Gran Colombia Gold Corp.

Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

Management's Report

Management is responsible for preparing the consolidated financial statements and accompanying notes. The accompanying consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards and, where appropriate, include management's best estimates and judgments, particularly in those circumstances where transactions affecting a current period are dependent upon future events. Management has established and maintains a system of internal controls that is designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and the financial information is reliable and accurate.

The Company's external auditors, KPMG LLP, have audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards. KPMG LLP has full and free access to the Audit Committee.

The Audit Committee of the Board of Directors, consisting exclusively of independent directors, has reviewed in detail the consolidated financial statements with management and the external auditors. The Board of Directors on the recommendation of the Audit Committee has approved the consolidated financial statements.

"Lombardo Paredes Arenas"
Chief Executive Officer

"Michael Davies"
Chief Financial Officer

Toronto, Canada
March 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Gran Colombia Gold Corporation

Opinion

We have audited the consolidated financial statements of Gran Colombia Gold Corp. (the Entity) which comprise:

- the consolidated statement of financial position as at December 31, 2020 and December 31, 2019
- the consolidated statements of operations for the years ended December 31, 2020 and December 31, 2019
- the consolidated statements of comprehensive income (loss) for the years ended December 31, 2020 and December 31, 2019
- the consolidated statement of equity for the years ended December 31, 2020 and December 31, 2019
- the consolidated statement of cash flows for the year then December 31, 2020 and December 31, 2019
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

Accounting for the reverse acquisition and non-controlling interest

Description of the matter

We draw attention to Notes 3, 5 and 24 to the financial statements. On February 24, 2020, Bluenose Gold Corp. ("Bluenose") acquired all of the issued and outstanding shares of Caldas Finance Corp. ("CFC"), a subsidiary of the Entity that owns mining assets at its Marmato Project. In the RTO Transaction, although legally Bluenose became the parent of CFC, CFC was deemed to be the accounting acquirer and the Bluenose was deemed to be the acquiree for accounting purposes. Upon completion of the RTO Transaction, the former shareholder of CFC became the controlling shareholder of the Bluenose (renamed Caldas Gold Corp. ("Caldas")). The 28.2% of the Caldas' shares held by others following the RTO was recorded as a non-controlling interest ("NCI").

Why the matter is a key audit matter

We identified the accounting for the reverse acquisition and Non-controlling interest as a key audit matter. The nature of the arrangement which has been accounted for as a reverse acquisition transaction and the recognition of the non-controlling interest recognized was complex.

The fair value of the purchase consideration required estimation. This represented a significant risk of material misstatement and significant auditor effort was required in performing our audit procedures.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We read the RTO transaction legal documents to understand the terms of the arrangement.

We evaluated the determination of the accounting acquirer and the accounting as a reverse acquisition.

We evaluated the fair value of the purchase consideration by assessing the number of shares that CFC would have issued to the legal parent to obtain the same percentage ownership interest in the combined entity.

We evaluated the fair value per share of the share consideration that CFC would have issued to the legal parent by comparing to the share values in concurrent financing transactions by CFC.

We evaluated the accounting for the NCI recorded in the RTO.

Valuation of the Aris Gold Notes

Description of the matter

We draw attention to Notes 3, 4b) and 12 to the financial statements. On August 26, 2020, Aris Gold Corporation ("Aris, a subsidiary of the Entity completed a private placement offering of 83,066 gold-linked notes subscription receipts ("Aris GLN Subscription Receipts ") for aggregate gross proceeds of $83.1 million. Each Aris GLN Subscription Receipt entitled the holder thereof to receive $1,000 aggregate principal amount of senior secured Aris gold-linked notes due 2027 ("Aris Gold Notes") and 200 Aris common share purchase warrants. The Entity acquired 10,000 of the Aris GLN Subscription Receipts for $10.0 million with the balance being issued to other investors.

On November 17, 2020, the Aris GLN Subscription Receipts were deemed to be exercised, and Aris Gold Notes were issued to the other investors with a fair value of approximately $73.1 million. The Entity accounts for the Aris Gold Notes at fair value with the changes in fair value due to changes in the Entity's credit risk being recorded in other comprehensive income and the remainder of the change in fair value recorded in profit and loss. The fair value of the Aris Gold Notes is determined based on a pricing model which considers several key assumptions including forward gold prices, volatility, risk free interest rates, and the credit spreads of the Entity.

Why the matter is a key audit matter

We identified the valuation of the Aris Gold Notes as a key audit matter. The valuation model was complex and significant auditor judgment was required to evaluate the Entity's valuation and the measurement of the change in fair value due to the Entity's credit risk. This matter represented a significant risk of material misstatement and auditor judgment was required in applying our audit procedures.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the valuation methodology and assumptions used to estimate the fair value of the Aris Gold Notes on issuance on November 17, 2020 and at year end. The fair value for the notes was Independently assessed using the discounted cash flow approach and a commodity option pricing model. The change in fair value due to the Entity's credit risk was evaluated by developing an independent expectation of credit spread assumptions.

Other Information

Management is responsible for the other information. Other information comprises the information Included in Management's Discussion and Analysis filed with the relevant Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditors' report is Francis Klemenchuk.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
March 31, 2021

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

	Notes	As at December 31, 2020	As at December 31, 2019
ASSETS			
Current			
Cash and cash equivalents		$ 122,508	$ 84,239
Cash in escrow	6	144,409	4,837
Gold Trust Account	12a	4,368	5,760
Accounts receivable and other	18b	24,193	15,322
Inventories	8	30,374	24,311
Prepaid expenses and deposits		2,855	2,437
		328,707	136,906
Non-current			
Cash in trust	12c	742	751
Mining interests, plant and equipment	9	302,609	207,485
Investments and other assets	10	18,507	14,278
Total assets		$ 650,565	$ 359,420
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities	11	$ 48,488	$ 29,921
Subscription Receipts payable	13	74,101	5,070
Income tax payable	17	38,027	28,788
Current portion of long-term debt	12	12,358	18,000
Current portion of lease obligations	14	1,961	701
Current portion of provisions	15	1,174	1,398
Amounts payable related to acquisitions of mining interests	28a	2,280	2,968
		178,389	86,846
Non-current			
Long-term debt	12	127,848	72,015
Lease obligations	14	2,983	1,556
Provisions	15	31,256	23,908
Warrant liabilities	16c	91,639	38,700
Deferred income taxes		22,222	18,747
Total liabilities		454,337	241,772
Equity			
Share capital	16b	472,219	446,015
Contributed surplus		180,498	176,094
Accumulated other comprehensive loss		(115,837)	(109,046)
Deficit		(383,168)	(395,415)
Total equity attributable to shareholders		153,712	117,648
Non-controlling interest		42,516	-
Total equity		196,228	117,648
Total liabilities and shareholders' equity		$ 650,565	$ 359,420

Commitments and Contingencies **(Note 10b, 28)**
Subsequent events **(Notes 6, 9b, 10a, 12a, 12b,13b, 15a, 16b, 16f, 24, 27)**

On behalf of the Board of Directors:

"Miguel de la Campa" (Signed) *"Robert Metcalfe"* (Signed)

See accompanying notes to the consolidated financial statements.

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

	Notes	Years ended December 31, 2020	2019
Revenue	19	$ 390,921	$ 326,480
Costs and expenses			
Cost of sales	20	198,721	189,559
Impairment charge	9	-	175,989
General and administrative		18,807	15,679
Share-based compensation	16d	7,811	2,157
Social programs and contributions	11a	10,637	6,937
Income (loss) from operations		154,945	(63,841)
Other income (expense)			
Finance income		1,493	1,064
Finance costs	21	(30,280)	(13,109)
RTO Transaction costs	5	(16,700)	(273)
Foreign exchange loss		(1,964)	(1,073)
Gain (loss) from equity accounting in associates	10	321	(2,015)
Loss on financial instruments	22	(72,869)	(32,539)
Gain on sale of securities, net	22	3,099	-
		(116,900)	(47,945)
Income (loss) before income tax		38,045	(111,786)
Income tax (expense) recovery			
Current		(60,958)	(45,469)
Deferred		(4,658)	26,091
		(65,616)	(19,378)
Net loss		**$ (27,571)**	**$ (131,164)**
Attributed to:			
Shareholders of the Company		$ (4,653)	$ (131,164)
Non-controlling interest		(22,918)	-
		$ (27,571)	$ (131,164)
Net loss per share attributed to shareholders of the Company			
Basic		$ (0.08)	$ (2.65)
Diluted	25	(0.08)	(2.65)
Basic weighted average number of common shares outstanding		60,700,238	49,474,772

See accompanying notes to the consolidated financial statements.

Gran Colombia Gold Corp.

Consolidated Statements of Comprehensive Income (Loss)

(Expressed in thousands of U.S. dollars)

	Notes	Years ended December 31, 2020	2019
Net loss		**$ (27,571)**	**$ (131,164)**
Other comprehensive income (loss):			
Items that will not be reclassified to profit in subsequent periods:			
Unrealized gain (loss) on investment in Amilot, net of $Nil tax (2019 - $Nil)	10	5	(2)
Unrealized gain (loss) on Gold Notes due to change in credit risk, net of $Nil tax (2019 $982 recovery)	12a	970	(4,058)
Unrealized loss on Convertible Debentures due to change in credit risk, net of tax $Nil (2019 - $Nil)	12b	(132)	(46)
Actuarial gain on health plan obligation, net of $Nil tax (2019 - $Nil)	15	1,105	90
Unrealized loss on Aris GLN Subscription Receipts due to changes in credit risk, net of $Nil tax	12c	(3,090)	-
Unrealized loss on Aris GLN Subscription Receipts due to changes in credit risk associated with non-controlling interest, net of $Nil tax	12c	(2,769)	-
Unrealized gain on Aris Gold Notes due to changes in credit risk, net of $Nil tax	12d	249	-
Unrealized gain on Aris Gold Notes due to changes in credit risk associated with non-controlling interest, net of $Nil tax	12d	223	-
Items that may be reclassified to profit in subsequent periods:			
Foreign currency translation adjustment		(5,898)	(3,318)
Foreign currency translation adjustment associated with non-controlling interest		2,124	-
Comprehensive loss		**$ (34,784)**	**$ (138,498)**
Comprehensive loss attributable to:			
Shareholders of the Company		$ (11,444)	$ (138,498)
Non-controlling interest		(23,340)	-
Comprehensive loss		**$ (34,784)**	**$ (138,498)**

See accompanying notes to the consolidated financial statements.

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

	Notes	Years ended December 31, 2020	2019
Common shares			
Balance, beginning of period	16	$ 446,015	$ 434,831
Exercise of options	16	1,780	6,200
Exercise of warrants	16c	7,174	-
Issuance of common shares	16b	21,709	5,090
Share issue costs	16b	(427)	(106)
Repurchase of shares	16b	(4,032)	-
Balance, end of period		472,219	446,015
Share purchase warrants – equity classified			
Balance, beginning	16c	-	4,212
Expiry of warrants		-	(4,212)
Balance, end of period		-	-
Contributed surplus			
Balance, beginning of period		176,094	172,596
Exercise of options	16	(455)	(1,481)
Expiry of warrants		-	4,212
Share-based compensation	16d	4,598	767
RTO shared-based transaction cost and CFC Broker Warrants issued		270	-
CFC Broker Warrants exercised		(9)	-
Balance, end of period		180,498	176,094
Accumulated other comprehensive loss			
Balance, beginning of period		(109,046)	(101,712)
Actuarial gain on health plan obligation, net of tax		1,105	90
Unrealized gain (loss) on investment in Amilot, net of tax	10	5	(2)
Unrealized gain (loss) on Gold Notes due to changes in credit risk, net of tax	12a	970	(4,058)
Unrealized loss on Convertible Debentures due to changes in credit risk, net of tax	12b	(132)	(46)
Unrealized loss on Aris GLN Subscription Receipts due to changes in credit risk, net of tax	12c	(3,090)	-
Unrealized gain on Aris Gold Notes due to changes in credit risk, net of tax	12d	249	-
Foreign currency translation adjustment		(5,898)	(3,318)
Balance, end of period		(115,837)	(109,046)
Deficit			
Balance, beginning of period		(395,415)	(264,251)
Dividends declared	16b	(2,136)	-
Amount related to consideration in RTO Transaction	5	5,055	-
Impact of changes in ownership of Aris	24	13,981	-
Net loss attributable to shareholders of the Company		(4,653)	(131,164)
Balance, end of period		(383,168)	(395,415)
Non-controlling interest			
RTO Transaction without change of control	5	14,192	-
Impact of changes in ownership of Aris in the period	24	51,664	-
Foreign currency translation adjustment		2,124	-
Unrealized loss on Aris GLN Subscription Receipts due to change in credit risk adjustment, net of tax	12c	(2,769)	-
Unrealized gain on Aris Gold Notes due to change in credit risk adjustment, net of tax	12d	223	-
Net loss attributable to non-controlling interest		(22,918)	-
Balance, end of period		42,516	-
Total equity		**$ 196,228**	**$ 117,648**

See accompanying notes to the consolidated financial statements.

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

	Notes	Years ended December 31, 2020	2019
Operating Activities			
Net loss		$ (27,571)	$ (131,164)
Adjusted for the following items:			
Depreciation, depletion and amortization	9	25,008	32,370
Impairment charge		-	175,989
Share-based compensation	16g	7,811	2,157
RTO transaction	5	16,700	-
Finance costs	21	30,280	13,109
Foreign exchange		2,858	384
Loss on financial instruments	22	72,869	32,539
(Gain) loss from equity accounting in associates	10	(321)	2,015
Provision for environmental fees		58	(721)
Environmental fees paid	15	(4)	(1,236)
Payments of health obligations	15	(647)	(812)
Payment of rehabilitation obligations		(53)	(114)
Gain on sale of shares of Guyana Goldfields	22	(3,862)	-
Deferred and current income tax expense		65,616	19,378
Changes in non-cash operating working capital items	23	(3,067)	(4,110)
Operating cash flows before taxes		185,675	139,784
Income taxes paid		(49,297)	(35,444)
Net cash provided by operating activities		136,378	104,340
Investing Activities			
Additions to mining interests, plant and equipment	9	(62,799)	(42,665)
Acquisition of SARC, net of cash acquired	7	(9,989)	-
Acquisition of shares of Guyana Goldfields	22	(4,012)	-
Proceeds from sale of shares of Guyana Goldfields	22	7,874	-
Acquisition of Guia Antigua Vendor Subscription Receipts	6c	(2,313)	-
Acquisitions of investments in associates	10	(1,107)	(8,946)
Cash acquired in RTO Transaction	5	33	-
Net cash used in investing activities		(72,313)	(51,611)
Financing Activities			
Net proceeds from Private Placements	16b	29,505	11,124
Net proceeds from Convertible Debentures	12b	-	13,654
Repayment of Gold Notes, including Gold Premium	12a	(40,411)	(21,373)
Increase (decrease) in Gold Trust Account	12a	1,935	(2,205)
Premiums paid for hedging related of the Gold Notes payment	18e	-	(281)
Share issue cost in connection with RTO	16b	(400)	-
Net proceeds from Aris Special Warrants	16c	19,628	-
Release of cash in escrow from CFC Subscription Receipts	5	4,730	-
Cash transferred to cash in escrow in connection with Aris financings	12c,13b	(23,199)	-
Aris Gold Notes financing costs	12c	(863)	-
Aris Subscription Receipts financing costs	13	(2,363)	-
Aris Precious Metals Stream financing costs	28e	(1,805)	-
Payment of lease obligations	14	(2,282)	(988)
Interest paid		(4,702)	(7,950)
Exercises of stock options	16d	1,467	4,234
Exercises of warrants	16c	2,383	-
Repurchases of Listed Warrants		-	(252)
Repurchases of common shares of the Company under a NCIB	16b	(4,032)	-
Acquisition of shares from non-controlling interest	5	(1,796)	-
Payment of dividends on common shares		(1,407)	-
Net cash used in financing activities		(23,612)	(4,037)
Impact of foreign exchange rate changes on cash and cash equivalents		(2,184)	(98)
Increase in cash and cash equivalents		**38,269**	**48,594**
Cash and cash equivalents, beginning of period		84,239	35,645
Cash and cash equivalents, end of period		**$ 122,508**	**$ 84,239**

See accompanying notes to the consolidated financial statements.

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

1. NATURE OF OPERATIONS

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

2. BASIS OF PRESENTATION

These financial statements, approved by the Board of Directors on March 31, 2021, have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

Consolidation

These financial statements comprise the financial results of the Company, including its following subsidiaries at December 31, 2020 and 2019:

Entity	Property/ function	Registered	Functional currency(1)	Interest as at December 31, 2020	2019
Gran Colombia Gold Corp.	Corporate	Canada	USD		
Gran Colombia Gold, S.A. ("GCG Panama")	Corporate	Panama	USD	100%	100%
Gran Colombia Gold Segovia Sucursal Colombia	Segovia Operations	Colombia	COP	100%	100%
Minerales Andinos de Occidente, S.A.S.	Marmato Zona Alta	Colombia	COP	100%	100%
Minera Croesus S.A.S.	Marmato Zona Alta	Colombia	COP	100%	100%
Gran Colombia Gold Titiribi Sucursal Colombia ("GCG Titiribi") (Note 9a)	Zancudo Project	Colombia	COP	100%	100%
Aris Gold Corporation ("Aris"), formerly Caldas Gold Corp. (2)	Corporate	Canada	USD	53.5%	-
Caldas Gold Marmato S.A.S. ("CG Marmato") (3)	Marmato Zona Baja	Colombia	COP	53.5%	100%
South American Resources Corp. ("SARC") (2)	Juby Project	Canada	USD	53.5%	-

(1) "USD" = U.S. dollar; "COP" = Colombian peso.
(2) Holds 100% of ownership of the Marmato Mining Assets through its subsidiary Caldas Gold Marmato S.A.S. ("formerly Gran Colombia Marmato S.A.S.") and 100% of the Juby Project located in Ontario, Canada (Note 7).
(3) CG Marmato was formerly named Gran Colombia Gold Marmato S.A.S. prior to the RTO Transaction described in Note 5.

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

The consolidated financial statements also include the Company's equity interests, as outlined in Note 10, in Gold X Mining Corp. ("Gold X") and Western Atlas Resources Inc. ("Western Atlas") which are accounted for using the equity method.

Foreign currency translation

a) Functional and presentation currencies

Items included in the financial statements of each entity consolidated by the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of each of the Company's significant subsidiaries is disclosed in the table under "Consolidation" above. The financial statements are presented in U.S. dollars as the Company believes this will facilitate comparison with other mining and resource companies.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions or revaluation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of operations in "foreign exchange gain (loss)".

c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
ii. income and expenses for each consolidated statement of operations and cash flows for the years presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
iii. components of equity are translated at the exchange rates at the dates of the relevant transactions or at average exchange rates where this is a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, and are not re-translated; and
iv. all resulting exchange differences are recognized in other comprehensive income (loss).

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated statement of operations as part of the gain or loss on sale.

Segment reporting

Reportable segments are those whose operating results are reviewed by the chief operating decision-maker, identified as the Executive Committee of the Board of Directors, which is responsible for allocating resources and assessing performance. Operations with revenues, earnings or losses or assets that exceed 10% of the total consolidated revenue, earnings or losses or assets are reportable segments (Note 26).

Business combinations

The Company uses the acquisition method of accounting for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. On an acquisition-by-acquisition basis, the Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of operations.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods during the measurement period which does not exceed one year from the acquisition date.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, term deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, if applicable, are included in liabilities as bank indebtedness.

Gold Trust Account

The Gold Trust Account represents the physical gold the Company has deposited in accordance with the terms of the 8.25% Senior Secured Gold-Linked Notes due 2024 (“Gold Notes”) (Note 12a) to satisfy its quarterly principal repayment obligations. At the end of each reporting period, the balance of gold ounces accumulated in the Gold Trust Account is valued at the lower of cost or net realizable value (“NRV”). NRV is the estimated sale price of the gold, generally determined based on the spot price at the period end.

Accounts receivable

Receivables are measured at amortized cost using the effective interest method less a provision for impairment. Provision is made in the allowance for doubtful accounts based on management’s best estimate of the accounts receivable balances that may not be collectible.

Inventories

Mineral inventories are valued at the lower of average production cost and NRV. The cost of mineral inventories includes all costs related to bringing the inventory to its current condition, including mining and processing costs, labour costs, materials and supplies, direct and allocated indirect operating overhead and depreciation expense. Materials and supplies inventories are valued at the lower of cost and NRV, where cost is based on a first in, first out basis. NRV is the estimated selling price less applicable selling expenses.

Mining Interests, plant and equipment

a) Exploration and evaluation (“E&E”) assets

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation expenditures include costs which are directly attributable to:

- researching and analyzing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods;
- completing pre-feasibility and feasibility studies; and
- costs incurred in acquiring mineral rights.

E&E expenditures are capitalized and are classified as such until the project demonstrates technical feasibility and commercial viability. Technical feasibility and commercial viability generally coincide with the establishment of proven and probable reserves; however, they may also occur when the Company makes a decision to proceed with development or begins production. Upon demonstrating technical feasibility and commercial viability, and subject to an impairment analysis, capitalized exploration and evaluation costs are transferred to mineral properties within property, plant and equipment.

b) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation, amortization and impairment charges. Cost includes expenditures that are directly attributable to the acquisition and are recorded as part of the development and construction of the asset. Costs to acquire mineral properties are capitalized and represent the property's fair value at the time it was acquired, either as an individual asset purchase or as part of a business combination.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. When an asset or part of an asset is replaced the expenditure is capitalized and the carrying amount of a replaced part is derecognized. All other repairs and maintenance costs are charged to the consolidated statement of operations during the financial period in which they are incurred.

Amortization of mineral properties is charged to cost of sales on a unit-of-production basis based upon proven and probable reserves and estimated mineable mineral resources or until the properties are abandoned, sold or considered to be impaired in value. Mineral properties are tested for impairment in accordance with the policy for impairment of non-financial assets as set out below. Land is valued at cost and not depreciated.

Depreciation of plant and equipment and other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Machinery and equipment	10 years
Transportation equipment	5 years
Office and other equipment	5 to 10 years
Buildings and improvements	20 years

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant components and depreciates each component separately. The residual values and useful lives of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period.

Associates

An associate is an investee over which the Company has significant influence. Significant influence is the ability to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies. In general, significant influence is presumed to exist when the Company has between 20% and 50% of voting power. Significant influence may also be evidenced by factors such as the Company's representation on the board of directors, participation in policy-making of the investee, material transactions with the investee, interchange of managerial personnel or the provision of essential technical information. Associates are equity accounted for from the date of commencement of significant influence to the date that the Company ceases to have significant influence.

Results of associates are equity accounted for using the results of their most recent annual or interim financial statements, as applicable. Losses from associates are recognized in the consolidated financial statements until the investment in the associate is written down to nil. Thereafter, losses are recognized only to the extent that the Company is committed to providing financial support to such associates.

The carrying value of the investment in associates represents the cost of the investment, a share of the post-acquisition retained earnings or losses, accumulated other comprehensive income and any impairment losses. At the end of each reporting period, the Company assesses whether there is any objective evidence that its investment in associate is impaired.

As disclosed in Note 10, the Company accounts for its investments in Gold X and Western Atlas using the equity method. Financial reporting for Gold X and Western Atlas typically occurs after the Company's financial reporting dates and, as such, the Company uses financial statements of Gold X and Western Atlas reported for the quarter ended three months earlier in recording the Company's share of profit or loss from Gold X and Western Atlas. Adjustments are made for the effects of any significant events that occur between the date of the financial statements of Gold X and Western Atlas and the date of the Company's consolidated financial statements.

Borrowing costs

The Company does not capitalize borrowing costs related to exploration and evaluation assets. All other borrowing costs are recognized as finance costs in the consolidated statement of operations in the period in which they are incurred.

Once the Company has established that exploration and evaluation assets have reached technical feasibility and commercial viability, they are reclassified to assets under development. Borrowing costs incurred that are attributable to qualifying assets under development will be capitalized and included in the carrying amounts during the development period until the assets are ready for their intended use. In the case of mining properties, the mining property is ready for its intended use when it commences commercial production. Capitalization will commence on the date that expenditures for the qualifying asset are incurred, borrowing costs are being incurred by the Company and activities that are necessary to prepare the qualifying asset for its intended use are being undertaken.

For funds obtained from general borrowing, the amount capitalized will becalculated using a weighted average of rates applicable to the borrowings during the period. For funds borrowed that are directly attributable to a qualifying asset, the amount capitalized will represent the actual borrowing costs incurred on the specific borrowings.

Current and deferred income tax

The provision for income tax for the year comprises current and deferred income tax. Income tax is recognized in the consolidated statement of operations, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized using the asset and liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined on a non-discounted basis using tax rates (and laws) that have been enacted or substantively enacted by the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Decommissioning liabilities

Decommissioning liabilities arise from the development, construction and normal operation of mining property, plant and equipment as mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations.

The estimated present value of reclamation liabilities is recorded in the period in which the liabilities are incurred. A corresponding change to the carrying amount of the related asset is recorded and depreciated on a unit-of-production basis. The liability will be increased each period to reflect the interest element and will also be adjusted for changes in the discount rates and in the estimates of the amount, timing and cost of the work to be carried out.

Future remediation costs are accrued based on management's best estimate at the end of each period of the undiscounted cash costs expected to be incurred at each site. Changes in estimates are reflected by adjusting the decommissioning liability and the related asset in the period during which an estimate is revised. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs they will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation. The estimates are dependent on labour costs, known environmental impacts, the effectiveness of remedial and restoration measures, inflation rates and pre-tax interest rates that reflect current market assessment of time value of money. The Company also estimates the timing of the outlays, which is subject to change depending on continued exploitation and newly discovered mineral reserves.

Actual costs incurred may differ from those estimated amounts. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

Post-retirement benefits – health plan obligations

In connection with the 2010 acquisition of assets at the Segovia Operations, the Company agreed to provide the funds required to pay all of the obligatory ongoing health contributions of the participants of the predecessor company's pension plan. Actuarial gains and losses resulting from variances between actual results and economic estimates or actuarial assumptions are recorded in other comprehensive income. Changes in the present value of the obligation due to amendments or changes to the plan are recorded in profit or loss. Payments made in respect of these benefits are disclosed in operating cash flows.

Provisions for other liabilities and charges

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are based on management's best estimate of the expenditure required to settle the obligation and are generally measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance costs.

Revenue recognition

Revenue from the sale of gold and silver is recognized when control has been transferred to the customer, which is considered to occur when products have been delivered to the location specified by the customer and the risks of loss have been passed to the customer. Revenue is measured based on the spot price agreed to between the Company and the customer prior to each delivery, in accordance with the supply agreement, which does not include any provisional pricing arrangements.

Share-based payments

The Company and its subsidiary, Aris, have several equity-settled and cash-settled share-based compensation plans under which it issues either equity instruments or makes cash payments based on the value of the underlying equity instrument of the Company. The Company's share-based compensation plans are comprised of the following:

a) Stock option plan

The Company records equity-settled share-based payments under which the entity receives services from employees, consultants and directors as consideration for stock options granted by the Company. For employees and others providing similar services, the total amount to be expensed is based on the fair value of the options granted. The fair value is determined using the Black-Scholes model on grant date. Measurement inputs include share price on measurement date, exercise price, expected volatility, expected life, expected dividends, expected forfeiture rate and the risk-free interest rate.

The compensation expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of operations with a corresponding adjustment to equity.

b) Deferred share units ("DSUs")

DSUs are an equity-based instrument under the Company's long-term incentive plan ("LTIP") for its non-executive directors. Each DSU represents the right for a non-executive director to receive a cash payment (subject to withholdings) when they cease to be a director of the Company. The cash payment is equal to the product of (i) the vested number of DSUs held and (ii) the volume-weighted average market price of the Company's common shares for the five business days preceding such date.

The DSUs represent a financial liability as they can only be settled in cash upon the departure of the directors. As such, the DSUs granted and vested are initially recognized at their fair value as share-based compensation with a corresponding amount recorded in accounts payable and accrued liabilities on the statement of financial position. The DSU liability is subsequently remeasured to its fair value at each period end with the change in fair value during the period recognized as share-based compensation. Unvested DSUs are recognized as share-based compensation over the vesting period using the straight-line method.

c) Performance share units ("PSUs")

PSUs are an equity-based instrument under the LTIP for its senior management. PSUs represent a right for the holder to receive a cash payment (subject to withholdings) on vesting. PSUs will generally have a three-year cliff vesting under the plan. PSUs are not convertible into common shares of the Company. The cash payment is equal to the product of (i) the number of vested PSUs held, (ii) the volume-weighted average market price of the Company's common shares for the five business days preceding such date and (iii) a performance multiplier. The performance multiplier will vary from 0% to 200% depending on the relative performance of the Company's total shareholder return compared to its selected peer group. If dividends are paid on the Company's shares during the PSUs vesting period an additional number of PSUs will be credited to the holder equivalent to the amount of cash that would have been paid to the holder if each of the PSUs had been shares ("Dividend Equivalent Units").

The PSUs represent a financial liability as they can only be settled in cash on vesting. The fair value of the PSUs granted, determined using a Monte-Carlo option valuation model, is recognized as share-based compensation in the statement of operations over the vesting period with a corresponding amount recorded in accounts payable and accrued liabilities in the statement of financial position. Subsequently, at each reporting date and on settlement, the PSU liability is remeasured to its fair value with the change in fair value during the period recognized as share-based compensation.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income for the period by the weighted average number of common shares outstanding during the period.

Provided that they are not anti-dilutive, diluted earnings per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. This method assumes that proceeds received from the exercise of stock options and warrants and any unamortized share-based compensation amounts are used to repurchase common shares at the prevailing market rate. The dilutive effect of the Convertible Debentures (Note 12b) is calculated using the if-converted method. Under the if-converted method, the debentures are assumed to be converted at the beginning of the period, and the resulting common shares are included in the denominator of the diluted earnings per share calculation for the entire period being presented. Interest expense, net of any income tax effects, is added back to the numerator for purposes of the if-converted calculation.

Financial instruments

Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. On initial recognition, a financial asset is classified as: amortized cost, fair value through profit and loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”).

Financial assets are measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the objective of the Company’s business model is to collect the contractual cash flows; and 2) the asset’s contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment’s fair value (realized and unrealized) will be recognized permanently in other comprehensive income with no reclassification to profit and loss. The election is made on an investment-by-investment basis.

All financial assets not measured at amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Derivative financial assets are measured at FVTPL.

Financial liabilities are subsequently measured and classified as amortized cost or as FVTPL. Derivative financial liabilities are measured at FVTPL. The Company, at initial recognition, may designate a hybrid financial liability that contains embedded derivative financial instruments, at FVTPL. For such financial liabilities recorded at FVTPL, the change in fair value due to changes in the Company’s credit risk is recorded in other comprehensive income, with the remainder of the change in fair value recorded in profit and loss.

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as FVTPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial asset has been classified as amortized cost, FVTPL or FVOCI. Fair value of financial liabilities subsequent to initial recognition depends on whether they are classified as amortized cost or FVTPL. Financial assets and financial liabilities classified as amortized cost are measured subsequent to initial recognition using the effective interest method.

Loss allowances for “expected credit losses” are recognized on financial assets measured at amortized cost, contract assets and investments in debt instruments measured at FVOCI, but not to equity investments. A loss event is not required to have occurred before a credit loss is recognized.

The Company has classified and measured its financial instruments as follows:

	Classification
Cash and cash equivalents	Amortized cost
Cash in escrow	Amortized cost
Accounts receivable and other	Amortized cost
Cash in trust	Amortized cost
Warrants in associates	FVTPL
Investment in Amilot Capital Inc. (“Amilot”)	FVOCI
Accounts payable and accrued liabilities	Amortized cost
Leases	Amortized cost
DSU and PSU liabilities	FVTPL
Gold Notes and Aris Gold Notes	FVTPL
Convertible Debentures	FVTPL
Listed Warrants liability	FVTPL
Aris Listed Warrants liabilities	FVTPL
Unlisted and RTO Warrant liabilities	FVTPL
Aris and CFC Subscription Receipts payables	FVTPL

Financial assets and liabilities that are recognized in the statement of financial position at fair value are classified in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

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

With the availability of quoted prices in an active market, the Company changed the classification of the Gold Notes in 2020 from Level 2 to Level 1 in the fair value hierarchy. The Listed Warrant liability and the Aris Listed Warrants are also classified as Level 1. The Warrants in associates, Gold X Convertible Debenture, Gold Notes, Aris Gold Notes, DSU and PSU liabilities, Unlisted Warrant liabilities, and the Aris and CFC Subscription Receipts payables are all classified as Level 2 in the fair value hierarchy as the fair values have been determined based on inputs, including gold prices, time value, volatility factors, risk-free rate, stock price and credit spread, which can be substantially observed or corroborated in the marketplace.

Impairment

Financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Non-financial assets

Assets that are subject to amortization and E&E assets are reviewed for impairment, or reversal of impairment, as the case may be, whenever events or changes in circumstances indicate there is a change in the recoverability of the carrying amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows (cash generating units or "CGUs"), which are typically the individual mining projects. The estimates used for impairment reviews are based on detailed mine plans and operating budgets, modified as appropriate to meet the requirements of IAS 36, *Impairment of Assets*.

Value in use is determined based on discounted cash flow models taking into consideration estimates of the quantities of the reserves and mineral resources, future production levels, future gold prices, and future cash costs of production, capital expenditure, shutdown, restoration and environmental clean-up. Assumptions used are specific to the Company and the discount rate applied in the value in use test is based on the Company's estimated weighted average cost of capital with appropriate adjustment for the risks associated with the relevant cash flows, to the extent that such risks are not reflected in the forecasted cash flows.

When evaluating fair value less costs of disposal, fair value is determined based on the amount that could be obtained in an arm's length transaction and generally uses a discounted cash flow model based on the present value of estimated future cash flows, including future expansions or development projects. In a fair value less costs of disposal analysis the assumptions used are those that a market participant would be expected to apply.

An impairment charge is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and is recorded in the consolidated statement of operations. Non-financial assets, other than goodwill, that were previously impaired are reviewed for possible reversal of the impairment at each reporting date when an event warrants such consideration. The reversal is limited to the carrying value that would have been determined, net of any applicable depreciation, had no impairment charge been recognized in prior years.

An impairment review of E&E assets is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against in the financial year in which this is determined.

E&E assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions below is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Leases

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.

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.

New and amended accounting policies

The Company has adopted the following new and revised IFRS standards and amendments, effective January 1, 2020. These changes were made in accordance with the applicable transitional provisions and had no impact on the financial statements of the Company.

IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Estimates and Errors

Effective January 1, 2020, the Company has adopted the amendments in *Definition of Material (amendments to IAS 1 and IAS 8)*. The amendments to IAS 1 and IAS 8 clarify the definition of 'material' and aligns the definition used within the IFRS Standards. The application of the amendments did not have an impact on the Company.

IFRS 3 – Business Combinations

Effective January 1, 2020, the Company has adopted the amendments to IFRS 3 which narrow and clarify the definition of a business and provide for an optional simplified initial assessment of whether an acquired group of assets is a single identifiable group of assets, rather than a business. The application of the amendment has been made on a prospective basis and has not had an impact on the Company.

New accounting standards issued but not effective

IAS 16, Property, Plant and Equipment

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

IFRS 3 – Business Combinations

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

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

IFRS 9 – Financial Instruments

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

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

IAS 1 – Presentation of Financial Statements

The IASB has issued an amendment to IAS 1 Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty.

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to use judgment in applying its accounting policies and estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. 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 financial statements.

a) Significant judgments in the application of accounting policies

Areas of judgment that have the most significant effect on the amounts recognized in the financial statements are as follows:

E&E assets

E&E assets are tested for impairment when indicators of impairment are present. In assessing impairment for E&E assets, the Company is required to apply judgment in considering various factors that determine technical feasibility and commercial viability.

Management has determined that E&E costs incurred during the year have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of inferred resources to measured and indicated resources, scoping and feasibility studies, operating management expertise and existing permits.

Assets' carrying values and impairment charges

In determination of carrying value and impairment charges, management looks at the higher of value in use and fair value less costs of disposal in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management use judgment when making a decision based on the best available information at each reporting period.

Income taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the consolidated provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

At each reporting date, the Company evaluates the likelihood of whether some portion of the deferred tax assets will not be realized. Once the evaluation is completed, if the Company believes that it is probable that some portion of the deferred tax assets will fail to be realized, the Company records only the remaining portion for which it is probable that there will be available future taxable profit against which the temporary differences can be utilized. Assessing the recoverability of deferred income tax assets requires management to make significant judgments.

b) Significant accounting estimates and assumptions

The areas which require management to make significant estimates and assumptions in determining carrying values include:

Mineral reserves and resources

The Company's mineral reserves and resources are estimated based on information compiled by the Company's qualified persons. Mineral reserves and resources are used in the calculation of amortization and depletion, for the purpose of calculating any impairment charges, and for forecasting the timing of the payment of shutdown, restoration, and clean-up costs.

In assessing the life of a mine for accounting purposes, mineral reserves and resources are only taken into account where there is a high degree of confidence of economic extraction. There are numerous uncertainties inherent in estimating mineral reserves and resources, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Mineral reserves and resource estimates may vary as a result of changes in the price of gold, production costs and with additional knowledge of the ore deposits and mining conditions. Changes in the measured and indicated and inferred mineral resources estimates may impact the carrying value of property, plant and equipment, reclamation and remediation obligations, recognition of deferred tax amounts and depreciation, depletion and amortization.

Impairment

Non-financial assets are tested for impairment, or reversal of impairment, when events or changes in circumstances indicate there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment review was completed. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant industry or economic trends, and current, historical or projected losses that demonstrate continuing losses.

The fair value measurement of the Company's non-financial assets, for the purpose of comparison with the carrying value, is based on numerous assumptions and may differ significantly from actual fair values.

The fair values are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated fair values of non-financial assets to their carrying values. The Company's fair value estimates are based on numerous assumptions including, but not limited to, estimated gold prices, operating costs, recoveries, resources, capital and site restoration expenditures and estimated future foreign exchange rates. The fair value estimates may differ from actual fair values and these differences may be significant and could have a material impact on the Company's financial position and results of operations. Reserve and resource estimates are the most important variable in the Company's fair value estimates. A change in the Company's reserves and resources may result in an impairment charge or reversal of impairment, as the case may be, which could impact the Company's net income.

Management's estimates of future cash flows are subject to risk and uncertainties. Therefore, it is reasonably possible that changes could occur with evolving economic conditions, which may affect recoverability of the Company's non-financial assets.

Amortization of mineral properties

The mineral properties balance is amortized using the units-of-production method over the expected operating life of the mine based on estimated recoverable ounces of gold, which are the prime determinants of the life of a mine. Estimated recoverable ounces are based on proven and probable reserves and estimated mineable mineral resource balances. Changes in these estimates will result in changes to the amortization charges over the remaining life of the operation. A change in reserves and resources would change amortization expense, and this could have a material impact on the operating results.

Fair values of financial assets and liabilities

The warrants in associates, Gold X Convertible Debenture, the Gold Notes and Aris Gold Notes, the Convertible Debentures, warrant liabilities, Aris and CFC Subscription Receipts, DSU and PSU liabilities have all been designated at FVTPL. Fair values have been determined based on valuation methodologies that capture all of the features of the respective instruments to arrive at the value of these financial instruments. The fair value estimates are based on numerous assumptions including, but not limited to, commodity prices, time value, volatility factors, risk-free rates and credit spreads. The fair value estimates may differ from actual fair values and these differences may be significant and could have a material impact on the Company's financial position and results of operations.

Decommissioning liabilities

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

5. RTO TRANSACTION AND NON-CONTROLLING INTEREST

On December 13, 2019, the Company completed an internal reorganization whereby certain mining assets at its Marmato Project (the "Marmato Mining Assets") were transferred in a common control transaction to Caldas Finance Corp. ("CFC"), a newly incorporated subsidiary. The Marmato Mining Assets principally comprise the existing producing underground gold mine (including the right to mine in the lower portion of the neighbouring Echandia license area), the existing 1,200 tonnes per day processing plant and the area encompassing the Marmato Deep Zone ("MDZ"), all located within the mining license area referred to as Zona Baja.

On February 24, 2020, CFC was then sold to Bluenose Gold Corp. ("Bluenose") through a reverse takeover transaction ("RTO") in a share for share exchange that resulted in Gran Colombia controlling Bluenose after the transaction. On closing of the RTO, CFC was amalgamated with a subsidiary of Bluenose. Bluenose was renamed Caldas Gold Corp. ("CGC") on closing of the RTO. On February 4, 2021, CGC changed its name to Aris Gold Corporation. These financial statements refer to "Bluenose" when referencing Bluenose Gold Corp. prior to the RTO and "Aris" when referring to the post-RTO subsidiary.

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

- On December 19, 2019, CFC completed a brokered private placement financing of 3,292,500 subscription receipts (the "CFC Subscription Receipts Financing") at a price of CA$2.00 per subscription receipt for aggregate gross cash proceeds of $5.1 million included in CFC Subscription Receipts payable at December 31, 2019. At December 31, 2019, cash in escrow of approximately $4.8 million represented the net proceeds (the "Escrowed Proceeds"), after deducting 50% of the agents' commission and certain expenses of the agents, that were placed in escrow from the CFC Subscription Receipts Financing. At the closing of the RTO Transaction, the CFC Subscription Receipts were exchanged for one common share of CFC and one share purchase warrant of CFC ("Aris RTO Warrant"), with an exercise price of CA$3.00 per share expiring December 19, 2024 and the Escrowed Proceeds (and accrued interest less the balance of the agents' commission and additional expenses payable to the agents) were released to CFC. CFC allocated $2.2 million of the proceeds to Aris RTO Warrants liability (Note 16c), and the remaining approximately $2.8 million of the proceeds was allocated to the common shares and recorded as share capital in Aris.

- On February 7, 2020 the Company acquired 7,500,000 units of CFC in a non-brokered private placement at a price of CA$2.00 per unit. Each unit consisted of one common share of CFC, and one share purchase warrant of CFC with an exercise price of CA$3.00 per share expiring on February 25, 2025. Of the total consideration of $11.3 million, $1.8 million was advanced in December 2019 and the remaining amount of $9.4 million at the closing date. These intercompany transactions have been eliminated in these financial statements.

In the RTO Transaction, although Bluenose was the legal acquirer of CFC, CFC was deemed to be the accounting acquirer and Bluenose was deemed to be the acquiree for accounting purposes. Upon completion of the RTO Transaction, as former single shareholder of CFC, the Company became the controlling shareholder of Aris.

As CFC was deemed to be the acquirer in the RTO Transaction, the assets and liabilities of CFC have been accounted for at cost, and the Bluenose assets and liabilities have been accounted for at fair value on acquisition. Bluenose's operations did not constitute a business and, as such, the transaction has been accounted for as an asset acquisition. Therefore, Bluenose share capital, equity reserve and deficit at the time of the RTO Transaction have been eliminated and the RTO Transaction costs have been expensed.

In the accounting for the reverse takeover, the RTO Transaction consideration was determined by reference to the fair value of the 10,852,841 shares the legal subsidiary, being CFC, would have issued to the former Bluenose shareholders to obtain the same percentage ownership interest of 21.5% in the combined entity.

Aris recognized the excess of the fair value of the RTO Transaction consideration over the net liability assumed of approximately $16.4 million and the RTO Transaction costs of approximately $0.3 million, including a financial advisory fee and the fair value of stock options honoured (Note 16e), as an expense in the statement of operations during the year ended December 31, 2020 (2019 - $0.3 million).

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

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

Non-controlling interest

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

The carrying value of the Bluenose net assets and liabilities at the RTO closing date were as follows:

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

The $14.2 million non-controlling interest recognized as a result of the Company's decrease in its percentage ownership in Aris is recognized as a credit to deficit in the consolidated statement of equity during the year ended December 31, 2020.

Subsequent changes in the non-controlling interest are described in Note 24.

6. CASH IN ESCROW

	December 31, 2020	December 31, 2019
Aris Gold Notes (a)	$ 75,288	$ -
Aris Subscription Receipts (b)	66,808	-
Guia Antigua Vendor Subscription Receipts (c)	2,313	-
CFC Subscription Receipts (Note 5)	-	4,837
	$ 144,409	$ 4,837

a) As described in Note 12c, $77.4 million of the net proceeds from the Aris GLN Subscription Receipts financing was placed in escrow on August 26, 2020, of which a total of $1.4 million was subsequently used to fund interest payments on the Aris GLN Subscription Receipts on exercise on November 17, 2020. The balance was then transferred into a new escrow account associated with the Aris Gold Notes, from which $0.7 million was used to fund interest payments on the Aris Gold Notes through to December 31, 2020. On February 3, 2021, the escrow release conditions for the Aris Gold Notes were met and $65.1 million of the remaining proceeds held in escrow were released to Aris. The balance of the net proceeds in the escrow account, which amounted to $10.2 million at December 31, 2020, will continue to be held in escrow and used to fund the monthly interest payments on the Aris Gold Notes from January 2021 through August 2022.

b) As described in Note 13b, CA$85.0 million (equivalent to $66.8 million at December 31, 2020) received in connection with the Aris Subscription Receipts was placed into escrow pending certain escrow release conditions. On February 4, 2021, the escrow release conditions were met and the cash held in escrow was released to Aris.

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

c) As further described in Note 9b, on November 9, 2020, the Company acquired 6,666,666 subscription receipts in a private placement offering ("Guia Antigua Private Placement") completed by 1255269 B.C. Ltd. (the "Guia Antigua Vendor") at a price of CA$0.45 per subscription receipt ("Guia Antigua Subscription Receipt") for a total cost of CA$3.0 million (equivalent to approximately $2.3 million). The Guia Antigua Subscription Receipts converted into common shares of the Guia Antigua Vendor on February 19, 2021 and were immediately exchanged for common shares of Denarius Silver Corp. ("Denarius") in a three-cornered amalgamation transaction completed immediately thereafter.

7. ACQUISITION OF SOUTH AMERICAN RESOURCES CORP. ("SARC") BY ARIS

On July 2, 2020, Aris completed the acquisition of all of the issued and outstanding shares of SARC, the holder of certain advanced exploration-stage mining assets in North-eastern Ontario, including a 100% interest in the Juby Project and a 25% joint venture interest in certain claims adjoining the Juby Project.

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

The consideration paid and the allocation of the fair value to the assets and liabilities of SARC acquired by Aris is summarized as follows:

Consideration paid	
Cash	$ 10,000
Fair value of 20,000,000 Aris common shares issued to SARC shareholders	39,962
Acquisition costs	381
Total consideration paid	$ 50,343
Fair value of assets and liabilities acquired at assigned values	
Cash and cash equivalents	$ 420
Accounts receivable	11
E&E assets	50,021
Accounts payable and accrued liabilities	(109)
Net assets acquired	$ 50,343

8. INVENTORIES

	December 31, 2020	December 31, 2019
Mineral inventories	$ 13,872	$ 10,237
Materials and supplies	16,502	14,074
	$ 30,374	$ 24,311

During the year ended December 31, 2020, the total cost of materials and supplies recognized in the statement of operations amounted $84.0 million (2019 – $70.4 million).

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

9. MINING INTERESTS, PLANT AND EQUIPMENT

	Mineral properties	Plant and equipment	ROU plant and equipment	Construction in progress	E&E assets	Total
Year ended December 31, 2020						
Opening net book value	$ 96,348	$ 51,564	$ 2,142	$ 15,252	$ 42,179	$ 207,485
Additions[(1)]	25,214	14,583	4,039	9,002	16,311	69,149
Acquisition of Juby (Note 7)	-	-	-	-	50,021	50,021
Transfers	18	8,404	-	(8,422)	-	-
Increase in decommissioning liability (Note 15)	4,611	-	-	-	3,674	8,285
Depreciation and amortization	(17,606)	(7,125)	(1,355)	-	-	(26,086)
Exchange difference	(3,683)	(1,385)	157	(658)	(676)	(6,245)
Closing net book value	$ 104,902	$ 66,041	$ 4,983	$ 15,174	$ 111,509	$ 302,609

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

	Mineral properties	Plant and equipment	ROU plant and equipment	Construction in progress	E&E assets	Total
As at December 31, 2020						
Cost	$ 251,173	$ 106,895	$ 6,909	$ 42,954	$ 290,985	$ 698,916
Accumulated depreciation, Amortization and impairment	(146,271)	(40,854)	(1,926)	(27,780)	(179,476)	(396,307)
Net book value	$ 104,902	$ 66,041	$ 4,983	$ 15,174	$ 111,509	$ 302,609
Year ended December 31, 2019						
Opening net book value	$ 98,623	$ 47,148	$ 15	$ 15,686	$ 211,767	$ 373,239
ROU assets recognized on January 1, 2019	-	-	2,102	-	-	2,102
Additions	24,233	6,787	852	6,507	7,199	45,578
Reversal of amounts payable for acquisition of mining interest	-	-	-	-	(142)	(142)
Transfers	1,013	5,884	-	(6,897)	-	-
Decrease in decommissioning liability	(549)	-	-	-	-	(549)
Depreciation and amortization	(26,170)	(6,933)	(820)	-	-	(33,923)
Exchange difference	(802)	(313)	(7)	(44)	(1,665)	(2,831)
Impairment charge	-	(1,009)	-	-	(174,980)	(175,989)
Closing net book value	$ 96,348	$ 51,564	$ 2,142	$ 15,252	$ 42,179	$ 207,485
As at December 31, 2019						
Cost	$ 229,457	$ 86,917	$ 2,882	$ 44,349	$ 221,596	$ 585,201
Accumulated depreciation, amortization and impairment charges	(133,109)	(35,353)	(740)	(29,097)	(179,417)	(377,716)
Net book value	$ 96,348	$ 51,564	$ 2,142	$ 15,252	$ 42,179	$ 207,485

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

A summary of the net book value is as follows:

	Mineral properties	Plant and equipment	ROU Plant and equipment	Construction in progress	E&E assets	Total
As at December 31, 2020						
Segovia Operations	$ 104,902	$ 49,846	$ 4,508	$ 15,174	$ 2,738	$ 177,168
Marmato Project	-	16,177	405	-	58,719	75,301
Juby Project (Note 7)	-	-	-	-	50,052	50,052
Corporate	-	18	70	-	-	88
Total	$ 104,902	$ 66,041	$ 4,983	$ 15,174	$ 111,509	$ 302,609
As at December 31, 2019						
Segovia Operations	$ 96,348	$ 41,730	$ 1,916	$ 15,252	$ 814	$ 156,060
Marmato Project	-	9,795	117	-	41,365	51,277
Corporate	-	39	109	-	-	148
Total	$ 96,348	$ 51,564	$ 2,142	$ 15,252	$ 42,179	$ 207,485

As at December 31, 2020, accounts payable and accrued liabilities (Note 11) includes $1.7 million related to capital expenditures (December 31, 2019 - $1.2 million).

A summary of the depreciation recorded during the years ended December 31, 2020 and 2019 is as follows:

	2020	2019
Cost of sales expense	$ 24,947	$ 32,312
General and administrative expenses	61	58
Total charged to operations	25,008	32,370
Increase in inventories	296	550
Capitalized depreciation	782	1,003
	$ 26,086	$ 33,923

a) Impairment Marmato Project

During the fourth quarter of 2019, the Company determined that the proposed spin-out of the Zona Baja part of the Marmato Project through the Bluenose RTO Transaction (Note 5), along with the 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 described in Note 28d, the Company filed the FTA Claim which centers on claims against Colombia for its non-compliance with its obligations under the Free Trade Agreement which effectively precluded the Company from establishing operations in Zona Alta and Echandia.

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. At December 31, 2019, the Company recorded an impairment charge related to its Marmato Project in the amount of $176.0 million ($153.6 million net of tax), of which $1.0 million related to plant and equipment and the balance of $175.0 million related to E&E assets. There are numerous uncertainties inherent is estimating the recoverable amount for the Marmato Project CGU and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

As of December 31, 2020, no impairment or reversal of impairment indicators were identified with respect to the Company's E&E assets.

b) Zancudo Project

IAMGOLD Option Agreement

On March 16, 2017, the Company signed an option agreement with IAMGOLD Corp. ("IAMGOLD") for the exploration and potential purchase of an interest in the Company's Zancudo Project.

Under the agreement, IAMGOLD has been granted an option to acquire an initial undivided 65% interest (the "First Option") in the Zancudo Project by incurring an aggregate of $10.0 million of mineral exploration expenditures over a six-year period ending in March 2023, subject to meeting specified annual work commitments during the First Option period. IAMGOLD has the right to cease its obligations at any time.

IAMGOLD has also been granted an additional option (the "Second Option") to acquire a further 5% undivided interest for an aggregate 70% undivided interest in the Zancudo Project by completing a feasibility study within three years after exercising the First Option. As at December 31, 2020 the Second Option remains available to IAMGOLD as the First Option remains in compliance.

Upon exercise of the First Option or the Second Option, as the case may be, the parties will form a joint venture to hold the Zancudo Project, to advance the exploration and, if feasible, to advance the development and mining of any commercially exploitable ore body.

Sale of Zancudo Project and Investments in Denarius

On November 20, 2020, the Company, and its subsidiaries GCG Panama and GCG Titiribi, entered into a definitive Share Purchase Agreement ("SPA") with ESV Resources Ltd. ("ESV"), a company listed on the TSXV, whereby ESV agreed to acquire all of the issued and outstanding shares of GCG Titiribi, owner of the Zancudo Project, in exchange for 27,000,000 common shares of ESV. ESV also agreed to be bound by the terms of the IAMGOLD Option Agreement as described above.

In addition, ESV concurrently entered into an amalgamation agreement with the Guia Antigua Vendor, which owns the rights for exploration, mining and processing operations and the commercialization of mineral products from the Guia Antigua Project located within the Company's Segovia mining title. Pursuant to the amalgamation agreement, in exchange for all of the outstanding shares of the Guia Antigua Vendor, ESV issued 15,000,000 common shares to the former shareholders of the Guia Antigua Vendor and paid a financial advisory fee to a third party equal to 300,000 common shares.

In connection with these transactions, on November 9, 2020, the Guia Antigua Vendor completed the Guia Antigua Private Placement for gross proceeds of approximately CA$8.4 million by issuing 18,675,053 Guia Antigua Subscription Receipts at a price of CA$0.45 per Guia Antigua Subscription Receipt. The Company subscribed for 6,666,666 Guia Antigua Subscription Receipts amounting to CA$3.0 million.

Subsequent to December 31, 2020, on February 19, 2021, the amalgamation agreement with the Guia Antigua Vendor and the SPA closed. Immediately prior to closing of the amalgamation agreement, the Guia Antigua Subscription Receipts automatically converted into the equivalent number of common shares of the Guia Antigua Vendor for no additional consideration and were immediately exchanged for common shares of ESV on a one-for-one basis. In addition, ESV changed its name to Denarius. On March 8, 2021, Denarius commenced trading on the TSXV under the symbol "DSLV".

The 33,666,666 common shares of Denarius issued to the Company in the foregoing transactions, representing approximately 36.15% of the issued and outstanding shares of Denarius as of February 19, 2021, are subject to a voluntary pooling arrangement from which one-quarter of the shares will be released on each of March 27, 2021, June 27, 2021, September 27, 2021 and December 28, 2021.

The above transactions resulted in the Company having significant influence over Denarius as of February 19, 2021. As such, the Company will equity account for its investment in Denarius after February 19, 2021.

In March 2021, the Company acquired 22,222,223 units of Denarius in a private placement at a price of

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

CA$0.45 per unit for a total cash consideration of CA$10.0 million. Each unit was comprised of one common share and one share purchase warrant entitling the holder to purchase one additional share at CA$0.80 until March 17, 2026. On closing of the private placement on March 17, 2021, the Company's equity interest in Denarius decreased to 27.31%.

10. INVESTMENTS IN ASSOCIATES

	Gold X			Western Atlas		Amilot	Total
	Common Shares(1)	Warrants	Convertible Debenture	Common Shares(1)	Warrants	Common Shares(2)	
As at December 31, 2019	$ 2,966	$ 5,160	$ 5,000	$ 922	$ 213	$ 17	$ 14,278
Additions	73	-	-	-	1,034	-	1,107
Debentures converted into shares, including interest	6,121	-	(5,822)	-	-	-	299
Gain (loss) from equity accounting	540	-	-	(219)	-	-	321
Change in fair value through profit and loss	-	2,083	822	-	(1,028)	-	1,877
Change in fair value through other comprehensive income	-	-	-	-	-	5	5
Exchange difference	-	564	-	-	54	2	620
As at December 31, 2020	**$ 9,700**	**$ 7,807**	**$ -**	**$ 703**	**$ 273**	**$ 24**	**$ 18,507**
As at December 31, 2018	$ 5,353	$ 797	$ -	$ -	$ -	$ 18	$ 6,168
Purchases of units	1,458	1,336	-	922	230	-	3,946
Purchase of Convertible Debenture	-	-	5,000	-	-	-	5,000
Loss from equity accounting	(2,015)	-	-	-	-	-	(2,015)
Change in fair value through profit and loss	-	1,197	-	-	(17)	-	1,180
Change in fair value through other comprehensive income	-	-	-	-	-	(2)	(2)
Exchange difference	-	-	-	-	-	1	1
As at December 31, 2019, reported	4,796	3,330	5,000	922	213	17	14,278
Reclassification of fair values (3)	(1,830)	1,830	-	-	-	-	-
As at December 31, 2019	**$ 2,966**	**$ 5,160**	**$ 5,000**	**$ 922**	**$ 213**	**$ 17**	**$ 14,278**

(1) The investments in common shares of Gold X and Western Atlas are accounted for using the equity method.
(2) The investment in Amilot is accounted for as a financial asset and measured at FVOCI.
(3) During the year ended December 31, 2020 the allocation of the fair value of the common shares and warrants at the dates of acquisition was amended. The reclassification had no effect on loss for the year ended on December 31, 2019 as previously reported.

a) Gold X

At December 31, 2020, the Company holds a 18.1% (December 31, 2019 – 20.7%) equity interest in Gold X, a Canadian junior mining company which owns the Toroparu Project in the western Guyana gold district. During the year ended December 31, 2020, the Company recorded a loss of $2.7 million from its share of Gold X's results (2019 – $2.0 million) and a dilution gain due to changes in ownership of $3.2 million (2019 - $Nil).

As at December 31, 2020 and December 31, 2019, the Company owned a total of 9,571,158 and 7,312,500 common shares, respectively, and 4,625,000 share purchase warrants (the "Gold X Warrants") of Gold X. The Gold X Warrants consist of (i) 2,000,000 share purchase warrants exercisable at CA$3.20 per share that expire on July 20, 2023, (ii) 2,000,000 share purchase warrants exercisable at CA$1.32 per share that expire on June 12, 2024, and (iii) 625,000 share purchase warrants exercisable at CA$2.80 per share that expire on August 27, 2024.

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

On December 24, 2019, the Company acquired a convertible debenture due December 24, 2022 from Gold X ("Gold X Convertible Debenture") with a principal amount of $5.0 million bearing interest at 10% per annum and convertible into shares of Gold X at CA$3.20 per share. The Gold X Convertible Debenture is a financial asset and was designated at FVTPL. As such, the Gold X Convertible Debenture was recorded at fair value at inception, being equal to the principal amount and price paid, and was subsequently remeasured with the change in fair value being recognized in the statement of operations. During the year ended December 31, 2020, the Company recognized a gain on fair value of $0.8 million (2019 - $Nil). On July 16, 2020, the Gold X Debenture was converted and the Company received 2,119,843 common shares for the Gold X Convertible Debenture and an additional 113,815 common shares for accrued interest, increasing the equity investment in Gold X by a total of $6.1 million, representing the sum of the fair value of the Gold X Convertible Debenture of $5.8 million and the accrued interest of $0.3 million. In July 2020, the Company acquired 25,000 shares of Gold X in the open market for cash consideration of $0.1 million.

During the year ended December 30, 2019, the Company acquired:

- 312,500 common shares for cash consideration of CA$0.7 million (equivalent to approximately $0.5 million).
- 1,350,000 units at a price of CA$1.00 per unit, for total cash consideration of CA$1.3 million (approximately $1.0 million). Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional share at CA$1.32 expiring on June 12, 2024.
- 650,000 subscription receipts at a price of CA$1.00 per unit for total cash consideration of CA$0.7 million (approximately $0.5 million). In November 2019, the subscription receipts were converted into an additional 650,000 common shares and 650,000 share purchase warrants exercisable at CA$1.32 that expire on June 12, 2024.
- 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 that expire on August 27, 2024.

The Gold X Warrants are derivative instruments and have been designated at FVTPL. During the year ended December 31, 2020, the Company recorded a gain of $2.1 million (2019 – $1.2 million), representing the total fair value increase for the Gold X Warrants. The fair value of the Gold X Warrants at December 31, 2020 was $7.8 million (2019 - $5.2 million), determined using the Black-Scholes pricing model and level 2 fair value inputs, including expected share price volatilities averaging 83.13% (2019 – 73.4%), risk free interest rate of 0.27% (2019 – 1.71%) and dividend yield of 0% (2019 – 0%).

Subsequent to December 31, 2020, the Company entered into a definitive agreement (the "Arrangement Agreement") with Gold X on March 14, 2021 pursuant to which the Company will acquire all of the issued and outstanding common shares of Gold X not already owned by the Company in a share for share exchange. Under the terms of the Arrangement Agreement, the Company will issue 0.6948 of a common share for each Gold X share acquired (the "Exchange Ratio"). The Exchange Ratio implies consideration of CA$4.10 per Gold X share based on the 20-day volume weighted average price of the Company's shares on the Toronto Stock Exchange ("TSX") as of market close on March 12, 2021 for total consideration of approximately CA$315 million on a 100% and fully diluted in-the-money basis.

During the year ended December 31, 2020, the fair value of the common shares and warrants at the dates of acquisition was amended resulting in a reclassification of the carrying amounts as follows:

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

The reclassification above had no effect on loss for the year ended on December 31, 2019 as previously reported.

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

b) Western Atlas

As at December 31, 2020, the Company holds a 25.81% equity interest in Western Atlas (December 31, 2019 – 19.89%). During the year ended December 31, 2020, the Company recognized a loss of $0.2 million related to its share in the results of Western Atlas (2019 - $ nil).

On July 17, 2020 the Company acquired 14,000,000 units of Western Atlas in a non-brokered private placement at a price of $0.10 per unit for a total amount of CA$1.4 million. Each unit comprised one common share and one common share purchase warrant. 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. Each unit comprised one common share and one-half common share purchase warrant.

As at December 31, 2020, the Company owned 21,955,294 (December 31, 2019 – 7,955,294) common share purchase warrants ("Western Atlas Warrant"). The Western Atlas Warrants consist of: (i) 7,955,294 share purchase warrants exercisable at CA$0.20 per share that expire in October 2021 and (ii) 14,000,000 share purchase warrants exercisable at CA$0.15 per share that expire in July 2022.

The Western Atlas Warrants are derivative instruments and have been designated at FVTPL. During the year ended December 31, 2020, the Company recorded a loss of $1.0 million, (2019 - less than $0.1 million) representing the total fair value adjustment for the Western Atlas Warrants. The fair value of the Western Atlas Warrants at December 31, 2020 was approximately $0.3 million (2019 - $0.2 million), determined using the Black-Scholes pricing model and level 2 fair value inputs, including expected share price volatility averaging of 121.83% (2019 – 131%), risk free interest rate of 0.20% (2019 – 1.71%), dividend yield of 0% (2019 – 0%), expected average life of 1.2 years (2019 – 1.8 years).

Medoro Venezuela Share Purchase Agreement

In October 2019, the Company signed a Share Purchase Agreement to sell all of the outstanding shares of Medoro Resources International Ltd. ("Medoro") in the future to Western Atlas, subject to certain conditions. Medoro is an indirect wholly-owned subsidiary of the Company which held mining rights to the Lo Increible 4A and Lo Increible 4B concessions near the town of El Callao, Bolivar State, Venezuela (the "Increible Project") and is seeking their restitution by the current interim government of Venezuela.

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

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

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2020	December 31, 2019
Trade payables related to operating, general and administrative expenses	$ 25,400	$ 16,303
Trade payables related to capital expenditures	9,126	4,618
Segovia social contributions payable (Note 28b)	2,601	2,134
Other non-income taxes payable	2,355	2,158
DSU and PSU liabilities (Note 16e and 16f)	4,534	1,435
Dividend payable	728	-
Other provisions and accrued liabilities	3,744	3,273
Total accounts payable and accrued liabilities	$ 48,488	$ 29,921

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

12. LONG-TERM DEBT

	Maturity	Currency	Principal Amount	Interest Rate	December 31, 2020	December 31, 2019
Gold Notes	2024	USD	$ 35,525	8.25%	$ 38,545	$ 68,961
Convertible Debentures	2024	CA	20,000	8.00%	28,426	21,054
Aris Gold Notes	2027	USD	73,066	7.50%	73,235	-
Total					140,206	90,015
Less: current portion					12,358	18,000
Non-current portion					$ 127,848	$ 72,015

a) *Senior Secured Gold-Linked Notes due 2024 ("Gold Notes")*

	Number of Gold Notes	Amount
As at December 31, 2018	88,250,000	$ 74,060
Change in FVTPL (Note 22)	-	9,361
Change in FVOCI due to changes in credit risk	-	5,040
Principal repayments	(19,500,000)	(19,500)
As at December 31, 2019	68,750,000	68,961
Change in FVTPL (Note 22)	-	3,733
Change in FVOCI due to changes in credit risk	-	(924)
Early optional redemption	(19,162,000)	(19,162)
Principal repayments	(14,063,000)	(14,063)
As at December 31, 2020	35,525,000	38,545
Less: current portion	11,025,000	11,025
Non-current portion	24,500,000	$ 27,520

As at December 31, 2020, the aggregate principal amount of the Gold Notes issued and outstanding amounted to $35.5 million (December 31, 2019 - $68.8 million). The Gold Notes mature on April 30, 2024 and trade on the TSX under the symbol "GCM.NT.U". Key terms of the Gold Notes include:

- The Gold Notes bear interest at a rate of 8.25% per annum payable monthly in cash in arrears on the last day of each month.
- Repayment of the principal amount ("Amortizing Payment") of the Gold Notes is made on a quarterly basis at the end of each of January, April, July and October of each year.
- The Company will set aside an amount of physical gold in a trust account ("Gold Trust Account") on a monthly basis as prescribed in the Gold Notes Indenture to facilitate the Amortizing Payments. Each Amortizing Payment will be based on the physical gold ounces accumulated in the Gold Trust Account during the applicable quarterly period multiplied by $1,250 per ounce of gold.
- Within five business days after the 15th day of each of January, April, July and October (the "Measurement Dates"), the gold accumulated in the Gold Trust Account will be sold such that:
    - If the afternoon per ounce London Bullion Market Association Gold Price (the "London PM Fix") on the Measurement Dates is above $1,250 per ounce, the Company will make a cash payment to the holders of the Gold Notes equal to that number of gold ounces sold multiplied by the London PM Fix, representing the sum of the Amortizing Payment for the applicable quarter and a Gold Premium. The Gold Premium is the portion of the gold sales proceeds attributed to the excess of the London PM Fix over $1,250 per ounce and will not reduce the principal amount of the Gold Notes outstanding.
    - If the London PM Fix is equal to or below $1,250 per ounce of gold, the Company will make a cash payment to the holders of the Gold Notes equal to the applicable Amortizing Payment. Any shortfall in the proceeds from the sale of the gold ounces below $1,250 per ounce will be paid by the Company.
- The Gold Notes are non-callable for the first three years; however, the Company may redeem part or all of the outstanding Gold Notes subject to certain restrictions and at pre-determined premiums to the face amount.

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

- The Gold Notes are secured by the Company's property and interests in the Segovia Operations and the Marmato Project, subject to certain exceptions (including the release of certain security relating to the Marmato Mining Assets that were transferred to Aris in connection with the Bluenose RTO Transaction).

During the year ended December 31, 2020, the Company completed four scheduled quarterly amortizing payments of the Gold Notes totaling approximately $19.3 million (2019 - $21.4 million) of which approximately $14.1 million (2019 - $19.5 million) was applied to reduce the principal amount outstanding and the remaining amount of approximately $5.2 million (2019 - $1.9 million) was allocated to Gold Premium (Note 21).

On March 31, 2020, the Company completed an early optional redemption of the Gold Notes in cash at a total cost of approximately $21.1 million, of which $19.1 million was applied to reduce the aggregate principal amount outstanding and the remaining approximately $2.0 million was allocated to Gold Premium as required under the Gold Notes Indenture (Note 21).

As at December 31, 2020, the trading volumes of the Gold Notes were considered sufficient to be representative of fair values and the Company changed the classification of the Gold Notes from Level 2 to Level 1. As a result, the fair value of the Gold Notes at December 31, 2020 has been determined based on their last traded price and a credit spread of 12.50%. For the year ended December 31, 2019, the fair value of the Gold Notes was calculated using Monte-Carlo simulations that captured all the features of the Gold Notes, including the holders' right to receive the Gold Premium and the Company's options to early redeem the outstanding Gold Notes prior to maturity, gold price of 14.7%, and credit spread of 13.01%.

For the year ended December 31, 2020, the fair value of the Gold Notes increased by $3.7 million (2019 - $9.4 million) (Note 22). The amount recognized for changes in credit risk in the statement of other comprehensive income represented a gain of $0.1 million (2019 – loss of $5.0 million).

The scheduled Amortizing Payments of the Gold Notes as of December 31, 2020 based on the floor price of $1,250 per ounce were as follows:

	2021	2022	2023	2024	Total
Gold ounces	8,820	8,400	7,700	3,500	28,420
Principal repayments	$ 11,025	$ 10,500	$ 9,625	$ 4,375	$ 35,525

On February 1, 2021, the Company completed a scheduled Amortizing Payment of the Gold Notes totaling approximately $4.3 million, of which approximately $2.9 million was applied to reduce the aggregate principal amount outstanding and the remaining amount of approximately $1.4 million was allocated to Gold Premium.

In March 2021, the Company announced that it will complete an early optional redemption of $10.0 million aggregate principal amount of Gold Notes ("2021 Early Redemption") on or about May 10, 2021. The redemption price will be equal to 104.13% of the aggregate principal amount of the Gold Notes redeemed plus accrued interest.

As a result of the 2021 Early Redemption, the future Amortizing Payments of the Gold Notes will be amended as follows:

	2021 Early Redemption	2021	2022	2023	2024	Total
Gold ounces	8,000	7,410	5,580	5,110	2,320	28,420
Principal repayments	$ 10,000	$ 9,262	$ 6,975	$ 6,388	$ 2,900	$ 35,525

Gold Trust Account

As at December 31, 2020, there were 2,310 ounces of gold held in the Gold Trust Account with a carrying value of $4.4 million, being the lower of cost and net realizable value (December 31, 2019 – 3,900 ounces; $5.8 million). These ounces were sold in January 2021 to fund the Amortizing Payment of the Gold Notes on February 1, 2021 as noted above.

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

b) Convertible Debentures

	Number of Debentures		Amount
Principal amount issued on April 4, 2019	20,000	$	14,918
Change in fair value through profit and loss (Note 22)	-		5,498
Change in FVOCI due to changes in credit risk	-		46
Exchange difference	-		592
As at December 31, 2019	20,000		21,054
Change in fair value through profit and loss (Note 22)	-		6,335
Change in FVOCI due to changes in credit risk	-		132
Exchange difference	-		905
As at December 31, 2020, non-current	20,000	$	28,426

On April 4, 2019, the Company closed a private placement of CA$20.0 million in aggregate principal amount (equivalent to approximately $14.9 million) of convertible unsecured subordinated debentures at a price of CA$1,000 per CA$1,000 principal amount of debentures (“Convertible Debentures”). The net proceeds of the private placement, after financing costs of approximately $1.4 million, amounted to approximately $13.7 million. The Convertible Debentures mature on April 5, 2024 and bear interest at a rate of 8.00% per annum, payable monthly in cash in arrears.

On each anniversary of the issuance date, the Company may, at its option and subject to applicable regulatory approval, on not more than one occasion during each 12-month period, 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 convert their debentures into common shares).

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

Subsequently to year end on March 4, 2021, the Company gave written notice to the holders that it will redeem CA$2.0 million aggregate principal amount of the Convertible Debentures (“Redemption Amount”) in cash on April 5, 2021. The redemption price of CA$1,000.876712 for each CA$1,000 is equal to the Redemption Amount plus accrued and unpaid interest. If at the holders’ option the full Redemption Amount is settled with shares, the Company will issue a total of 421,052 common shares to holders of the Convertible Debentures. Following the redemption, or conversion if holders elect to convert prior to redemption, there are expected to be CA$18.0 million aggregate principal amount of Convertible Debentures outstanding.

The Convertible Debentures are a financial liability and have been designated at FVTPL. As such, the Convertible Debentures were recorded at fair value at inception, being equal to the principal amount, and are subsequently remeasured with the change in fair value being recognized in the statement of operations, except the portion of the change in fair value due to changes in the Company’s credit risk, which is recognized in the statement of other comprehensive income. The fair value of the Convertible Debentures at December 31, 2020 has been determined using the binomial pricing model and level 2 fair value inputs that capture all the features of the Convertible Debentures, including the early redemption option, share price volatility of 55.78% (2019 – 45.83%), risk free interest rate of 0.63% (2019 - 2.06%), dividend yield of 2.10% (2019 – 0%), and credit spread of 15.84% (2019 – 16.39%).

During the year ended December 31, 2020, the Company recorded a loss on fair value of $6.3 million (2019 - $5.5 million) in the statement of operations (Note 22) and a loss of $0.1 million (2019 – less than $ 0.1 million) related to the change in credit risk was recognized in the statement of other comprehensive income.

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

c) Aris GLN Subscription Receipts

	Amount
As at date of issuance	$ 73,066
Change in fair value through profit and loss (Note 22)	2,001
Change in FVOCI due to changes in credit risk	5,859
As at the date of coversion on November 17, 2020	80,926
Fair value ascribed to Aris Gold Notes	(73,114)
Fair value ascribed to the issuance of 16,613,200 Aris Listed Warrants (Note 16c)	(7,812)
As at December 31, 2020	$ -

On August 26, 2020, Aris completed a private placement of 83,066 subscription receipts ("Aris GLN Subscription Receipts") issued at a price of $1,000 per Aris GLN Subscription Receipt for aggregate proceeds of $83.1 million. After deducting the agents' commission and certain expenses of the offering totalling $5.7 million, the net proceeds of $77.4 million, including the $10.0 million from the Company's subscription, were placed in escrow pending certain release conditions.

Each Aris GLN Subscription Receipt entitled the holder thereof to receive one unit of Aris on the exercise or deemed exercise of the Aris GLN Subscription Receipt and each unit comprised $1,000 aggregate principal amount of senior secured Aris gold-linked notes due 2027 ("Aris Gold Notes") (Note 12d) and 200 common share purchase warrants of Aris ("Aris Listed Warrants") (Note 16c). The Company acquired 10,000 Aris GLN Subscription Receipts for a total of $10.0 million, comprising 10,000,000 Aris Gold Notes and 2,000,000 Aris Listed Warrants. This intercompany transaction has been eliminated in these consolidated financial statements. On issuance, the Company recorded a liability for the initial fair value of the Aris GLN Subscription Receipts in the amount of $73.1 million. The Aris GLN Subscription Receipts represented a financial liability and were designated at FVTPL.

Financing fees and expenses recorded in the statement of operations in the year ended December 31, 2020 related to the Aris GLN Subscription Receipts amounted to $6.5 million (Note 21), $0.9 million of which was paid directly by the Company in the year ended December 31, 2020 and the remainder was paid through the cash held in escrow.

On November 17, 2020, Aris satisfied the release conditions and the Aris GLN Subscription Receipts were deemed to be exercised. Aris issued a total of 73,066,000 Aris Gold Notes with a fair value of $73.1 million and a total of 14,613,200 Aris Listed Warrants with a fair value of $7.8 million to third-party investors. The proceeds of the Aris GLN Subscription Receipts held in escrow were transferred to the trustee for the Aris Gold Notes to be held in escrow pending certain escrow release conditions (Note 6a). On the date of exercise, the aggregate fair value of the Aris Gold Notes and Aris Listed Warrants issued totalled $80.9 million which exceeded the carrying amount of the Aris GLN Subscription Receipts by a total of approximately $7.8 million and the Company recognized a loss on financial instruments in the amount of $2.0 million in the statement of operations (Note 22) and a $5.9 million loss related to changes in credit risk in the statement of other comprehensive income during the year ended December 31, 2020.

d) Aris Gold Notes

	Number of Gold Notes	Amount
Fair value allocated to Aris Gold Notes on exchange on November 17, 2020	73,066,000	73,114
Change in fair value through profit and loss (Note 22)	-	594
Change in FVOCI due to changes in credit risk	-	(473)
As at December 31, 2020	73,066,000	73,235
Less: current portion	1,333,000	1,333
Non-current portion	71,733,000	$ 71,902

As described above on November 17, 2020, the Aris GLN Subscription Receipts were exchanged and Aris issued a total of 73,066,000 Aris Gold Notes to third-party investors with a fair value of approximately $73.1

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

million. The Aris Gold Notes are non-callable, are secured over all the assets of Aris and will be repaid over a seven-year term. The key terms of the Aris Gold Notes are as follows:

- Mature on August 26, 2027.
- Denominated in units of $1.00.
- Represent senior secured obligations of Aris, ranking pari passu with all present and future senior indebtedness including the Aris Precious Metals Stream (Note 28e) and senior to all present and future subordinated indebtedness of Aris and are non-recourse to the Company.
- Bear interest at a rate of 7.5% per annum, payable monthly in cash. Aris has set aside cash in an escrow account (Note 6a) to fund the monthly interest payments during the first two years of the Aris Gold Notes.
- Beginning September 2021, an amount of physical gold will be set aside monthly by the Aris in an escrow account (the “Aris Gold Escrow Account”) to be used to fund the principal payments (the “Aris Gold Notes Amortizing Payments”).
- Aris Gold Notes Amortizing Payments will be made quarterly at the end of February, May, August and November of each year with the first principal repayment occurring in November 2021.
- To fund the quarterly Aris Gold Notes Amortizing Payments, within five business days after the 15th day of each of February, May, August, and November (the “Measurement Dates”), the gold accumulated in the Aris Gold Trust Account will be sold such that:
    - If the afternoon per ounce London Bullion Market Association Gold Price (the “London PM Fix”) on the Measurement Dates is above $1,400 per ounce, Aris will make a cash payment to the holders of the Aris Gold Notes equal to that number of gold ounces sold multiplied by the London PM Fix. The total payment will represent the sum of the Aris Gold Notes Amortizing Payment (based on the $1,400 per ounce floor price) for the applicable quarter and a Gold Premium (“Aris Gold Premium”). The Aris Gold Premium is the portion of the gold sales proceeds attributed to the excess of the London PM Fix over $1,400 per ounce and will not reduce the principal amount of the Aris Gold Notes outstanding.
    - If the London PM Fix is equal to or below $1,400 per ounce of gold, Aris will make a cash payment to the holders of the Aris Gold Notes equal to the applicable Aris Gold Notes Amortizing Payment. Any shortfall in the proceeds from the sale of the gold ounces below $1,400 per ounce will be paid by Aris.
- Aris will use commercially reasonable efforts to hedge the $1,400 per ounce floor price for the Amortizing Payments on a rolling four-quarters basis.
- The Aris Gold Notes trade on the NEO Exchange under the symbol “ARIS.NT.U”.

The amount of trading in the Aris Gold Notes is not considered to constitute an active market, and therefore the fair value of the Aris Gold Notes at December 31, 2020 has been determined based on a pricing model that captures all the features of the Aris Gold Notes, including the holders' right to receive the Aris Gold Premium, forward gold prices, gold price volatility of 18.7%, and credit spread of 8.9%. During the year ended December 31, 2020, the fair value of the Aris Gold Notes increased by $0.1 million, of which $0.6 million was recorded in the loss on financial instruments (Note 22) and $0.5 million related to changes in credit risk was recognized in the statement of other comprehensive income. Interest expense to third-party investors of $1.9 million was paid out of the escrow account during the year ended December 31, 2020.

Scheduled Aris Gold Notes Amortizing Payments at $1,400 per ounce are as follows:

	2021	2022	2023	2024	2025	2026	2027	Total
Gold ounces	953	4,090	5,278	10,555	11,523	11,611	8,180	52,190
Principal repayments	$1,334	$5,726	$7,389	$14,777	$16,132	$16,255	$11,453	$73,066

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

13. SUBSCRIPTION RECEIPTS PAYABLE

a) CFC Subscription Receipts

As at December 31, 2019, subscription receipts payable represented the gross proceeds from the CFC Subscription Receipts Financing (Note 5). On February 25, 2020, on the closing of the RTO Transaction, the CFC Subscription Receipts were exchanged for 3,292,500 common shares of Aris and 3,292,500 unlisted common share purchase warrants (Note 16c) of Aris.

b) Aris Subscription Receipts

On December 3, 2020, Aris completed a non-brokered private placement ("Aris Transaction") of 37,777,778 subscription receipts ("Aris Subscription Receipts") at a price of CA$2.25 per Aris Subscription Receipt for aggregate gross proceeds of CA$85.0 million (equivalent to US$66.8 million at the December 31, 2020 exchange rate). The proceeds of the Aris Transaction were placed in escrow (Note 6b) pending certain escrow release conditions.

Each Aris Subscription Receipt entitled the holder thereof to receive one unit of Aris on the exercise or deemed exercise of the Aris Subscription Receipt with each unit comprising one common share of Aris and one Aris Listed Warrant having the same terms and conditions as the Aris Listed Warrants issued pursuant to the Aris Special Warrants (Note 16c).

The Company acquired 7,555,556 Aris Subscription Receipts for a total of CA$17.0 million (approximately $13.2 million). This intercompany investment is eliminated in these consolidated financial statements.

As a result, the Company recorded a liability for the Aris Subscription Receipts in the amount of approximately $52.8 million. The Aris Subscription Receipts are a financial liability and have been designated at FVTPL. The fair value of the Aris Subscription Receipts liability at December 31, 2020 has been determined based on the sum of the fair values of the underlying Aris common shares and Aris Listed Warrants based on Level 1 inputs using closing quoted market prices for the respective securities. On December 31, 2020, the aggregate fair value of the Aris Subscription Receipts amounted to $74.1 million and the Company recorded a loss on financial instruments amounting to $21.3 million in the statement of operations during the year ended December 31, 2020 (Note 22).

Financing costs related to the Aris Subscription Receipts amounting to approximately $2.4 million (Note 21) were recorded in the statement of operations in the year ended December 31, 2020.

On February 4, 2021, the escrow release conditions for the Aris Transaction were satisfied and Aris issued 37,777,778 common shares and 37,777,778 Aris Listed Warrants to the holder decreasing the Company's equity interest in Aris from 53.5% to 44.3% (Note 24). In addition, the cash held in escrow was released to Aris.

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

14. LEASE OBLIGATIONS

	Maturity	Currency	Interest rate	December 31, 2020	December 31, 2019
Leases	2021 to 2026	COP	12.12%	$ 4,867	$ 2,140
Leases	2021	CA	6.02%	77	117
Total lease obligations				4,944	2,257
Less: current portion				1,961	701
Non-current portion				$ 2,983	$ 1,556

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

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

The table below summarizes the changes in lease obligations during the years ended December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
Opening balance	$ 2,257	$ 43
Contracts recognized as leases at January 1, 2019	-	2,102
Additions	4,495	855
Accretion (Note 21)	338	256
Lease payments	(2,282)	(988)
Exchange difference	136	(11)
As at December 31, 2020	$ 4,944	$ 2,257

The undiscounted and discounted future lease payments are as follows:

	December 31, 2020	December 31, 2019
Undiscounted contractual payments		
Within one year	$ 1,744	$ 953
More than one year	4,184	1,938
Total undiscounted lease obligations	5,928	2,891
Amount representing interest	(984)	(634)
Lease obligations – discounted	$ 4,944	$ 2,257

The table below summarizes amounts recognized in earnings during the years ended December 31:

	2020	2019
Depreciation expense for right-of-use assets	$ 1,046	$ 820
Interest expense included in finance costs	346	256
Variable lease payments not included in the measurement of lease liabilities	243	403
Expenses relating to short-term leases	251	56
Expenses relating to leases of low value assets, excluding short-term leases of low value assets	-	24
Total recognized in earnings	$ 1,886	$ 1,559

During the year ended December 31, 2020, the Company recognized total payments in the consolidated statement of cash flows in the amount of $2.3 million (2019 - $1.0 million).

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

	2021	2022	2023	2024	Thereafter	Total
Total payments	$ 2,445	$ 1,856	$ 999	$ 166	$ 461	$ 5,927

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

15. PROVISIONS

A summary of changes to provisions during the year ended December 31, 2020 is as follows:

	Decommissioning and rehabilitation	Environmental fees	Health plan obligations	Total
As at December 31, 2018	$ 8,123	$ 5,860	$ 13,186	$ 27,169
Recognized in period	-	(721)	-	(721)
Effect of changes in estimates	(549)	-	(90)	(639)
Interest recognized in the period	-	21	-	21
Payments in the period	(114)	(1,236)	(812)	(2,162)
Accretion of discount (Note 21)	426	174	1,295	1,895
Exchange difference	(80)	(63)	(114)	(257)
As at December 31, 2019	$ 7,806	$ 4,035	$ 13,465	$ 25,306
Recognized in the period	8,285	58	-	8,343
Effect of changes in estimates	-	-	(1,105)	(1,105)
Payments in the period	(53)	(4)	(647)	(704)
Accretion of discount (Note 21)	384	161	1,055	1,600
Exchange difference	(277)	(167)	(566)	(1,010)
As at December 31, 2020	16,145	4,083	12,202	32,430
Less: current portion	418	92	664	1,174
Non-current portion	$ 15,727	$ 3,991	$ 11,538	$ 31,256

a) Decommissioning and rehabilitation provision ("ARO")

The total ARO provision recorded by the Company represents management's best estimate of the future reclamation and remediation obligation for its Segovia Operations and for the existing mining operations at the Marmato Project and does not include any future costs related to reclamation and remediation in the MDZ operations still to be constructed. The estimated amount, and timing thereof, of the future reclamation and remediation costs is inherently uncertain and will be revised as further information becomes available. Actual future expenditures and timing may therefore differ materially from the amounts currently provided.

Environmental obligations for the Company's Segovia Operations are governed by an environmental management plan which has been filed with the local environmental authority and is updated periodically. Although the Company is not currently required under its environmental management plan to prepare a comprehensive closure plan for its Colombian Operations, the Company has estimated the undiscounted costs to be incurred with respect to mine closure cost and reclamation activities, including tailings storage facilities, in the Segovia Operations to be approximately COP 50.5 billion, equivalent to approximately $14.7 million at the December 31, 2020 exchange rate, which includes an increase in 2020 of approximately COP 14.6 billion (equivalent to $4.3 million) based on management's update of expected closure plan obligations related to the expansion of the Segovia Operations.

At the Marmato Project, the Company had submitted a mine closure and remediation plan as part of the process to seek approval from the Agencia Nacional de Mineria ("ANM") for a 30-year extension of its mining title in Zona Baja to October 2051, including a planned expansion of operations. On February 2, 2021, the Company received approval from the ANM for the 30-year extension of its mining title. At December 31, 2020, the Company recorded an increase of approximately COP 12.6 billion (equivalent to approximately $3.7 million at the December 31, 2020 exchange rate) in its provision for decommissioning to reflect a revision of its expected future mine closure and reclamation costs related to the existing mining operation within its Zona Baja mining license based on what was expected to be approved by the ANM with respect to the current operations. The Company has estimated the undiscounted costs to be incurred with respect to future mine closure and reclamation activities related to the existing mining operation within its Zona Baja mining license to be approximately COP 18.4 billion, equivalent to approximately $5.3 million at the December 31, 2020 exchange rate.

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

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

	Expected date of expenditures	Inflation rate	Pre-tax risk free rate	Undiscounted cash flow
Segovia Operations	2021-2029	2.89%	4.16%	$ 14,713
Marmato Project	2021-2032	2.87%	5.02%	5,364

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

b) Environmental fees

In July 2013, Corantioquia, the local environmental authority, issued a resolution assessing fees totalling COP 29.5 billion (equivalent to approximately $8.6 million at the December 31, 2020 exchange rate) for environmental discharges in 2010 and 2011 at tariff rates that significantly exceeded the applicable rates that the Company believes were in effect for those particular periods. In November 2013, after further appeal to Corantioquia to appropriately amend the assessments, the Company initiated proceedings in the Colombian judicial system to seek a reduction in the assessed fees. The matter is currently still in process in the judicial system.

At December 31, 2020, the Company has a provision in the amount of COP 13.8 billion (approximately $4.1 million) related to the present value of its best estimate of the potential liability for these fees (December 31, 2019 – COP 13.1 billion or approximately $4.0 million). During 2019, the Company settled an environmental dispute with respect to the construction of a tailings storage facility recognizing a decrease of $0.7 million in the cost of sales (Note 20).

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

c) Health plan obligations

The Company has an obligation related to its acquisition of the Segovia Operations in 2010 to fund the health plan contributions of certain participants in a Colombian pension plan. The health plan obligation of COP 41.9 billion (approximately $12.2 million) is based on an actuarial report prepared as at December 31, 2020, with an inflation rate of 3.2% and a discount rate of 7.3%. The Company is currently paying approximately COP 0.2 billion (approximately less than $0.1 million) monthly to fund the obligatory health plan contributions. At December 31, 2020, non-current cash in trust includes approximately $0.7 million deposited in a restricted cash account as security against this obligation (December 31, 2019 - $0.8 million).

16. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value.

b) Issued and fully paid

As at December 31, 2020, the Company had 61,762,441 common shares issued and outstanding (December 31, 2019 – 53,559,007 common shares).

During the year ended December 31, 2020, the Company issued a total of 9,093,505 common shares (2019 - a total of 5,385,367 common shares) were issued including 7,142,857 common shares pursuant to a private placement (as described below), 489,100 common shares for the exercise of stock options (2019 – 2,123,897 common shares) and 1,461,548 common shares for the exercise of 2024 Warrants (2019 – 600 common shares).

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

Private Placements

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

Transaction costs related to 2020 Private Placement amounted to $0.6 million, of which $0.1 million was allocated to the 2020 PP Warrants and was recognized as a finance cost in the statement of operations (Note 21). The remaining balance of transaction costs of $0.5 million was allocated to share capital.

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

Transaction costs related to 2019 Private Placement amounted to $0.2 million, of which $0.1 million was allocated to the 2019 PP Warrants and was recognized as an expense in the statement of operation. The remaining balance transaction costs of $0.1 million was allocated to share capital.

Normal Course Issuer Bid (“NCIB”)

From June 12, 2019 to June 11, 2020, the Company had an NCIB in place pursuant to which it purchased a total of 56,000 common shares in 2020 for cancellation at an average price of CA$3.42. No shares were purchased in 2019 under this NCIB.

On September 4, 2020, the Company renewed its NCIB to purchase for cancellation up to 5,934,811 common shares of the Company over a 12-month period, representing 10% of the issued and outstanding common shares in the public float as of August 31, 2020. Daily purchases are limited to 153,521 common shares, other than block purchase exceptions. From September 4, 2020 to December 31, 2020, the Company purchased a total of 834,100 common shares for cancellation under the current NCIB at an average price of CA$6.13.

Subsequent to December 31, 2020, the Company purchased a total of 652,000 common shares for cancellation during the period from January 1 through March 31, 2021 at an average price of CA$5.72.

Dividends

Declaration date	Payment date	Per share	Amount Paid or Payable in CA	Amount Recorded in Deficit
August 13, 2020	October 15, 2020	CA$0.015	$ 924	$ 693
November 11, 2020	December 15, 2020	CA$0.015	928	714
December 15, 2020(1)	January 15, 2021	CA$0.015	926	729
Total			$ 2,778	$ 2,136

(1) Included in accounts payable and accrued liabilities as at December 31, 2020 (Note 11).

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

c) ***Share purchase warrants***

A summary of share purchase warrant liabilities is as follows:

	Number	December 31, 2020	December 31, 2019
Warrants issued by the Company			
Listed Warrants	10,551,760	$ 48,595	$ 32,094
Unlisted Warrants	10,403,727	26,287	6,606
	20,955,487	74,882	38,700
Warrants issued by Aris			
Aris Listed Warrants	27,946,533	15,155	-
Aris RTO Warrants	3,300,000	1,602	-
	31,246,533	16,757	-
Total warrant liabilities		$ 91,639	$ 38,700

(i) ***Warrants Issued by the Company***

The following table summarizes the changes in the number of issued and outstanding warrants and the associated warrant liabilities for warrants issued by the Company:

	Listed Warrants		Unlisted Warrants				
	Warrants (GCM.WT.B)		2019 PP Warrants		2020 PP Warrants		Total
	Number	Amount	Number	Amount	Number	Amount	Amount
As at December 31, 2018	12,151,008	$ 13,798	-	$ -	-	$ -	$ 13,798
Fair value assigned on issuance	-	-	3,260,870	6,295	-	-	6,295
Repurchase of warrants	(137,100)	(252)	-	-	-	-	(252)
Warrants exercised during the period	(600)	-	-	-	-	-	-
Fair value adjustment (Note 22)	-	18,548	-	311	-	-	18,859
As at December 31, 2019	12,013,308	32,094	3,260,870	6,606	-	-	38,700
Fair value assigned on issuance	-	-	-	-	7,142,857	8,389	8,389
Warrants exercised during the period	(1,461,548)	(4,802)	-	-	-	-	(4,802)
Fair value adjustment (Note 22)	-	19,647	-	2,326	-	7,707	29,680
Exchange difference	-	1,656	-	325	-	934	2,915
As at December 31, 2020	10,551,760	$ 48,595	3,260,870	$ 9,257	7,142,857	$ 17,030	$ 74,882

Listed Warrants (GCM.WT.B)

The Listed Warrants expire on April 30, 2024 and represent a financial liability as the exercise price of CA$2.21 per share is denominated in Canadian dollars, different from the Company's US dollar functional currency. As such, they were recognized at fair value at inception and subsequently they are remeasured with the change in fair value being recognized in the statement of operations. The fair value of the Listed Warrants as at December 31, 2020 was determined based on their last traded price, a level 1 fair value input, of CA$5.86 (equivalent to approximately $4.61) per 2024 Warrant.

During the year ended December 31, 2020, the Company recognized a fair value loss of $19.6 million associated with the Listed Warrants (2019 – $18.5 million). During the year ended December 31 the Company received $2.4 million in cash proceeds from exercised Listed Warrants with a corresponding increase in share capital of $7.2 million for the $2.4 million cash received and the fair value of the warrants exercised of $4.8 million.

From June 12, 2019 through June 11, 2020, the Company had a NCIB in place for its Listed Warrants ("Listed Warrant NCIB"). During the year ended December 31, 2020, the Company did not purchase any Listed Warrants for cancellation under the Listed Warrant NCIB (137,100 Listed Warrants for cancellation at an average price of CA$2.41 per Listed Warrant in the year ended December 31, 2019).

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

Unlisted Warrants (2019 PP and 2020 PP Warrants)

The 2019 PP Warrants and the 2020 PP Warrants associated with the Private Placement described before represent a financial liability as the exercise price is denominated in Canadian dollars, different from the Company's US dollar functional currency. As such, they were recognized at fair value at inception and, subsequently, they are remeasured with the change in fair value being recognized in the statement of operations. At December 31, 2020 and 2019, the fair value was determined using the Black-Scholes option pricing model:

	2020 PP Warrants	2019 PP Warrants	
	December 31, 2020	December 31, 2020	December 31, 2019
Expected volatility	59.96%	56.68%	60.30%
Risk free interest rate	0.20%	0.20%	1.68%
Expected dividend yield	2.23%	2.23%	nil
Remaining life in years	2.1	2.9	3.8

During the year ended December 31, 2020, the Company recognized a fair value loss of $10.0 million associated with the Unlisted Warrants (2019 – $0.3 million) (Note 22).

(ii) ***Warrants Issued by Aris***

The following table summarizes the changes in the number of issued and outstanding warrants issued by Aris and the associated warrant liabilities:

	Aris Listed Warrants		Aris RTO Warrants		Total
	Number	Amount	Number	Amount	Amount
As at December 31, 2019	-	$ -	-	$ -	$ -
Fair value allocated to Aris RTO Warrants (Note 5)	-	-	3,292,500	2,208	2,208
Fair value allocated on exercise of the Broker Warrants	-	-	7,500	4	4
Fair value allocated on exchange of the Aris Special Warrants	13,333,333	5,983	-	-	5,983
Fair value allocated on exchange of the Aris GLN Subscription Receipts	14,613,200	7,812	-	-	7,812
Fair value adjustment (Note 22)	-	1,360	-	(610)	750
As at December 31, 2020	27,946,533	$ 15,155	3,300,000	$ 1,602	$ 16,757

Aris Listed Warrants

The Aris Listed Warrants were issued during the year ended December 31, 2020 in connection with the Aris Special Warrants financing (as described below) and the Aris GLN Subscription Receipts financing (Note 12c) and currently trade on the TSX under the symbol ARIS.WT. Each Aris Listed Warrant entitles the holder to acquire one common share of Aris until July 29, 2025 at a price of CA$2.75 per Aris common share. Aris may accelerate the expiry date of the Aris Listed Warrants after July 29, 2023 in the event that the closing price of the Aris common shares on the TSXV (or such other exchange on which the Aris common shares may principally trade at such time) is greater than CA$2.75 per share for a period of 20 consecutive trading days. In such case, unless exercised by the holders, the Aris Listed Warrants will expire on the 30th day following the date on which such notice is given and a press release is issued.

On July 29, 2020, Aris completed a bought deal financing of 22,222,222 Aris Special Warrants ("Aris SW") at a price of CA$2.25 per Aris SW for aggregate gross proceeds of CA$50.0 million (equivalent to $37.4 million). The Company subscribed for 8,888,889 of the Aris SW for a payment of CA$20.0 million (equivalent to $15.0 million). The intercompany investment has been eliminated in these consolidated financial statements. Total proceeds of CA$30.0 million (equivalent to $22.4 million) was received from 13,333,333 Aris SW issued to third party investors. Total financing costs recorded in the statement of operations in the year ended December 31, 2020 related to the Aris SW amounted to $2.8 million (Note 21). Each Aris SW entitled the holder thereof to receive one unit of Aris on the exercise or deemed exercise of the Aris SW, with each unit comprising one common share of Aris and one Aris Listed Warrant, subject to adjustment in certain events as set out in the indenture governing the Aris SW.

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

On September 28, 2020 ("Conversion Date"), the Aris SW were deemed to be exercised and Aris issued 13,333,333 Aris common shares with a fair value of $27.3 million and 13,333,333 Aris Listed Warrants with a fair value of $6.0 million to third party holders. The Company received 8,888,889 Aris common shares and 8,888,889 Aris Listed Warrants which have been eliminated in these consolidated financial statements.

During the year ended December 31, 2020, the Company recorded a total loss from the increase in fair value of the Aris SW amounting to $10.9 million (Note 22).

The following table summarizes the changes in the carrying value of the Aris SW during the year ended December 31, 2020:

	Amount
On issuance at July 29, 2020	$ 22,415
Change in FVTPL (Note 22)	10,889
As at September 28, 2020	33,304
Allocated to NCI on deemed exercise of Aris SW	(27,321)
Allocated to liability for the Aris Listed Warrants on deemed exercise of Aris SW	(5,983)
As at December 31, 2020	$ -

Aris GLN Subscription Receipts

On November 17, 2020, as described in Note 12c, Aris satisfied the release conditions for the Aris GLN Subscription Receipts and Aris issued 14,613,200 Aris Listed Warrants to third party investors with a fair value of $7.8 million. The fair value of the Aris Listed Warrants was determined based on the quoted closing price for the Aris Listed warrants on the TSXV on December 31, 2020, a Level 1 input, of CA$0.69 ($0.54) per warrant. During the year ended December 31, 2020, the Company recorded a total loss from the increase in fair value of the Aris Listed Warrants amounting to $1.4 million (Note 22).

Aris RTO Warrants

As at December 31, 2020, Aris had a total of 3,300,000 unlisted Aris RTO Warrants issued and outstanding. The Aris RTO Warrants, issued in connection with the closing of the RTO Transaction (Note 5), have an exercise price of CA$3.00 per share and entitle holders to purchase one common share of Aris at any time prior to their expiry on December 19, 2024. The Aris RTO Warrants represent a financial liability as the exercise price is denominated in Canadian dollars, different from Aris' functional currency. As such, they were recognized at fair value at inception and subsequently are remeasured with the change in fair value being recognized in the statement of operations. The fair value of the Aris RTO Warrants was determined using the Black-Scholes option pricing model and Level 2 fair value inputs, including expected share price volatility of 75%, risk free interest rate of 1.24% and dividend yield of 0% . The level 2 fair value inputs at December 31, 2020 included expected share price volatility of 71%, risk free interest rate of 0.33%, and a dividend yield of 0%. In valuing the Aris RTO Warrants at December 31, 2020, the Company applied a liquidity discount of 54% from the Black-Scholes value, which is consistent with the discount that the market has applied for with trading prices in comparison to the Black-Scholes valuation of the Aris Listed Warrants. The Company recorded a $0.6 million gain from the decrease in fair value of the Aris Unlisted Warrants with respect to changes in fair value of the Unlisted Warrants since issuance (Note 22). Approximately $0.4 million of costs associated with the CFC Private Placements were allocated to financing fees and expenses (Note 21) in connection with the Aris RTO Warrants.

Broker Warrants

In connection with the CFC Subscription Receipts Financing described in Note 5, the agents received a cash commission of approximately $0.2 million and 125,550 non-transferable broker warrants ("CFC Broker Warrants"). Each CFC Broker Warrant, exercisable at a price of CA$2.00 per CFC Broker Warrant for a period of three years ending December 19, 2022, entitles the agents to purchase one Aris common share and one RTO Warrant with an exercise price of CA$3.00 per share expiring December 19, 2024. The fair value of the CFC Broker Warrants of approximately $0.2 million at the time of issuance was determined using the Black-Scholes option pricing model and level 2 fair value inputs, including expected share price volatility of 75%, risk free interest rate of 1.24% and dividend yield of 0%. Approximately $0.1 million of the fair value was allocated to warrants and included in financing costs and the remaining approximately $0.1 million was allocated to share issue costs. On October 2, 2020, 7,500 CFC Broker Warrants were exercised and Aris issued 7,500 Aris common shares and 7,500 Aris RTO Warrants.

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

d) ***Share-based compensation expense***

	Years ended December 31, 2020	2019
Stock options granted by the Company (Note 16e)	$ 777	$ 767
Stock options granted by Aris (Note 16e)	3,821	-
DSUs granted by the Company (Note 16f)	1,781	1,181
DSUs granted by Aris (Note 16f)	681	-
PSUs granted by the Company (Note 16g)	751	209
Total share-based compensation expense	$ 7,811	$ 2,157

e) ***Stock option plans***

A summary of the change in the stock options outstanding for the years ended December 31, 2020 and 2019 is as follows:

	Granted by the Company		Granted by Aris		Total
	Outstanding	Exercise price (CA)(1)	Outstanding	Exercise price (CA)(1)	Outstanding
Balance, December 31, 2018	2,694,662	$ 3.24	-	$ -	2,694,662
Granted and vested during the period	855,000	3.67	-	-	855,000
Exercised during the period (2)	(2,123,897)	2.93	-	-	(2,123,897)
Forfeited during the period	(45,000)	27.60	-	-	(45,000)
Balance, December 31, 2019	1,380,765	$ 3.18	-	$ -	1,380,765
Outstanding balance at the RTO Transaction date	-	-	330,000	2.10	330,000
Granted and vested during the period	790,000	4.23	2,355,000	2.02	3,145,000
Granted and unvested during the period	-	-	2,555,000	2.07	2,555,000
Exercised during the period (3)	(489,100)	3.72	(75,000)	2.10	(564,100)
Options cancelled	-	-	(60,000)	2.00	(60,000)
Balance, December 31, 2020	1,681,665	$ 3.52	5,105,000	$ 2.05	6,786,665

(1) Amounts represent the weighted average exercise price per common share.
(2) The weighted average share price at the date stock options were exercised was CA$5.13.
(3) The weighted average share price at the date stock options were exercised was CA$6.64.

Stock options granted by the Company

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

For the year ended December 31, 2020 the Board approved the grant of a total of 790,000 (2019 – 855,000) stock options to executive officers and management of the Company at a weighted exercise price of CA$4.23 (2019 – CA$3.67). These options vested immediately and have a term of five years.

During the year ended December 31, 2020, holders exercised 489,100 stock options at a weighted average exercise price of CA$3.72 per share for total cash proceeds of $1.5 million (2019 – 2,123,897 stock options at a weighted average exercise price of CA$2.93 per share for proceeds of $4.2 million).

A summary of the stock options granted and the share-based compensation expense recorded by the Company for the years ended December 31, 2020 and 2019, including the inputs used in the determination of the fair values of the stock options using the Black-Scholes option pricing model, is as follows:

Years ended December 31,

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

	2020	2019
Number of stock options granted	790,000	855,000
Term	5 years	5 years
Vesting	Immediately	Immediately
Share-based compensation expense (Note 16d)	$ 777	$ 767
Grant date fair value per option	CA$1.39	CA$1.19
Weighted average Black-Scholes option pricing model inputs		
Market price of the shares at grant date	CA$4.18	CA$3.67
Exercise price	CA$4.23	CA$3.67
Dividends expected	Nil	Nil
Expected volatility	54.03%	51%
Risk-free interest rate	0.46%	1.6%
Expected life of options	2.5 years	2.5 years

The table below summarizes information about the stock options granted by the Company that are outstanding and vested as at December 31, 2020:

Expiry date	Outstanding and exercisable options	Options vested	Remaining contractual life in years	Exercise price (CA$/share)
April 1, 2021	83,333	83,333	0.3	$ 2.55
April 3, 2022	194,999	194,999	1.2	2.55
December 12, 2022	53,333	53,333	2.9	2.55
June 14, 2023	475,000	475,000	2.4	3.16
April 1, 2024	305,000	305,000	3.2	3.67
April 1, 2025	520,000	520,000	4.2	4.05
July 2, 2025	50,000	50,000	4.5	6.88
	1,681,665	1,681,665	2.95	$ 3.52

Stock options granted by Aris

Aris has a rolling stock option plan whereby the maximum number of common shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares and, to any one option holder, may not exceed 5% of the issued common shares on a yearly basis. The exercise price of each stock option will not be less than the market price of the Aris Gold's shares at the date of grant. The vesting period and expiry date are determined on a grant-by-grant basis.

	Outstanding	Weighted average exercise price per common share (CA)	Amount
Balance outstanding at the RTO Transaction date	330,000	$ 2.10	$ 109
Share-based compensation expense (Note 16d)			
Granted and vested during the period	2,355,000	2.02	2,055
Granted and unvested during the period	2,555,000	2.07	1,766
Options exercised (1)	(75,000)	2.10	-
Options cancelled	(60,000)	2.00	-
Balance, December 31, 2020	5,105,000	$ 2.05	$ 3,930

(1) The weighted average share price at the date stock options were exercised was CA$2.80.

In connection with the RTO Transaction, a total of 330,000 stock options issued and outstanding were honoured by Aris with an amended expiry date of February 25, 2021. The share-based compensation cost which has been included in RTO Transaction costs in the statement of operations during the year ended December 31, 2020 amounted to approximately $0.1 million. Subsequent to December 31, 2020, a total of 255,000 Bluenose stock options at an exercise price of CA$2.10 per share were exercised.

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

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

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

On September 23, 2020, the Board of Aris approved the grant of a total of 200,000 stock options exercisable at CA$2.73 per share to an investor relations advisory firm. The options vest on March 17, 2021 and expire on September 17, 2022.

A summary of the inputs used in the determination of the fair values of the stock options honoured in the RTO Transaction and granted during the year ended December 31, 2020, using the Black-Scholes option pricing model, is as follows:

	RTO Transaction options honoured	March 12, 2020 grant	June 26, 2020 grant	September 23, 2020 grant
Market price of the shares at grant date	CA$1.80	CA$1.98	CA$2.50	CA$2.73
Exercise price	CA$2.10	CA$2.00	CA$2.50	CA$2.73
Dividends expected	Nil	Nil	Nil	Nil
Expected volatility (1)	75%	75%	75%	75%
Risk-free interest rate	1.24%	0.52%	0.26%	0.25%
Expected life of options	1 year	5 years	5 years	2 years

(1) Due to the absence of trading history of Aris' equity securities, volatility was determined using a group of peer companies in the same industry.

The table below summarizes information about the stock options granted by Aris that are outstanding and vested as at December 31, 2020:

Expiry date	Outstanding and exercisable options	Options vested	Remaining contractual life in years	Exercise price (CA$/share)
February 25, 2021	255,000	255,000	0.2	$ 2.10
March 1, 2025	4,490,000	2,245,000	4.2	2.00
June 26, 2025	160,000	80,000	4.5	2.50
September 17, 2022	200,000	-	1.7	2.73
	5,105,000	2,580,000	3.9	$ 2.05

f) *Deferred Share Units ("DSUs")*

A summary of changes to the DSU liability during the year ended December 31, 2020 is as follows:

	The Company	Aris Gold	Total
Balance, December 31, 2018	$ -	$ -	$ -
Share-based compensation expense (Note 16d)			
Granted and vested during the period	450	-	450
DSUs recognized in the period	337	-	337
Change in fair value	394	-	394
Exchange difference	41	-	41
Balance, December 31, 2019	1,222	-	1,222
DSUs paid on director resignation	(261)	-	(261)
Share-based compensation expense (Note 16d)			
Granted and vested during the period	-	360	360
DSUs recognized in the period	1,101	269	1,370
DSU forfeited on director resignation	(70)	-	(70)
Change in fair value	750	52	802
Exchange difference	109	-	109
Balance, December 31, 2020	$ 2,851	$ 681	$ 3,532

DSUs granted by the Company

On April 1, 2019, the Company granted $1.0 million or 327,703 DSUs to its non-executive directors under the DSU plan, of which 50% vested on the grant date and the other 50% a year later. The total of DSUs were granted at a price of CA$3.67 per share.

On April 1, 2020, the Company granted $0.5 million or 157,633 DSUs to its non-executive directors at a price of CA$4.05 per share which will vest on April 1, 2021.

On August 20, 2020, the Company granted $1.0 million or 230,000 DSUs to its non-executive directors at a price of CA$6.13 per share which will vest on August 1, 2021.

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

The DSU liability At December 31, 2020 was determined based on the Company's closing share price, a level 1 fair value input, of CA$8.06 (approximately $6.33) (2019 – CA$5.60 approximately $4.31) per share. As at December 31, 2020, the Company had 273,086 vested DSUs, 131,361 DSUs that will vest on April 1, 2021, 215,000 DSUs that will vest on August 1, 2021.

During the year ended December 31, 2020, a total of 54,617 DSUs were paid and 41,272 DSUs were forfeited on the resignation of a non-executive director.

DSUs granted by Aris

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

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

On September 29, 2020, Aris granted $120,000 of DSUs to its newly elected non-executive director representing an initial two-year award under the DSU plan, of which 50% vested on the grant date and the other 50% will vest on September 29, 2021. A total of 58,590 DSUs were granted on September 29, 2020 at a price of CA$2.74 per share.

As at December 31, 2020, Aris had 215,652 vested DSUs and 215,652 unvested DSUs outstanding for its six non-executive directors. The DSU liability at December 31, 2020 was determined based on the Aris' quoted closing share price on the TSXV, a Level 1 fair value input, of CA$2.43 (approximately $1.91) per share.

Subsequent to December 31, 2020, in connection with the closing of the Aris Transaction (Note 13b) on February 4, 2021, five of the Aris non-executive directors ceased to be directors. As a result of the deemed change of control, their unvested DSUs vested immediately and Aris paid a total of approximately $0.6 million in cash to the departing directors in settlement of a total of 350,730 DSUs.

g) ***Performance Share Units ("PSUs")***

As at December 31, 2020, the Company had 255,824 PSUs outstanding (December 31, 2019 - 117,427). A total of 113,075 PSUs will vest on March 31, 2022 and 142,749 PSUs will vest on March 31, 2023.

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

A summary of changes to the number of PSUs is as follows:

	Years ended December 31, 2020	2019
Balance at the beginning of the year	117,427	-
Granted	141,800	117,427
Forfeited	(5,098)	-
Dividend Equivalent Units	1,695	-
Total units outstanding	255,824	117,427

The changes to the PSU liability during the years ended December 31, 2020 and 2019 are as follows:

	Total
Balance, December 31, 2018	$ -
Share-based compensation expense (Note 16d)	209
Exchange difference	4
Balance, December 31, 2019	213
Share-based compensation expense (Note 16d)	751
Exchange difference	38
Balance, December 31, 2020	$ 1,002

The fair value of the PSU liability at December 31, 2020 was determined using Monte Carlo simulations that capture all the features of the PSUs and level 2 fair value inputs.

17. INCOME TAX

A reconciliation between income tax expense and the product of the accounting net income (loss) before income taxes multiplied by the Company's domestic federal and provincial combined tax rate is provided below:

	Years ended December 31, 2020	2019
Income (loss) before income taxes	$ 38,045	$ (111,786)
Canadian statutory income tax rate	26.5%	26.5%
Income tax (recovery) expense at statutory rate	10,082	(29,623)
Increase (decrease) in income tax provision resulting from:		
Differences in tax rates in foreign jurisdictions	9,958	7,948
Non-deductible RTO transaction costs	4,426	-
Other non-deductible expenses	766	1,566
Share-based compensation	1,399	572
Non-taxable loss on financial instruments	21,741	5,322
Increase in unrecorded deferred tax asset	9,065	10,370
Withholding taxes	8,331	-
Tax impact of future tax rate differences	(152)	(1,051)
Non-deductible portion of impairment charge	-	24,274
Income tax expense for the year	$ 65,616	$ 19,378
Current income tax expense	$ 60,958	$ 45,469
Deferred income tax expense (recovery)	4,658	(26,091)
Income tax expense for the year	$ 65,616	$ 19,378

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

A summary of the components of the net deferred income tax liability is as follows:

	December 31, 2020	December 31, 2019
Deferred tax assets		
Tax loss carry forwards	$ 2,637	$ -
Provisions	1,116	989
Other	61	990
Deferred tax liabilities		
Mining interests, plant and equipment	(18,380)	(20,726)
Withholding taxes	(5,000)	-
Other	(2,656)	-
Total deferred tax	$ (22,222)	$ (18,747)
Deferred tax asset	$ -	$ -
Deferred tax liability	(22,222)	(18,747)
Total deferred tax	$ (22,222)	$ (18,747)

A summary of the movement in net deferred tax liability is as follows:

	Years ended December 31, 2020	2019
Balance at the beginning of the year	$ 18,747	$ 46,208
Recognized in profit / loss	4,658	(26,087)
Recognized in other comprehensive loss	(1,183)	(1,374)
Balance at the end of the year	$ 22,222	$ 18,747

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Deferred tax assets are recognized for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the unused tax losses/credits can be utilized.

The Company has the following deductible temporary differences:

	Years ended December 31, 2020	2019
Losses	$ 51,713	$ 33,897
Financing expenses	15,987	8,181
Other	15,868	11,969
	$ 83,568	$ 54,047

The Company has $62.2 million of non-capital losses in respect of its Canadian head office which expire in the years 2026 to 2040.

The taxable temporary differences associated with investments in subsidiaries, for which deferred tax liabilities have not been recognized, as at December 31, 2020 is $77.0 million (December 31, 2019 - $127.4 million).

18. FINANCIAL RISK MANAGEMENT

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

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

a) *Impact of COVID-19*

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

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

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

b) *Credit risk*

	December 31, 2020	December 31, 2019
Trade accounts receivable	$ 1,816	$ 1,727
VAT receivable	18,858	11,652
Other, net of allowance for doubtful accounts	3,519	1,943
Total accounts receivable and other	$ 24,193	$ 15,322

The exposure to credit risk arises through the failure of a third party to meet its contractual obligations to the Company. The Company's exposure to credit risk arises primarily from the Company's cash balances, which are held with highly rated Canadian, U.S. and Colombian financial institutions, VAT and accounts receivable. Timing of collection for the VAT receivables is in accordance with the Company's bi-monthly filing. As at December 31, 2020, the Company expects to recover the outstanding amount in the next 12 months.

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

c) *Foreign currency risk*

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

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

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

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

As at December 31, 2020	CA	COP
Cash	$ 803	$ 50,639
Cash in escrow	66,808	-
Accounts receivable	649	23,292
Cash in trust	-	742
Warrants in associates	8,080	-
Accounts payable and accrued liabilities, including amounts payable related to acquisitions of mining interests	(6,727)	(40,022)
Income tax payable	-	(38,027)
Convertible Debentures	(28,426)	-
Warrant liabilities	(91,639)	-
Aris Subscription Receipts	(74,101)	-
Lease obligations	(77)	(4,867)
Net financial liabilities	$ (124,630)	$ (8,243)

As at December 31, 2019	CA	COP
Cash	$ 9,266	$ 28,990
Accounts receivable	85	14,677
Cash in trust	-	751
Warrants in associates	3,330	-
Accounts payable and accrued liabilities, including amounts payable related to acquisitions of mining interests	(1,472)	(30,403)
Convertible Debentures	(21,054)	-
Warrant liabilities	(38,700)	-
Lease obligations	(111)	(2,139)
Net financial (liabilities) assets	$ (48,656)	$ 11,876

Based on the net exposure at December 31, 2020, a 10% depreciation or appreciation of the CA against the USD would result in a $12.5 million increase or decrease in the Company's after-tax net income and a 10% depreciation or appreciation of the COP against the USD would result in a $0.8 million decrease or increase in the Company's other comprehensive income.

d) ***Price risk***

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

The Company may enter into commodity hedging contracts from time to time to reduce its exposure to fluctuations in spot commodity prices. The Company is required under the covenants of the Gold Notes and Aris Gold Notes to use commercially reasonable efforts to put in place commodity hedging contracts (put options) which establish a minimum selling price at the respective floor prices of $1,250 per ounce for the Gold Notes and $1,400 per ounce for the Aris Gold Notes for the physical gold being accumulated in the gold trust accounts which will be sold in each of the immediately subsequent four quarters to meet the Company's financial obligations for the quarterly amortizing payments on the Gold Notes and the Aris Gold Notes. At December 31, 2020, the Company has no outstanding gold commodity hedging contracts in place (2019 - $0.1 million).

The Company has not designated commodity hedging contracts as accounting hedges under IFRS 9. The commodity hedging contracts are carried at their fair value at the end of each reporting period with the change in fair value during the period recorded in gain or loss on financial instruments. During the twelve months ended December 31, 2020, the Company recorded an inconsequential amount (2019 – $0.3 million) related to commodity hedging contracts in the statement of operations (Note 22).

e) ***Fair value risk***

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

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

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

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

f) ***Capital management***

The Company's objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to develop its mining properties into production and to maintain investor, creditor and market confidence to sustain the future development of the business. The Company considers its capital structure to include equity attributable to its shareholders and non-controlling interest of $196.2 million (2019 – $117.6 million) and its debt of $140.2 million (2019 – $90.0 million).

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may, from time to time, issue new shares, issue new debt (secured, unsecured, convertible and/or other types of debt instruments), acquire or dispose of assets or adjust its capital spending to manage its ability to continue as a going concern. As of December 31, 2020, other than certain restrictive covenants related to incurring additional indebtedness under the terms of the Gold Notes, the Company is not subject to any externally imposed capital requirements.

g) ***Liquidity risk***

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

- *Accounts payable and accrued liabilities*: These arise during the normal course of business and are paid from operating cash flow, and except under certain exceptions, are usually due within no later than one month. The Company from time to time may also enter into payment plans to pay these amounts over extended periods, typically less than 12 months.
- *Amounts payable for acquisitions of mining interests*: Principally represents compensation agreements with artisanal miners in Zona Alta at Marmato. Payments related to these compensation agreements have been suspended by the Company since 2013 and the Company is currently evaluating its options with respect to these compensation agreements.
- *Lease obligations:* These obligations represent lease payments related to ROU assets over the life of the lease contracts (Note 14).
- *Long-term debt*: The Gold Notes are carried at fair value and are being settled by deposits of physical gold, representing less than 10% of the Company's projected gold production over the term of the Gold Notes, to the Gold Trust Account. The Convertible Debentures are also carried at fair value and no principal repayment is required until the date of maturity on April 5, 2024.

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

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

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

	Level 1	Level 2	Level 3	Total
As at December 31, 2020				
Financial assets				
Investments and other assets (Note 10)	$ -	$ 18,507	$ -	$ 18,507
Financial liabilities				
Gold Notes – current and non-current (Note 12a)	$ 38,545	$ -	$ -	$ 38,545
Convertible Debentures (Note 12b)	-	28,426	-	28,426
Aris Gold Notes – current and non-current (Note 12c)	-	73,235	-	73,235
Aris Subscription Receipts (Note 13b)	-	74,101	-	74,101
Company's Listed Warrants (Note 16c)	48,595	-	-	48,595
Company's Unlisted Warrants (Note 16c)	-	26,287	-	26,287
Aris Listed Warrants (Note 16c)	15,155	-	-	15,155
Aris RTO Warrants (Note 16c)	-	1,602	-	1,602
DSU liability issued by the Company (Note 16f)	2,851	-	-	2,851
DSU liability issued by Aris (Note 16f)	681	-	-	681
PSU liability issued by Company (Note 16g)	-	1,002	-	1,002

	Level 1	Level 2	Level 3	Total
As at December 31, 2019				
Financial assets				
Derivative assets (Note 14d)	$ -	$ 1	$ -	$ 1
Investments and other assets (Note 10)	-	14,278	-	14,278
Financial liabilities				
Gold Notes – current and non-current (Note 12a)	$ -	$ 68,961	$ -	$ 68,961
Convertible Debentures (Note 12b)	-	21,054	-	21,054
Company's Listed Warrants (Note 16c)	32,094	-	-	32,094
Company's Unlisted Warrants (Note 16c)	-	6,606	-	6,606
DSU liability issued by the Company (Note 16f)	1,222	-		1,222
PSU liability issued by Company (Note 16g)	-	209	-	209

19. REVENUE

	Years ended December 31, 2020	2019
Gold	$ 386,682	$ 323,057
Silver	4,239	3,423
	$ 390,921	$ 326,480

20. COST OF SALES

	Years ended December 31, 2020	2019
Production costs	$ 157,836	$ 144,496
Production taxes	15,938	13,472
Provision for environmental discharges (Note 15)	-	(721)
Depreciation, depletion and amortization (Note 9)	24,947	32,312
	$ 198,721	$ 189,559

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

21. FINANCE COSTS

	Years ended December 31, 2020	2019
Interest expense	$ 6,963	$ 7,864
Gold Premium payment (Note 12a)	5,209	1,873
Applicable Premium on early redemption of Gold Notes (Note 12a)	1,977	-
Accretion of lease obligation (Note 14)	338	256
Accretion of provisions (Note 15)	1,600	1,895
Reversal of interest accrued on amounts payable related to mineral interests (note 28a)	(250)	(199)
Transaction fees and expenses:		
Private placements (Notes 16b)	588	1,420
CFC Subscription Receipts (Notes 16b)	400	-
Aris GLN Subscription Receipts (Notes 12c)	6,500	-
Aris SW (Notes16c)	2,787	-
Aris Subscription Receipts (Notes 13b)	2,363	-
Aris Precious Metals Stream (Note 28e)	1,805	-
	$ 30,280	$ 13,109

22. GAIN (LOSS) ON FINANCIAL INSTRUMENTS

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

	Years ended December 31, 2020	2019
Gold X Warrants (Note 10)	$ 2,083	$ 1,197
Gold X Debentures (Note 10)	822	-
Western Atlas Warrants (Note 10)	(1,028)	(17)
Gain on gold in Gold Trust Account (Note 12a)	543	345
Commodity hedging contracts (Note 18e)	(1)	(346)
Financial assets	2,419	1,179
Gold Notes (Note 12a)	(3,733)	(9,361)
Convertible Debentures (Note 12b)	(6,335)	(5,498)
Company's Listed Warrant liability (Note 16c)	(19,647)	(18,548)
Company's Unlisted Warrant liability (Note 16c)	(10,033)	(311)
Aris GLN Subscription receipts (Note 12c)	(2,001)	-
Aris SW (Note 16c)	(10,889)	-
Aris Subscription receipts (Note 13b)	(21,306)	-
Aris Listed Warrants (Note 16c)	(1,360)	-
Aris RTO Warrants (Note 16c)	610	-
Aris Gold Notes (Note 12d)	(594)	-
Financial liabilities	(75,288)	(33,718)
Net loss on financial instruments	$ (72,869)	$ (32,539)

Purchase and Sale of Guyana Goldfields' shares

In May 2020, the Company announced that it had signed a definitive agreement to complete a business combination with Gold X and submitted a proposal to Guyana Goldfields Inc. ("Guyana Goldfields") to acquire all of its issued and outstanding common shares. To support this transaction, the Company acquired 8.7 million shares of Guyana Goldfields in the open market at a cost of approximately $4.0 million.

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

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

23. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	Years ended December 31, 2020	2019
Accounts receivable	$ (9,824)	$ (1,249)
Inventories	(6,023)	(8,004)
Prepaid expenses and deposits	(703)	(771)
Accounts payable and accrued liabilities	13,483	5,914
	$ (3,067)	$ (4,110)

24. NON-CONTROLLING INTEREST

Subsequent to the RTO (Note 5), during the year ended December 31, 2020 Aris Gold has entered into several transactions that have impacted the Company's ownership while retaining control, such transactions have been accounted for as an equity transactions impacting the deficit of the Company as follows:

		Non-controlling interest		Deficit
		%	Amount	
Acquisition of common shares from non-controlling interests	(i)	25.6%	$ (1,285)	$ (511)
Impact of private placement in Aris common shares	(ii)	22.5%	1,143	(1,143)
Impact of Aris common shares issued for SARC acquisition	(iii)	42.5%	27,422	12,540
Impact of conversion of Aris SW into common shares	(iv)	46.4%	24,226	3,095
Impact of exercise Aris warrants and options for common shares	(v)		158	-
Equity transactions associated with changes in Aris ownership			$ 51,664	$ 13,981

i. In March 2020, the Company acquired an aggregate of 1,297,000 common shares of Aris in the open market at a cost of $1.8 million paid in cash. This resulted in an increase in ownership in the equity of Aris to 74.4% and a reduction of the non-controlling interest of $1.3 million with the difference of $0.5 million being recognized as a credit to deficit in the statement of equity.

ii. On June 30, 2020, the Company acquired 7,000,000 common shares of Aris in a non-brokered private placement with Aris for a total investment of $10.3 million. This resulted in an increase in the Company's ownership in the equity of Aris to 77.5% with an amount of $1.1 million being recognized as an increase in the carrying amount of the non-controlling interest and $1.1 million as an increase to deficit in the statement of equity.

iii. On July 2, 2020, in connection with the acquisition of the SARC (Note 7), Aris issued 20,000,000 common shares (the "SARC Consideration Shares") to the shareholders of SARC. With the issuance of the SARC Consideration Shares, the Company's equity interest in the issued and outstanding shares of the Aris Gold decreased to 57.5%. The fair value of the net assets of SARC was $50.3 million, therefore the transaction resulted in an increase in the non-controlling interest of $27.4 million and $12.5 million recognized as a decrease to deficit in the statement of equity.

iv. On July 29, 2020, Aris completed a bought deal financing of Aris SW (Note 16c) for aggregate gross proceeds of CA$50.0 million. A total of 22,222,222 Aris SW were sold at a price of CA$2.25 expiring on July 29, 2025. The Company acquired 8,888,889 of the Aris SW for a total consideration of CA$20.0 million (approximately $15.0 million). Each Aris SW entitled the holder thereof to receive one common share of Aris and one Aris Listed Warrant.

On conversion, the Company received 8,888,889 Aris common shares with a fair value of $18.2 million and 8,888,889 of Aris Listed Warrants with a fair value of $4.0 million, which have been eliminated in these financial statements. This transaction resulted in a decrease of the Company's ownership in Aris to 53.6% and an increase in the non-controlling interest of $24.2 million recording $3.1 million as a decrease to deficit in the statement of equity.

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

v. During the year certain warrants and stock options granted by Aris were exercised resulting in an issuance of 82,500 shares, reducing the Company's ownership in Aris (Note 16c and e).

As at December 31, 2020, the Company's subsidiary, Aris, has approximately 46.5% of its common shares and voting rights held by non-controlling interests. Selected summarized financial information for Aris, before any intercompany eliminations, is as follows:

	December 31, 2020
Current assets	$ 184,612
Non-current assets	105,964
Current liabilities	(109,052)
Non-current liabilities	(115,934)
Net assets	$ 65,590

	Year ended December 31, 2020
Revenue	$ 42,790
Net loss	(83,114)
Net cash provided by operating activities	6,410
Net cash used in investing activities	(30,563)
Net cash provided from financing activities	53,997
Net increase in cash and cash equivalents	$ 29,335

Subsequent to December 31, 2020, the completion of the Aris Transaction (Note 13b) on February 4, 2021 resulted in a reduction in the Company's equity interest in Aris to 44.33%, a change in management of Aris, and a loss of control of Aris. As such, the Company will cease consolidation and will commence accounting for the results in Aris in 2021 using the equity method. The Company will disclose the impact on the loss of control in Aris in its interim financial statements for the three month period ending March 31, 2021.

25. EARNINGS PER SHARE

	Years ended December 31, 2020	2019
Net loss attributed to shareholders of the Company	$ (4,653)	$ (131,164)
Basic weighted average number of shares	60,700,238	49,474,772
Basic loss per common share	$ (0.08)	$ (2.65)
Diluted loss per common share	$ (0.08)	$ (2.65)

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

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

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

For the year ended December 31, 2020, the diluted weighted average number of shares does not include the potential dilution from a total of 11,822,611 shares associated with the Stock Options, Convertible Debentures and the Company's warrants as they would be anti-dilutive. For the year ended December 31, 2019, the Convertible Debentures, Company's warrants and Stock Options were anti-dilutive.

26. SEGMENT DISCLOSURES

Each of the Company's reportable operating segments generally consists of an individual mining property or cash-generating unit managed by a single general manager and operations management team. The Company owns and operates its Segovia Operations in Colombia. The Marmato Project, also located in Colombia, comprises the Marmato Mining Assets, owned and operated by Aris, and the Zona Alta and Echandia mining titles owned by the Company and not currently in operation.

In July 2020, as described in Note 7, Aris acquired the advanced exploration-stage Juby Project in Ontario, Canada which is the second geographic reporting segment.

In each of the years ended December 31, 2020 and 2019, the Company's sales were made to one customer under a long-term supply agreement (Note 18b). There were no sales or revenue earned from the Canadian segment.

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

	Colombia		Canada	Corporate	Total
	Segovia Operations	Marmato Project	Juby Project		
Year ended December 31, 2020:					
Revenue	$ 348,131	$ 42,790	$ -	$ -	$ 390,921
Production costs and taxes	141,264	32,510	-	-	173,774
Depreciation, depletion and amortization	22,563	1,152	-	1,232	24,947
Finance costs	1,859	52	-	28,369	30,280
Gain from equity accounting associates	-	-	-	321	321
Loss on financial instruments	-	-	-	72,869	72,869
Income tax expense	(54,372)	(2,633)	-	(8,611)	(65,616)
Net income (loss)	111,305	3,848	-	(142,724)	(27,571)
Capital expenditures (Note 9)	46,835	22,283	31	-	69,149
As at December 31, 2020					
Total assets	$ 248,316	$ 66,505	$ 50,052	$ 285,692	$ 650,565
Total liabilities	100,696	19,629	-	334,012	454,337
Year ended December 31, 2019:					
Revenue	$ 290,832	$ 35,648	$ -	$ -	$ 326,480
Production costs and taxes	128,633	28,614	-	-	157,247
Depreciation, depletion and amortization	31,130	1,182	-	-	32,312
Impairment charge (1)	-	175,989	-	-	175,989
Finance costs	2,403	38	-	10,668	13,109
Loss from equity accounting associates	-	-	-	2,015	2,015
Loss on financial instruments	-	-	-	32,539	32,539
Income tax (expense) recovery	(39,833)	20,464	-	(9)	(19,378)
Net income (loss)	74,017	(149,028)	-	(56,151)	(131,164)
Capital expenditures (Note 9)	36,418	9,160	-	-	45,578
As at December 31, 2019					
Total assets	$ 207,485	$ 38,814	$ -	$ 113,121	$ 359,420
Total liabilities	80,049	9,322	-	152,401	241,772

(1) Impairment charge for plant and equipment and E&E assets in Zona Alta and Echandia at Marmato (Note 9a).

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

27. RELATED PARTY TRANSACTIONS

The following transactions with related parties occurred during the years ended December 31, 2020 and 2019:

Key management personnel compensation

Key management includes the Company's Executive Chairman, Chief Executive Officer, Chief Financial Officer, Legal Vice President/Corporate Secretary and the non-executive directors. In addition to their short-term employee benefits, comprised of salaries and bonuses or director fees, as applicable, executive officers and directors receive share-based compensation through participation in the Company's long-term incentive program, which includes the stock option plan and PSUs for executive officers and DSUs for non-executive directors.

During the year ended December 31, 2020, the Company granted:

i. A total of 370,000 stock options and 127,858 PSUs to executive officers and 387,632 DSUs to non-executive directors (December 31, 2019 - 375,000 stock options; 86,659 PSUs; 327,703 DSUs).
ii. A total of 3,225,000 stock options in Aris and 431,304 Aris DSUs to non-executive directors.

Key management personnel compensation comprised the following:

	2020	2019
Short-term employee benefits	$ 2,649	$ 1,887
Share-based compensation issued (Note 16d)	2,748	1,673
Total by the Company	5,397	3,560
Short-term employee benefits	1,148	-
Share-based compensation issued (Note 16d)	3,237	-
Total by Aris	4,385	-
	$ 9,782	$ 3,560

These transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Subsequent to December 31, 2020, and as a result of the completion of the Aris Transaction, the prior key management personnel of Aris were paid change of control payments totalling $8.8 million. The new management of Aris have established a long term incentive policy for employees. On February 12, 2021, key management personnel in Aris were granted 1,189,023 options and 531,989 PSUs.

28. COMMITMENTS AND CONTINGENCIES

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

(i) *Mining title contracts – title transfers approved*: As At December 31, 2020, the Company has a total of COP 0.8 billion, equivalent to $0.2 million (December 31, 2019 – COP 0.9 billion; $0.3 million), remaining to be paid under agreements to purchase additional mining titles related to the Marmato property which is included in amounts payable for acquisition of mining interests in current liabilities.

(ii) *Mining title contracts – title transfers pending approval*: the Company has three mining title contracts for which the approval for the transfer of title has not yet been obtained from the government authorities. If government approval is not obtained, the Company will no longer be required to make further payments. As at December 31, 2020, the Company has commitments under these contracts to spend an additional COP 14.9 billion ($4.3 million) (December 31, 2019 – COP 14.9 billion or $4.5 million) which has not been included in amounts payable for acquisition of mining interests.

(iii) *Amounts payable related to acquisition of mining interests*: As at December 31, 2020, a total of COP 7.0 billion ($2.1 million) including interest, is included in amounts payable for acquisition of mining interests related to agreements to compensate artisanal miners who would be required to cease mining activities at the Company's Marmato Project (December 31, 2019 – COP 9.7 billion; $2.9 million). Payments related to these agreements have been suspended since 2013 and the Company is continuing to seek a resolution to the outstanding obligations.

b) Segovia social contributions

With respect to Segovia Operations, the Company makes contributions to a trust account to fund local social programs in each quarter in which it produces a minimum of 15,000 ounces of gold. The contribution rate is $4 per ounce of gold production at the minimum gold price of $700 per ounce and increases by $2 per ounce for each $50 increment in the price of gold. Based on the Company's gold production during the year ended December 31, 2020, the Company incurred a total expense for social contributions of $10.6 million (2019 – $6.9 million).

c) Arbitration related to termination of long-term supply agreement

In January 2019, the Company terminated the long-term supply agreement pursuant to which it sold all of its gold and silver production in Colombia. On May 10, 2019, the Company received notice of a request to settle the dispute, as permitted under the supply agreement, under the Rules of Arbitration of the International Chamber of Commerce ("ICC"). On October 15, 2020, the Company received notice from the ICC that it had dismissed the former customer's claims on the basis of breach of the supply agreementand, as such, there was no liability to be recognized for damages or costs and expenses by the Company.

d) Arbitration Proceedings under Free Trade Agreement

In May 2018, as a consequence of ongoing impediments to establishing mining operations in Zona Alta and Echandia at its Marmato Project due to the presence of illegal miners who have not only impeded mining operations in the area by the Company but also curtailed access to it, along with certain related matters associated with its Segovia Operations, the Company filed a request for institution of arbitration proceedings with the International Centre for Settlement of Investment Disputes against the Republic of Colombia ("FTA Claim"). The arbitration proceedings center on claims against Colombia for its non-compliance with its obligations under the Free Trade Agreement which effectively continues to preclude the Company from establishing operations in Zona Alta and Echandia. The arbitration proceedings are in process; however, a decision on the matter is expected to be more than 12 months away.

e) Aris Precious Metals Stream

On November 5, 2020, Aris entered into a definitive Precious Metals Purchase Agreement (the "PMPA") with Wheaton Precious Metals International Ltd. ("Wheaton International"), a wholly-owned subsidiary of Wheaton Precious Metals™ Corp., in respect of the Marmato Mining Assets (Note 5).

Wheaton International will purchase 6.5% of the gold production and 100% of the silver production from the Marmato Mining Assets until 190,000 ounces of gold and 2.15 million ounces of silver have been delivered, after which the stream drops to 3.25% of the gold production and 50% of the silver production for the life of mine. Under the PMPA, Wheaton International will make an upfront deposit payment in cash of $110 million, of which $38 million is payable within six months following the satisfaction of certain customary conditions and the remaining portion is payable during the development and construction of the MDZ expansion project, subject to receipt of required permits and licenses, sufficient financing having been obtained to cover total expected capital expenditures and other customary conditions. In addition, Wheaton International will make ongoing payments equal to 18% of the spot gold and silver prices until the uncredited portion of the upfront payment is reduced to zero, and 22% of the spot gold and silver prices thereafter. The PMPA is effective July 1, 2020.

In connection with the PMPA, Aris has provided security in favour of Wheaton International in respect of their obligations under the PMPA, including, a first ranking general security agreement over substantially all properties and assets of Aris and its subsidiaries, security over the mining rights comprising the Marmato Mining Assets, and a first ranking share pledge over the shares of each of the subsidiaries of the Aris. The Precious Metals Stream is non-recourse to the Company.

During the year ended December 31, 2020, financing costs amounting to $1.8 million were incurred in connection with the Aris Precious Metals Stream.

f) Claims

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

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