato Project along with the conduct of studies to identify and prioritize step out and brownfield drilling targets at Segovia and the commencement of its regional drilling program at Segovia; and,
- Offset by a \$1.0 million net increase in 2019 in *accounts payable and accrued liabilities* related to capital expenditures and *amounts payable for acquisitions of mining interests*.

Sustaining capital expenditures of \$33.8 million at the Segovia Operations in 2019 included (i) \$8.7 million for drilling under the Company's ongoing exploration campaign, including approximately 36,000 meters drilled in 2019, (ii) \$7.6 million for ongoing mine development, (iii) \$11.1 million for the mines including additional underground equipment, continuation of the ventilation improvements at the El Silencio and Sandra K mines, construction of underground drilling platforms and further infrastructure improvements and expansion at all three mines, (iv) \$2.2 million associated with the expansion of the Maria Dama plant to 1,500 tpd and costs associated with the new filter press, (v) \$2.1 million for costs related to the ongoing construction activities at the new El Chocho tailings storage facility, and (vi) \$2.1 million associated with upgrading of the Segovia site facilities and mine support functions. At Marmato, sustaining capital expenditures in 2019 of \$2.8 million included \$1.6 million related to mine infrastructure improvements and equipment and \$1.2 million associated with mill and tailings storage facility improvements.

The Company incurred a total of \$7.1 million of non-sustaining capital expenditures in 2019 including (i) \$4.7 million at the Marmato Project in connection with the execution of approximately 21,000 meters of drilling to

complete the 2018 drilling campaign in mid-March and then carry out the 2019 drilling campaign, (ii) \$1.6 million at the Marmato Project related to various technical studies in support of the underground expansion of the mining operations to incorporate the Deep mineralization, as outlined in the PEA results announced by the Company in October 2019, and commencement of work on the PFS which is expected to be completed by mid-2020, and (ii) \$0.8 million at the Segovia Project for technical studies and the first drill holes in the regional exploration program in the Chumeca vein. In the second quarter of 2019, the Company expanded its planned exploration program at Segovia using the net proceeds of the 2019 Private Placement to step out and begin exploring extensions of its existing mines and the brownfield areas where there was previous mining taking place within the Company's mining title. The initial work carried out over the second half of 2019 primarily involved technical and other studies, including the application of machine learning by the geologists and data scientists at GoldSpot Discoveries Corp., to identify and prioritize drilling targets for the 2020 drilling campaign at Segovia. The objective of the ongoing drilling programs is to increase mineral reserves for future production growth and to extend the mine life of the Segovia Operations.

Increases in Investment Gold X Mining in 2019

In 2019, the Company increased its equity interest in Gold X Mining from 16.7% to 20.7%. In December 2019, Gold X Mining consolidated its common shares and warrants on an 8-for-1 basis. All references to units, common shares, warrants, subscription receipts and prices thereof in the summary below have been retroactively adjusted to give effect to the 8-for-1 consolidation.

- In February 2019, the Company acquired a further 312,500 common shares in a private transaction with an unrelated party for cash consideration of CA\$0.7 million (equivalent to approximately \$0.5 million).
- In June 2019, the Company acquired 1,350,000 units and 650,000 subscription receipts, in a private placement at a price of CA\$1.00 per Unit and Receipt, for total cash consideration of CA\$2.0 million (approximately \$1.5 million). Each unit issued through this private placement consisted of one common share and one share purchase warrant entitling the holder to purchase one additional share at CA\$1.32 for a period of 60 months. At its annual general meeting held on November 5, 2019, Gold X Mining received shareholder approval for the Company to become a "control person" and the subscription receipts were converted into an additional 650,000 common shares and 650,000 share purchase warrants.
- In August 2019, Gold X Mining closed another private placement transaction in which the Company acquired 625,000 units at a price of CA\$1.60 per unit for total cash consideration of CA\$1.0 million (approximately \$0.8 million). Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional share at CA\$2.80 for a period of five years.

As at December 31, 2019, the Company owned a total of 7,312,500 common shares and 4,625,000 share purchase warrants of Gold X Mining.

The Company has determined that it holds significant influence over Gold X Mining and, as such, it accounts for its investment in Gold X Mining using the equity method. In 2019, the Company recorded a loss from equity accounting in Gold X Mining in its statement of operations in the amount of \$2.0 million (2018 - \$0.2 million). The warrants in Gold X Mining are derivative instruments and are carried at fair value with changes in fair value recorded through profit and loss. The fair value of the Gold X Mining warrants at December 31, 2019 was \$3.3 million and the Company recorded a gain on financial instruments of approximately \$1.2 million representing the fair value adjustment for these warrants in 2019 (2018 - \$0.1 million).

Gold X Convertible Debenture

On December 24, 2019 the Company advanced \$5.0 million to Gold X Mining in exchange for a convertible debenture (the “Gold X Convertible Debenture”) having a term of 36 months and bearing interest at 10% per annum, compounded semi-annually and payable annually. The interest is payable in shares at the option of the Company. If the Company doesn’t elect payment in shares, the interest is payable in cash. Gold X Mining has the option to defer interest payments until maturity with additional interest accruing at a rate of 10% per annum, compounded semi-annually. At any time prior to maturity, the Company has the right to convert all or any part of the outstanding amount of the Gold X Convertible Debenture into common shares of Gold X Mining at a conversion price of CA\$3.20 per share. The Gold X Convertible Debenture subject to a hold period which will expire on April 4, 2020. At any time during the life of the Gold X Convertible Debenture, Gold X Mining has the option to prepay all or any portion of the outstanding amount, including deferred interest. However, the Company has the option to convert the Gold X Convertible Debenture into shares prior to such prepayment.

The Gold X Convertible Debenture is a financial asset and has been designated at fair value through profit and loss. At December 31, 2019, the fair value of the Gold X Convertible Debenture was \$5.0 million.

Acquisition of Investment in Western Atlas

On October 9, 2019, the Company completed the acquisition of 15,910,588 units of Western Atlas at a price of CA\$0.085 per unit for a total amount of CA\$1.35 million in cash (equivalent to approximately \$1.0 million). Each unit comprised one common share and one-half common share purchase warrant. Each full warrant is exercisable at CA\$0.20 for a period of two years. The common shares acquired by the Company represent approximately 19.89% of the outstanding common shares of Western Atlas.

Western Atlas is a Canadian junior mining company whose Meadowbank Project is located in Nunavut, Canada and consists of over 58,000 hectares (580 km²) of highly prospective and strategically located mineral claims. The Meadowbank Project is located immediately adjacent to Agnico Eagle’s Meadowbank producing gold mine and its Amaruq gold deposit which is currently under development as a satellite mining operation to Meadowbank for startup in 2019. The Meadowbank Project is 100% owned by Western Atlas and is fully permitted for exploration, including drilling.

In addition, the Company signed a Share Purchase Agreement dated October 7, 2019 to sell all of the outstanding shares of Medoro Resources International Ltd. (“Medoro”) to Western Atlas, subject to, among other things, the approval of the TSXV. The sale price for the acquisition of Medoro by Western Atlas will be satisfied by the issuance to the Company of 59,115,555 common shares of Western Atlas. Medoro is an indirect wholly-owned subsidiary of the Company which held mining rights to the Lo Incredible 4A and Lo Incredible 4B concessions near the town of El Callao, Bolivar State, Venezuela (the “Incredible Project”) and is seeking their restitution by the current interim government of Venezuela. The closing of the Medoro sale transaction will also be subject to and take place upon the occurrence of (i) the current government of Venezuela being replaced by an internationally recognized and democratically elected government and (ii) completion of the lawful transfer and registration of transfer to Medoro (or to one or more of Medoro’s Venezuelan subsidiaries) of the Incredible Project by Venezuelan authorities of competent jurisdiction. The closing of the Medoro sale transaction must occur no later than October 9, 2021 (the “Deadline”). Should the closing not occur by the Deadline, the Share Purchase Agreement may be terminated.

Financing activities

In 2019, net cash used in financing activities was \$3.0 million, compared with \$7.5 million in 2018, including:

- the Company generated net proceeds of \$13.7 million through the Convertible Debentures private placement at the end of April 2019;
- the Company generated net proceeds of \$11.1 million through the 2019 Private Placement in November 2019;
- the Company completed four quarterly amortizing payments on the Gold Notes totaling approximately \$21.4 million, including \$1.9 million of Gold Premium;
- the Company paid approximately \$0.3 million in premiums to acquire put options to establish a minimum selling price of \$1,250 per ounce for the physical gold being accumulated in the Gold Trust Account for to fund the quarterly amortizing payments of the Gold Notes, including the next two payments at the end of April and July 2020;
- the Company had accumulated 2,600 ounces in the Gold Trust Account by the end of 2018 and deposited the remaining 1,300 ounces required for the January 31, 2019 amortizing payment within the first two weeks of January 2019. In 2019, the Company used \$2.2 million as it accelerated the deposit of physical gold into the Gold Trust Account to reach the full 3,900 ounces required for the January 2020 amortizing payment by the end of the 2019.
- the Company paid \$1.0 million of lease obligations;
- the Company paid net interest totaling \$6.9 million;
- the Company received approximately \$4.2 million from exercises of stock options to acquire a total of 2,123,897 common shares at an average exercise price of CA\$2.93 per share; and,
- the Company used approximately \$0.3 million to repurchase 2024 Warrants under the NCIB for cancellation.

Financial Instruments

The fair values of cash and cash equivalents, cash in trust, accounts receivable, accounts payable and accrued liabilities (including amounts payable for acquisitions of mining interests), and taxes payable, approximate their carrying values due to the short term to maturity of these financial instruments. The Gold X Mining warrants, Gold X Convertible Debentures, DSU and PSU liabilities, Gold Notes, Convertible Debentures, 2024 Warrants and 2019 PP Warrants are all carried at fair value through profit and loss. The \$69.0 million estimated fair value of the Gold Notes has been determined based on Monte-Carlo simulations that capture all the features of the Gold Notes, including the holders' right to receive the gold premium above \$1,250 per ounce and the Company's options to early redeem the outstanding Gold Notes prior to maturity. The quoted TSX closing market price on December 31, 2019 was \$105.25 per \$100.00 principal amount of Gold Notes.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Accounting Policy Changes

IFRS 16, Leases (“IFRS 16”)

On January 1, 2019 the Company adopted IFRS 16, which introduces a comprehensive model to identify, recognize, measure, and present lease arrangements. The Company has adopted IFRS 16 using the modified retrospective approach. Under this approach, the comparative information has not been restated and the reclassifications and adjustments arising from the new leasing rules are recognized in the opening statement of financial position on January 1, 2019. The details of the accounting policy changes and the quantitative impact of these changes are described below.

New accounting policy

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease, if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Company has the right to direct to use of the asset if either (i) the Company has the right to operate the asset or (ii) the Company has designed the asset in a way that predetermines how and for what purpose it will be used.

If a contract is assessed to contain a lease, the Company recognizes a lease liability with a corresponding right-of-use (“ROU”) asset on the date at which the leased asset is available for use by the Company. The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company’s incremental borrowing rate is used, being the rate that it would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost and decreased by lease payments made over the lease period. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the Company’s estimate of any residual amount payable, or if applicable, the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

The ROU asset is depreciated using the straight-line method from the recognition date to the earlier of the end of the useful life of the asset or the end of the lease term.

Payments associated with short-term leases and leases of low-value assets are expensed as they are incurred in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Impact on the Company's consolidated financial statements

Upon adoption of IFRS 16, the Company recognized \$2.1 million of ROU assets under plant and equipment and an equal amount of lease obligations with no adjustment required to retained earnings, summarized as follows:

| | |
|---|----------|
| Operating lease commitments at December 31, 2018 | \$ 2,772 |
| Discounted amount at January 1, 2019 | 2,102 |
| Finance lease obligations at December 31, 2018 | 43 |
| <hr/> | |
| Total lease obligations recognized at January 1, 2019 | \$ 2,145 |

The Company used the following practical expedients as permitted under IFRS 16 in recognizing the leases:

- leases with less than 12 months of lease term were not recognized;
- leases of low value leased assets were not recognized;
- initial direct costs were excluded from measuring the ROU asset at the date of initial application; and
- a single discount rate was applied to a portfolio of leases with similar characteristics.

In measuring the lease obligations, the Company used its incremental borrowing rates as at January 1, 2019 to discount lease payments. The weighted-average discount rate applied is 12.54%.

The Company had one lease previously classified as a finance lease under IAS 17. On adoption of IFRS 16, the Company recognized the carrying amount of the lease asset and lease obligation immediately before transition as the carrying amount of the right of use asset and the lease obligation at the date of initial application. This lease expired during the first quarter of 2019.

IFRIC 23, Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23, *Uncertainty over Income Tax Treatments* ("IFRIC 23"). The interpretation seeks to provide guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. On January 1, 2019, the Company adopted IFRIC 23, which did not have any effect on the Company's financial statements.

Critical Accounting Policies and Estimates

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

The critical judgments and estimates applied in the preparation of the Company's Interim Financial Statements are consistent with those applied and disclosed in Notes 3 and 4 to the Company's consolidated financial statements for the year ended December 31, 2019, including:

- Exploration and evaluation;
- Assets' carrying values and impairment charges;

- Income taxes;
- Mineral reserves and resources;
- Impairment and reversal of impairment;
- Amortization of mineral properties;
- Fair values of the Gold Notes and Convertible Debentures; and
- Decommissioning liabilities.

Recent Accounting Pronouncements

Accounting Standards Not Yet Adopted

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the financial statements of the Company.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Disclosure controls and procedures and internal controls over financial reporting have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for evaluating the disclosure controls and procedures and internal controls over financial reporting. In making its assessment of internal controls, management used the Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures and internal controls over financial reporting were effective as at December 31, 2019. There have been no changes in the Company's internal controls over financial reporting during the three months ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Limitations of Controls and Procedures

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

Non-IFRS Measures

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

and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

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

“Total cash costs per ounce sold” on a by-product basis is calculated by deducting revenues from silver sales from production cash costs and production taxes and dividing the sum by the number of gold ounces sold. Production cash costs include mining, milling, mine site security and mine site administration costs.

“AISC per ounce sold” includes total cash costs (as defined above) and adds the sum of G&A, social contributions related to current operations, sustaining capital and certain exploration and evaluation (“E&E”) costs, sustaining lease payments, provision for environmental fees, if applicable, and rehabilitation costs paid, all divided by the number of ounces sold. As this measure seeks to reflect the full cost of gold production from current operations, new project capital and E&E costs are not included in the calculation of AISC per ounce. Additionally, certain other cash expenditures, including income and other tax payments, financing costs and debt repayments, are not included in AISC per ounce.

“All-in costs per ounce sold” includes AISC (as defined above) and adds non-sustaining capital and E&E costs divided by the number of ounces sold. Non-sustaining capital is related to new projects that are not associated with gold production from the current operations, and similar to AISC, excludes certain other cash expenditures such as income and other tax payments, financing costs and debt repayments.

“Adjusted EBITDA” represents earnings before interest (including non-cash accretion of financial obligations and lease obligations), income taxes and depreciation and amortization (“EBITDA”), adjusted to exclude impairment charges and reversals, allowance for doubtful accounts, gains or losses on asset dispositions, wealth taxes, share-based compensation, gains/losses on financial instruments, gains or losses from equity accounting in investees and foreign exchange gains/losses.

“Adjusted net income or loss” excludes gains/losses and other costs incurred for acquisitions and disposals of mining interests, impairment charges and reversals, non-cash accretion of the Former Convertible Debentures, debt financing costs, unrealized and non-cash gains/losses on financial instruments, foreign exchange gains/losses and gains or losses from equity accounting in associates as well as other significant non-cash, non-recurring items.

“Free Cash Flow” is a common performance measure in the gold mining industry with no standardized meaning. The Company calculates free cash flow by deducting additions to mining interests and rehabilitation costs paid from net cash provided by operating activities. The Company discloses free cash flow as it believes the measure assists investors and analysts in evaluating the Company’s ability to generate cash flow after capital investments to service its debt obligations and build the cash resources of the Company.

In November 2018, the World Gold Council (“WGC”) published an update to its guidance note first issued in mid-2013 on AISC and All-in costs which predominantly reflects the impact of IFRS 16 on these metrics. The Company adopted IFRS 16 effective as of January 1, 2019 (see “Accounting Policy Changes” on page 29) using a modified retrospective approach. As such, comparative amounts in 2018 were not restated. Beginning in 2019, and as a result of adopting IFRS 16, lease costs that were previously recorded in production costs and G&A expenses, have been replaced with lease payments now included in AISC and All-in costs, as appropriate. Although this change had minimal impact in 2019 on the Company’s reported

AISC per ounce, the change resulted in an approximately \$3 decrease in total cash costs per ounce and an approximately \$1 decrease in G&A expenses per ounce with a corresponding \$4 per ounce increase in sustaining lease payments included in the computation of AISC.

In reviewing the updated WGC guidance note, the Company also revised its computation of AISC and All-in costs to (i) include social contributions related to current operations, primarily associated with the Segovia Operations as outlined on page 18, and (ii) to reclassify growth-related exploration expenditures at the Company's Marmato Project in 2018 from sustaining to non-sustaining capital.

Comparative data for AISC and All-in costs for 2018 was revised to reflect these changes, as summarized below:

| | 1 st Qtr | 2 nd Qtr | 3 rd Qtr | 4 th Qtr | Year |
|---|---------------------|---------------------|---------------------|---------------------|------------------|
| Gold sold (ounces) | 49,610 | 53,051 | 55,601 | 56,360 | 214,622 |
| Total AISC as previously reported | \$44,431 | \$48,458 | \$49,397 | \$52,343 | \$194,629 |
| Social contributions | 1,229 | 1,267 | 1,109 | 1,256 | 4,861 |
| Marmato Project expenditures reclassified to non-sustaining | (16) | (401) | (917) | (932) | (2,266) |
| Total AISC on a revised basis | 45,644 | 49,324 | 49,589 | 52,667 | 197,224 |
| Marmato Project expenditures | 16 | 401 | 917 | 932 | 2,266 |
| Total All-in costs | \$45,660 | \$49,725 | \$50,506 | \$53,599 | \$199,490 |
| AISC per ounce as previously reported | \$ 896 | \$ 913 | \$ 888 | \$ 929 | \$ 907 |
| Social contributions | 24 | 24 | 20 | 22 | 23 |
| Marmato Project expenditures reclassified to non-sustaining | - | (7) | (16) | (17) | (11) |
| Total AISC per ounce on a revised basis | 920 | 930 | 892 | 934 | 919 |
| Marmato Project expenditures | - | 7 | 16 | 17 | 11 |
| Total All-in costs per ounce | \$ 920 | \$ 937 | \$ 908 | \$ 951 | \$ 930 |

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

| (\$000's except ounces and per ounce data) | Fourth Quarter | | Year | |
|--|----------------|---------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Gold sales (ounces) | 59,169 | 56,360 | 233,866 | 214,622 |
| Total cash costs | | | | |
| Production costs | \$ 37,576 | \$ 37,059 | \$ 144,496 | \$ 137,375 |
| Production taxes | 3,845 | 2,814 | 13,472 | 11,113 |
| Allowance for doubtful accounts | - | 113 | - | 113 |
| Silver revenues | (918) | (662) | (3,423) | (2,602) |
| Total cash costs on a by-product basis | \$ 40,503 | \$ 39,324 | \$ 154,545 | \$ 145,999 |
| Total cash costs per ounce sold | \$ 685 | \$ 698 | \$ 661 | \$ 680 |

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

| (\$000's except ounces and per ounce data) | Fourth Quarter | | Year | |
|--|------------------|------------------|-------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| AISC and All-in costs | | | | |
| Total cash costs on a by-product basis | \$ 40,503 | \$ 39,324 | \$ 154,545 | \$ 145,999 |
| Provision for environmental fees | 15 | 101 | (721) | 2,174 |
| G&A, excluding depreciation and amortization | 4,324 | 3,241 | 15,621 | 10,616 |
| Social contributions | 2,096 | 1,256 | 6,937 | 4,861 |
| Sustaining capital and E&E costs | 12,085 | 8,647 | 36,649 | 33,476 |
| Payment of rehabilitation obligations | 100 | 98 | 114 | 98 |
| Sustaining lease payments | 237 | - | 988 | - |
| AISC | 59,360 | 52,667 | 214,133 | 197,224 |
| Non-sustaining capital and E&E costs | 2,660 | 932 | 7,075 | 2,266 |
| Total All-in costs | \$ 62,020 | \$ 53,599 | \$ 221,208 | \$ 199,490 |
| AISC and All-in costs per ounce sold | | | | |
| Total cash costs per ounce sold | \$ 685 | \$ 698 | \$ 661 | \$ 680 |
| Provision for environmental fees | - | 2 | (3) | 10 |
| G&A, excluding depreciation and amortization | 73 | 57 | 67 | 49 |
| Social contributions | 35 | 22 | 30 | 23 |
| Sustaining capital and E&E costs and payment of rehabilitation obligations | 204 | 153 | 157 | 156 |
| Payment of rehabilitation obligations | 2 | 2 | - | 1 |
| Sustaining lease payments | 4 | - | 4 | - |
| AISC per ounce sold | 1,003 | 934 | 916 | 919 |
| Non-sustaining capital and E&E costs | 45 | 17 | 30 | 11 |
| All-in costs per ounce sold | \$ 1,048 | \$ 951 | \$ 946 | \$ 930 |

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

| | Fourth Quarter | | Year | |
|--|------------------|-----------------|------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Additions to mining interests, plant and equipment | | | | |
| Sustaining capital and E&E costs | \$ 12,085 | \$ 8,647 | \$ 36,649 | \$ 33,476 |
| Non-sustaining capital and E&E costs | | | | |
| Segovia exploration | 85 | - | 814 | - |
| Marmato expansion project | 2,575 | 932 | 6,261 | 2,266 |
| Change in accounts payable and accrued liabilities related to capital expenditures | (2,140) | (536) | (1,207) | (202) |
| Change in amounts payable for acquisitions of mining interests | 77 | (24) | 148 | 63 |
| Total | \$ 12,682 | \$ 9,019 | \$ 42,665 | \$ 35,603 |

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

| | Fourth Quarter | | Year | |
|---|---------------------|------------------|---------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net (loss) income | \$ (148,849) | \$ 8,038 | \$ (131,164) | \$ (3,379) |
| Income tax (recovery) expense | (10,627) | 385 | 19,378 | 20,670 |
| Finance costs, net of finance income | 3,155 | 797 | 12,045 | 29,169 |
| Depreciation and amortization | 8,065 | 8,252 | 32,370 | 28,895 |
| EBITDA | (148,256) | 17,472 | (67,371) | 75,355 |
| Allowance for doubtful accounts | - | 113 | - | 113 |
| Impairment charge | 175,989 | - | 175,989 | - |
| Gain on assignment of mining interest | - | - | - | (2,376) |
| Share-based compensation | 362 | - | 2,157 | 903 |
| Bluenose RTO Transaction costs | 273 | - | 273 | - |
| Loss on financial instruments | 9,425 | 6,195 | 32,539 | 28,412 |
| Loss from equity accounting in associates | 1,671 | 171 | 2,015 | 171 |
| Foreign exchange loss (gain) | 1,143 | (215) | 1,073 | (192) |
| Adjusted EBITDA | \$ 40,607 | \$ 23,736 | \$ 146,675 | \$ 102,386 |

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

| | Fourth Quarter | | Year | |
|-------------------------------|------------------|------------------|-------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Revenue | \$ 88,463 | \$ 68,207 | \$ 326,480 | \$ 268,525 |
| Cost of sales, excluding DD&A | (41,436) | (39,974) | (157,247) | (150,662) |
| G&A, excluding DD&A | (4,324) | (3,241) | (15,621) | (10,616) |
| Social contributions | (2,096) | (1,256) | (6,937) | (4,861) |
| Adjusted EBITDA | \$ 40,607 | \$ 23,736 | \$ 146,675 | \$ 102,386 |

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

| | Fourth Quarter | | Year | |
|--|---------------------|------------------|---------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net (loss) income | \$ (148,849) | \$ 8,038 | \$ (131,164) | \$ (3,379) |
| Allowance for doubtful accounts | - | 113 | - | 113 |
| Impairment charge | 175,989 | - | 175,989 | - |
| Gain on assignment of mining interest | - | - | - | (2,376) |
| Bluenose RTO Transaction costs | 273 | - | 273 | - |
| Loss on financial instruments | 9,425 | 6,195 | 32,539 | 28,412 |
| Accretion of discount, Former Convertible Debentures | - | - | - | 12,715 |
| Debt financing costs | 155 | 181 | 1,420 | 7,759 |
| Foreign exchange loss (gain) | 1,143 | (215) | 1,073 | (192) |
| Loss from equity accounting in associates | 1,671 | 171 | 2,015 | 171 |
| Income tax effect on adjustments | (22,694) | 34 | (21,685) | (725) |
| Adjusted net income | \$ 17,113 | \$ 14,517 | \$ 60,460 | \$ 42,498 |

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

| | Fourth Quarter | | Year | |
|--|------------------|------------------|------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Adjusted net income | \$ 17,113 | \$ 14,517 | \$ 60,460 | \$ 42,498 |
| Add: Interest expense on Convertible and Former Convertible Debentures, net of tax | 302 | - | 888 | 2,216 |
| Adjusted net income for fully diluted computation | \$ 17,415 | \$ 14,517 | \$ 61,348 | \$ 44,714 |
| Weighted average number of shares (000's) | | | | |
| Basic | 52,003 | 48,156 | 49,475 | 34,675 |
| Add: Impact of stock options and warrants | 7,200 | 1,704 | 6,252 | 831 |
| Add: Impact of conversions of Convertible and Senior Debentures | 4,211 | - | 3,126 | 40,006 |
| Fully diluted | 63,414 | 49,860 | 58,853 | 75,512 |
| Adjusted earnings per share | | | | |
| Basic | \$ 0.33 | \$ 0.30 | \$ 1.22 | \$ 1.23 |
| Diluted | 0.27 | 0.29 | 1.04 | 0.59 |

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

| | Fourth Quarter | | Year | |
|--|------------------|------------------|-------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net cash provided by operating activities | \$ 34,635 | \$ 23,463 | \$ 103,276 | \$ 79,643 |
| Additions to mining interests | (12,682) | (9,019) | (42,665) | (35,603) |
| Free Cash Flow | \$ 21,953 | \$ 14,444 | \$ 60,611 | \$ 44,040 |

Risks and Uncertainties

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

Such risks include:

- Liquidity risks;
- Metal price volatility;
- Future production rates;
- Financing risks;
- Indebtedness of the Company;
- Servicing indebtedness;
- Indebtedness – restrictive covenants;
- Current global markets and economic conditions;

- Availability and cost of supplies;
- Exploration, development and operations;
- Risks with title to mineral properties;
- Changes in environmental laws;
- Mining risks and insurance risks;
- Additional indebtedness;
- Risks related to the Gold Notes:
 - Ranking of the Gold Notes; Collateral; Voiding the Gold Notes or Guarantees; Bankruptcy and Insolvency Laws; Subordinated Collateral; Reduction of Pool of Assets Securing the Gold Notes; Release of Collateral for the Gold Notes; Perfecting Security Interests of the Gold Notes; Financing the Change of Control Provision in the Gold Notes; and No Guarantee of Public Market for the Gold Notes;
- Price risk;
- Currency risk;
- Regulatory approvals;
- Environmental permits;
- Changes in legislation;
- Corruption;
- Labour matters and employee relations;
- Economic and political factors:
 - Colombia:
 - Emerging market country; economic and political developments; exchange controls; decline in economic growth; protection of mining rights; local legal and regulatory systems; Colombia – less developed country; sanctions by the United States government; and guerilla and other criminal activity;
 - Venezuela;
- Use of and reliance on experts outside Canada;
- Integration risks;
- Governmental regulation and permitting;
- Decommissioning liabilities;
- Shortage of experienced personnel and equipment;
- Potential conflicts of interest;
- Possible volatility of stock price;
- Repatriation of earnings;
- Enforcement of civil liabilities;
- Forward-looking information may prove inaccurate;
- Infrastructure;
- Joint ventures;
- Competition;
- Dividends;
- Service of process and enforcement of judgments outside Canada;
- COVID-19 Virus; and
- Other risks.

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

Readers are encouraged to read and consider the risk factors listed above, which are more specifically described in the Company's Annual Information Form dated as of March 30, 2020 which is available at

www.sedar.com. Such risk factors could materially affect the future operating results of the Company and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Cautionary Note Regarding Forward Looking Statements

Certain statements in this MD&A constitute forward-looking information. Often, but not always, forward-looking statements use words or phrases such as: "expects", "does not expect" or "is expected", "anticipates" or "does not anticipate", "plans" or "planned", "estimates" or "estimated", "projects" or "projected", "forecasts" or "forecasted", "believes", "intends", "likely", "possible", "probable", "scheduled", "positioned", "goal", "objective" or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking statements, including but not limited to statements with respect to anticipated business plans or strategies, gold production, total cash costs, AISC and All-in costs per ounce sold, capital expenditures and quarterly amortizing payments of the Gold Notes, involve known and unknown risks, uncertainties and other factors which may cause the actual actions, events and results to be materially different from estimated actions, events or results expressed or implied by such forward-looking statements. The Company believes the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "*Risk Factors*" in the Company's Annual Information Form dated as of March 30, 2020, which is available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws.