Gran Colombia Gold Corp.

Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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 as issued by the International Accounting Standards Board 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 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Gran Colombia Gold Corp.

We have audited the accompanying consolidated financial statements of Gran Colombia Gold Corp., which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Gran Colombia Gold Corp. as at December 31, 2015 and December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes various matters and conditions, including the working capital deficit of $26.5 million at December 31, 2015 and the fact that future cash flows may not be sufficient to fully fund the Company's debt service and other factors that indicate the existence of material uncertainties that may cast significant doubt about Gran Colombia Gold Corp.'s ability to continue as a going concern.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 30, 2016
Toronto, Canada

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

	Notes	As at December 31, 2015	As at December 31, 2014
ASSETS			
Current			
Cash and cash equivalents		$ 3,004	$ 767
Cash in trust	10a	77	5
Accounts receivable	15	6,172	13,095
Income taxes recoverable		1,740	5,358
Inventories	5	7,801	10,806
Prepaid expenses and deposits		1,331	1,621
Assets held for sale	8	-	2,275
		20,125	33,927
Non-current			
Cash in trust	12c	310	720
Accounts receivable		796	-
Mining interests	6	350,688	428,541
Deferred tax asset	14	6,404	-
Other assets		18	22
Total assets		$ 378,341	$ 463,210
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	9	$ 25,305	$ 37,500
Amounts payable for acquisitions of mining interests	6	11,525	14,182
Current portion of long-term debt	10	102,183	116,333
Equity tax payable		3,657	6,771
Wealth tax payable	11	1,846	-
Current portion of provisions	12	1,832	1,365
Income tax payable	14	1,059	274
Liabilities of assets held for sale	8	-	1,632
		147,407	178,057
Non-current			
Long-term debt	10	1,569	3,965
Provisions	12	25,491	34,380
Deferred income taxes	14	50,266	30,099
Total liabilities		224,733	246,501
Equity			
Share capital	13b	369,150	369,148
Share purchase warrants	13c	6,317	137,159
Contributed surplus		160,303	42,816
Accumulated other comprehensive loss		(88,265)	(52,065)
Deficit		(293,897)	(280,877)
Total equity attributable to shareholders		153,608	216,181
Non-controlling interest		-	528
Total equity		153,608	216,709
Total liabilities and shareholders' equity		$ 378,341	$ 463,210

Nature of operations and going concern	**(Note 1)**
Contingency	**(Note 12b)**
Subsequent events	**(Notes 10c, d)**

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	Year ended December 31, 2015	Year ended December 31, 2014
Revenue		$ 134,949	$ 123,027
Costs and expenses			
Cost of sales	16	101,338	119,123
General and administrative expenses		5,696	7,318
Impairment charges	7	41,280	16,659
Allowance for doubtful accounts		-	812
Share-based compensation expense	13d	-	789
Social contributions	6	1,989	1,684
Loss from operations		(15,354)	(23,358)
Other income (expense)			
Finance income		98	792
Finance costs	17	(12,874)	(12,169)
Foreign exchange gain		10,286	3,548
Wealth tax	11	(3,269)	-
Gain on sale of CIIGSA	8	668	-
Gain on financial instruments	18	14,987	40,556
		9,896	32,727
(Loss) income before income taxes		(5,458)	9,369
Provision for income taxes			
Current	14	(5,716)	(1,826)
Deferred	14	(1,915)	(11,193)
		(7,631)	(13,019)
Net loss		**$ (13,089)**	**$ (3,650)**
Attributed to shareholders		**$ (13,020)**	**$ (3,310)**
Attributed to non-controlling interests		**$ (69)**	**$ (340)**
Basic and diluted loss per share attributable to shareholders	**19**	**$ (0.55)**	**$ (0.15)**
Weighted average number of common shares outstanding		23,703,268	21,926,161

See accompanying notes to the consolidated financial statements.

Gran Colombia Gold Corp.

Consolidated Statements of Comprehensive Loss

(Expressed in thousands of U.S. dollars)

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Net loss		**$ (13,089)**	**$ (3,650)**
Items not to be reclassified to profit (loss) in subsequent periods			
Actuarial gain on Frontino health plan obligations	12c	149	809
Income tax on gain on Frontino health plan		-	(275)
Items that may be reclassified to profit (loss) in subsequent periods (nil tax effect)			
Foreign currency translation adjustment		(36,349)	(35,166)
Comprehensive loss		**$ (49,289)**	**$ (38,282)**
Attributed to shareholders		**$ (49,193)**	**$ (37,832)**
Attributed to non-controlling interests		**$ (96)**	**$ (450)**

See accompanying notes to the consolidated financial statements.

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

	Notes	Year ended December 31, 2015	Year ended December 31, 2014
Common shares	13b		
Balance, beginning of period		$ 369,148	$ 359,221
Issuance of shares		2	10,945
Share issue costs		-	(1,018)
Balance, end of period		369,150	369,148
Share purchase warrants	13c		
Balance, beginning of period		137,159	133,754
Issuance of warrants		-	3,723
Warrant issue costs		-	(318)
Expiry of warrants		(130,842)	-
Balance, end of period		6,317	137,159
Contributed surplus			
Balance, beginning of period		42,816	42,027
Share-based compensation	13d	-	789
Expiry of warrants, net of tax effect of $13,355		117,487	-
Balance, end of period		160,303	42,816
Accumulated other comprehensive loss			
Balance, beginning of period		(52,065)	(17,433)
Actuarial gain on health plan obligation	12c	149	809
Income tax on gain on health plan obligation		-	(275)
Foreign currency translation adjustment		(36,349)	(35,166)
Balance, end of period		(88,265)	(52,065)
Deficit			
Balance, beginning of period		(280,877)	(277,567)
Net loss gain attributable to shareholders		(13,020)	(3,310)
Balance, end of period		(293,897)	(280,877)
Non-controlling interests			
Balance, beginning of period		528	868
Net income attributable to non-controlling interests		(69)	(340)
Sale of CIIGSA	8	(459)	-
Balance, end of period		-	528
Total equity		**$ 153,608**	**$ 216,709**

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	Year ended December 31, 2015	Year ended December 31, 2014
Operating Activities			
Net loss		$ (13,089)	$ (3,650)
Adjusted for the following items:			
Depreciation, depletion and amortization		12,497	15,934
Share-based compensation		-	789
Finance income		(98)	(792)
Finance costs		12,874	12,169
Foreign exchange gain		(11,394)	(3,634)
Impairment charges	7	41,280	16,659
Gain on sale of CIIGSA	8	(668)	-
Provision for environmental discharges	12b	725	1,248
Environmental discharges fees paid		(748)	-
Gain on financial instruments	18	(14,987)	(40,556)
Non-cash social contribution		-	116
Payments of Frontino health obligations	12c	(756)	(1,086)
Wealth tax expense	11	3,269	-
Current income tax expense		5,716	1,826
Deferred income taxes		1,915	11,193
Changes in non-cash working capital items	20	2,191	3,218
Operating cash flows before taxes		38,727	13,434
Equity tax paid		(2,641)	(197)
Wealth tax paid	11	(890)	-
Income tax refund received		2,052	-
Income taxes paid		(4,299)	(3,488)
Net cash provided by operating activities		32,949	9,749
Investing Activities			
Additions to mining interests	6	(12,653)	(31,131)
Proceeds on disposal of property, plant and equipment		-	307
Deposit on sale of CIIGSA, net of $102 cash transferred to assets held for sale	8	-	202
Proceeds received from sale of CIIGSA	8	204	-
Decrease in other assets		-	1,053
Net cash used in investing activities		(12,449)	(29,569)
Financing Activities			
Net proceeds from equity financing		-	13,332
Repayment of short-term debt	21	-	(8,011)
Repayment of long-term debt		(1,763)	(4,231)
Net interest paid		(15,337)	(12,475)
(Increase) decrease in cash in trust for debt service	10a	(84)	18
Decrease in cash in trust for Frontino health obligations	12c	311	247
Decrease in cash in trust from Gold Notes	10c	-	30,591
Notes restructuring costs		(1,209)	(396)
Exercise of warrants		2	-
Net cash (used in) provided by financing activities		(18,080)	19,075
Impact of foreign exchange rate changes on cash and cash equivalents		(183)	(97)
Increase (decrease) in cash and cash equivalents		**2,237**	**(842)**
Cash and cash equivalents, beginning of year		767	1,609
Cash and cash equivalents, end of year		**$ 3,004**	**$ 767**

See accompanying notes to the consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Gran Colombia Gold Corp. and its subsidiaries (collectively the “Company”) are engaged in the acquisition, exploration, development and operation of gold properties in Colombia. The Company is incorporated under the laws of the Province of British Columbia. The head office of the Company is located at 333 Bay Street, Suite 1100, Toronto, Ontario, M5H 2R2 and its registered office is located at 1188 West Georgia Street, Suite 650, Vancouver, British Columbia, V6E 4A2. The Company also has an office in Medellin, Colombia.

These consolidated financial statements (the “financial statements”) 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 into the foreseeable future.

The Company has a working capital deficit (excluding the Gold and Silver Notes) of $26.5 million as at December 31, 2015. While the Company has production and positive cash flow from operations for the year ended December 31, 2015, future cash flows may not be sufficient to fully fund the Company’s debt service, planned capital investment program and its working capital deficit requirements. To continue as a going concern, the Company must generate sufficient operating cash flow to fund these requirements or secure new funding. There can be no assurance that these initiatives will be successful. These material uncertainties cast significant doubt as to the ability of the Company to meet its business plan and obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The recoverability of the amounts shown for mineral properties is dependent on the existence and economic extraction of resources, the capacity to obtain financing to complete the development of such resources, the ability to obtain the necessary licenses and permits and meet the Company’s obligations under various agreements, stability or increases in future gold prices, and the success of future operations or dispositions of the mineral properties.

These financial statements do not include adjustments to the recoverability and classifications of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

These financial statements, approved by the Board of Directors on March 30, 2016, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Consolidation

These financial statements comprise the financial statements of the Company including its subsidiaries at December 31, 2015.

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. On May 29, 2015 the Company completed the sale of its 60% interest in the CIIGSA refinery operation (Note 8), subsequent to the sale date the Company no longer has subsidiaries with non-controlling interests.

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

The Company and its significant subsidiaries, all of which have a December 31 year end, are as follows:

Entity	Property/function	Location	Functional currency(1)	December 31, 2015	December 31, 2014
Gran Colombia Gold Corp.	Corporate	Canada	CA		
Medoro Resources (Yukon) Inc.	Corporate	Canada	CA	100%	100%
Gran Colombia Gold, S.A.	Corporate	Panama	USD	100%	100%
Zandor Capital, S.A. Sucursal	Segovia Operations	Colombia	COP	100%	100%
Mineros Nacionales, S.A.S.	Marmato Underground	Colombia	COP	100%	100%
Minerales Andinos de Occidente, S.A.	Marmato Project	Colombia	USD	100%	100%
Minera Croesus S.A.S.	Marmato Project	Colombia	USD	100%	100%
Zancudo Gold Sucursal	El Zancudo	Colombia	USD	100%	100%

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

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

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 the Company is the Canadian dollar. 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 income (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 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

The 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 of the operating segments.

The Company currently operates in one operating segment, being the acquisition, exploration, development and operation of gold properties in Colombia.

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. However, the measurement period will 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 are included in liabilities as bank indebtedness. As at December 31, 2015 and 2014, cash and cash equivalents were comprised solely of cash balances.

Accounts receivable

Accounts receivable are recorded based on the Company's revenue recognition policy. 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. Receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Inventories

Mineral inventories are valued at the lower of average production cost and net realizable value ("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, 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. Net realizable value is the estimated selling price less applicable selling expenses.

Exploration and evaluation 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.

Exploration and evaluation 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 the mineral properties balance within property, plant and equipment.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation, amortization and impairment losses. 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. 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 an unit-of-production basis based upon proven and probable reserves and measured and indicated 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 not depreciated.

Depreciation of 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in "other income (expense)" in the consolidated statement of operations.

The recoverability of the amounts shown for mineral properties is dependent on the existence and economic extraction of resources, the capacity to obtain financing to complete the development of such reserves, the ability to obtain the necessary licenses and permits and meet the Company's obligations under various agreements, and the success of future operations or dispositions.

Borrowing costs

Borrowing costs attributable to the acquisition, development or construction of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. 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.

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 consolidated 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 increase 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 for money and the risk specific to the obligation. 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.

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.

Post-retirement benefits

In connection with the completion of the 2010 Frontino Gold Mines Ltd. ("Frontino") assets acquisition, 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 accounted for as operating activities.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of gold and silver. Revenue is recognized upon the transfer of the ownership risks and benefits to the buyer which is generally simultaneous with delivery, when the price is fixed or determinable, and when the Company has reasonable assurance with respect to the measurement and collectability.

Share-based payments

The Company records equity-settled share-based payments under which the entity receives services from employees, consultants and directors as consideration for equity instruments (options) of 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.

For transactions with other third parties, the fair value of the services received in exchange for the grant of the options is recognized as an expense or asset unless the fair value of the services received cannot be reliably measured, in which case the service is measured based on the fair value of the equity instruments granted.

Loss per share

Basic loss per share is computed by dividing net loss for the period attributable to shareholders 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.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

Cash and cash equivalents	Loans and receivables
Accounts receivables	Loans and receivables
Investments	Available-for-sale financial assets
Bank indebtedness	Other financial liabilities
Accounts payable and accrued liabilities	Other financial liabilities
Term loans	Other financial liabilities
Finance lease	Other financial liabilities
Senior unsecured silver-linked notes	Financial liabilities at fair value through profit and loss
Senior secured gold-linked notes	Financial liabilities at fair value through profit and loss

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences, are recognized in other comprehensive income. When an investment is derecognized, the cumulative gain and loss in other comprehensive income is transferred to net earnings.

Other financial liabilities

Other financial liabilities at amortized cost are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, these are measured at amortized cost using the effective interest method. Other financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separate embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses in liabilities held for trading are recognized in profit or loss.

Fair value hierarchy

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).

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 are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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*. If the Company does not have sufficient information on its mine development costs to estimate the cash flows to review the recoverability of capitalized costs, the Company determines impairment by comparing the fair value to book value, without considering value in use.

When evaluating the value in use, 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 loss 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.

Assets and liabilities held for sale

A non-current asset or disposal group of assets and liabilities ("disposal group") is classified as held for sale when it meets the following criteria:

a. The non-current asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups; and

b. The sale of the non-current asset or disposal group is highly probable. For the sale to be highly probable:
   i) The appropriate level of management must be committed to a plan to sell the asset (or disposal group);
   ii) An active program to locate a buyer and complete the plan must have been initiated:
   iii) The non-current asset or disposal group must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
   iv) The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale (with certain exceptions); and
   v) Actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Recent accounting pronouncements

The following new standards, and amendments to standards and interpretations, were not yet effective for the year ended December 31, 2015, and have not been applied in preparing these consolidated financial statements.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). The standard replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets From Customers* and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. This standard is effective for annual periods beginning on or after January 1, 2017, and permits early adoption. The Company is in the process of determining the impact of IFRS 15 on its consolidated financial statements.

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments ("IFRS 9")* which will replace IAS 39, *Financial Instruments* ("IAS 39"). This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. IFRS 9 provides a revised model for recognition and measurement of financial instruments with two classification categories: amortized cost and fair value. As well, under the new standard a single impairment method is required, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes a substantially reformed approach to hedge accounting that aligns accounting more closely with risk management. The Company is in the process of determining the impact of IFRS 9 on its consolidated financial statements.

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption provided that IFRS 15 is also adopted. The objective of IFRS 16 is to bring all leases on-balance sheet for lessees. IFRS 16 requires lessees to recognize a "right of use" asset and liability calculated using a prescribed methodology. The Company will evaluate the impact of adopting IFRS 16 in its consolidated financial statements in future periods.

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:

Exploration and evaluation assets

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

Management has determined that exploration and evaluation 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 when events or changes in circumstances indicate that the carrying amount may not be recoverable. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative 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 decrease in the Company's reserves and resources may result in an impairment charge, which could increase the Company's loss.

Management's estimate of future cash flows is 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 measured and indicated resource balances. Changes in these estimates will result in changes to the amortization charges over the remaining life of the operation. A decrease in reserves and resources would increase amortization expense, and this could have a material impact on the operating results.

Fair values of the Gold and Silver Notes

The Gold and Silver Notes represent financial liabilities held at fair value with the change in fair value being recognized through profit and loss. Fair values have been determined based on a valuation methodology that captures all of the features of the respective notes in a set of partial differential equations that are then solved numerically to arrive at the value of the notes. 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 on a quarterly basis 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. 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. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

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

5. INVENTORIES

	December 31, 2015	December 31, 2014
Mineral inventories	$ 1,854	$ 3,950
Materials and supplies	5,947	6,856
	$ 7,801	$ 10,806

In 2015, the Company did not record an impairment charge for obsolete materials and supplies inventory or mineral inventories (2014 - $0.5 million and $0.4 million respectively).

6. MINING INTERESTS

	Mineral properties	Plant and equipment	Construction in progress	Exploration and evaluation	Total
Year ended December 31, 2014					
Opening net book value	$ 154,622	$ 43,721	$ 39,748	$ 232,466	$ 470,557
Additions	1,823	4,453	21,760	79	28,115
Disposals	(118)	(189)	-	-	(307)
Capitalized interest	-	-	10,000	-	10,000
Social contributions (1)	(116)	-	-	-	(116)
Increase in decommissioning liability	128	-	-	-	128
Depreciation and amortization	(11,262)	(4,789)	-	-	(16,051)
Transfers to assets held for sale	-	(157)	-	-	(157)
Impairment charges (Note 7)	(12,944)	(420)	(2,406)	-	(15,770)
Exchange difference	(25,713)	(7,598)	(10,432)	(4,115)	(47,858)
Closing net book value	$ 106,420	$ 35,021	$ 58,670	$ 228,430	$ 428,541
As at December 31, 2014					
Cost	$ 210,780	$ 48,788	$ 61,076	$ 228,430	$ 549,074
Accumulated depreciation, amortization and impairment losses	104,360	13,767	2,406	-	120,533
Net book value	$ 106,420	$ 35,021	$ 58,670	$ 228,430	$ 428,541
Year ended December 31, 2015					
Opening net book value	$ 106,420	$ 35,021	$ 58,670	$ 228,430	$ 428,541
Additions	2,086	4,883	2,386	2,061	11,416
Disposals	-	(47)	-	-	(47)
Transfers from construction in progress	-	1,226	(1,226)	-	-
Capitalized interest	-	-	10,000	-	10,000
Social contributions (1)	(107)	-	-	-	(107)
Decrease in decommissioning liability	(1,336)	-	-	-	(1,336)
Depreciation and amortization	(8,977)	(3,761)	-	-	(12,738)
Impairment charges (Note 7)	(18,181)	(5,823)	(14,125)	(3,151)	(41,280)
Reduction in Marmato commitments	-	-	-	(721)	(721)
Exchange difference	(21,194)	(7,665)	(10,088)	(4,093)	(43,040)
Closing net book value	$ 58,711	$ 23,834	$ 45,617	$ 222,526	$ 350,688
As at December 31, 2015					
Cost	$ 165,458	$ 43,460	$ 62,148	$ 226,398	$ 497,464
Accumulated depreciation, amortization and impairment losses	106,747	19,626	16,531	3,872	146,776
Net book value	$ 58,711	$ 23,834	$ 45,617	$ 222,526	$ 350,688

(1) In 2014 and 2015, the Company donated land and buildings in Segovia to the local government with a carrying value of $0.1 million.

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

A summary of mining interests by property is as follows:

	Mineral properties	Plant and equipment	Construction in progress	Exploration and evaluation	December 31, 2015	December 31, 2014
Segovia Operations	$ 58,711	$ 16,270	$ 45,617	$ -	$ 120,598	$ 190,922
Marmato	-	7,564	-	222,526	230,090	237,619
Total	$ 58,711	$ 23,834	$ 45,617	$ 222,526	$ 350,688	$ 428,541

A summary of the depreciation recorded during the years ended December 31 is as follows:

	2015	2014
Cost of sales	$ 12,472	$ 15,737
General and administrative expenses	25	197
Total charged to operations	12,497	15,934
(Increase) decrease in inventories	125	(39)
Decrease in assets held for sale	(6)	-
Capitalized to exploration and evaluation assets	122	156
	$ 12,738	$ 16,051

Segovia Operations social contributions

Pursuant to the terms of the Frontino acquisition agreement dated March 29, 2010, the Company must make 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 2015, the Company incurred a total obligation for social contributions of $2.0 million (2014 – $1.7 million). As at December 31, 2015, $1.0 million was included in accounts payable and accrued liabilities related to this obligation (December 31, 2014 – credit balance of $0.2 million).

Marmato Project commitments

(i) *Mining title contracts – title transfers approved*: The Company has entered into agreements to purchase additional mining titles related to the Marmato property. The transfer of title is conditional on approval by government authorities. In December 2015, the Company agreed to cancellation of certain mining titles contracts with minimal impact on the total mineral resources at Marmato. The cancellation reduced mining titles commitments by $0.7 million and an impairment charge of $2.3 million was recorded on amounts that had previously been paid. As at December 31, 2015, COP 7.4 billion ($2.3 million) is included in amounts payable for acquisition of mining interests related to title acquisitions for which approval for the transfer has been obtained (December 31, 2014 – COP 5.7 billion; $2.4 million).

(ii) *Mining title contracts – title transfers pending approval*: The Company has paid $1.6 million under certain mining title contracts for which the approval for the transfer of title has not yet been obtained from the government authorities. Under these contracts, the Company also has commitments to spend an additional COP 24.8 billion (approximately $7.9 million) which has not been included in amounts payable for acquisition of mining interests as of December 31, 2015. If government approval is not obtained, the Company will forfeit any amounts previously paid and will no longer be required to make further payments. In December 2015, the Company cancelled certain mining title contracts pending approval, reducing its commitments by $1.1 million and resulting in an impairment charge of $0.4 million of amounts that had previously been paid. During the year ended December 31, 2015, the Company’s commitments decreased by COP 7.5 billion (approximately $2.4 million) as the Company received notice that the applications for the transfer of certain titles, which were superimposed on areas the Company had already been granted, were cancelled.

(iii) *Compensation agreements*: The Company has entered into agreements to compensate artisanal miners who will be required to cease mining activities at the Company’s Marmato property upon commencement of development activities. As at December 31, 2015, a total of COP 28.9 billion ($9.2 million), including interest, is included in amounts payable for acquisition of mining interests related to these compensation agreements (December 31, 2014 – COP 28.2 billion; $11.8 million) which are currently in arrears and under discussion with the counterparties. In December 2015, the Company terminated certain compensation agreements reducing the compensation agreements payable by COP 0.9 billion (approximately $0.3 million) and recording an impairment charge of $0.5 million on amounts that had previously been paid.

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

7. IMPAIRMENT CHARGES

	Years ended December 31, 2015	2014
Segovia Operations (Note 6)		
Mineral properties	$ 18,181	$ 12,944
Plant and equipment	5,038	420
Construction in process	14,125	2,406
Inventory	-	889
	37,344	16,659
Marmato Project		
Exploration and evaluation assets (Note 6)	3,151	-
Plant and equipment	785	-
	3,936	-
	$ 41,280	$ 16,659

Segovia Operations CGU

As part of the annual review of recoverable amounts of its CGUs at December 31, 2015, the fair value (less cost of disposal) of the Segovia Operations CGU was reassessed utilizing an updated mine plan completed in December 2015 together with further changes in the expected long-term gold price. The determination of fair value (less cost of disposal) for the Segovia Operations CGU uses Level 3 valuation techniques.

The assessment of carrying value of the Segovia Operations CGU at December 31, 2015 utilized future life-of-mine ("LOM") after-tax cash flows which incorporated management's best estimates of future metals prices, production based on current estimates of recoverable mineral resources, future operating costs, capital expenditures, inflation and long-term foreign exchange rates.

The recoverable amount of the asset was then determined by discounting the LOM after-tax cash flow projections with assumptions that would be expected to be applied by market participants including a discount rate of 7.75%, a gold price of $1,200 per ounce in 2016 and long-term gold prices beyond 2016 of $1,200 (December 31, 2014 - $1,200 in 2015 and long-term gold prices beyond 2015 of $1,300). At December 31, 2015, as a result of the $100 per ounce reduction in the long-term gold price assumption compared with the 2014 annual review, the carrying value of the Segovia Operations CGU exceeded the estimated recoverable amount, and as such, a $37.3 million impairment charge was recognized against the mineral properties, property, plant and equipment and construction in process for the Segovia Operations. At December 31, 2014, a $12.9 million impairment charged was recognized against mineral properties primarily attributable to increases in income tax rates enacted in Colombia in December 2014.

As part of this year's annual review of the recoverable amount of the Segovia Operations CGU, the Company undertook a sensitivity analysis to identify the impact of changes in long-term pricing and operating costs relative to the assumptions used for the December 31, 2015 impairment testing, which would cause the carrying amount of the Segovia Operations CGU to exceed its recoverable amount. Based on this sensitivity analysis it was determined that a long-term gold price beyond 2016 of $1,350 per ounce or an 18% reduction in the LOM operating costs would have been required for the estimated recoverable amount to equal its carrying amount and no impairment charge recorded. The addition in the future of additional economically recoverable mineral resources may also trigger a reversal of impairment charges that have been recorded against the Segovia Operations CGU in the current and prior years.

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

Marmato Project CGU

The exploration potential at the Marmato Project is included as part of the Marmato Project CGU and is valued using a market approach, which examines market comparable information and external market risk, taking into account characteristics of the Marmato Project. As disclosed in Note 6, the Company recorded impairment charges totalling $3.1 million in 2015 related to certain mining titles acquisition contracts and compensation agreements that were cancelled, having a minimal impact on total resources at the Marmato Project. Based on the assessment performed as at December 31, 2015, the Company concluded that there are no significant changes in the potential gold equivalent ounces, the long-term price of gold or other factors that would indicate that the recoverable amount on an in situ per ounce basis has decreased from the prior year.

8. SALE OF 60% INTEREST IN CIIGSA REFINERY OPERATION

On May 29, 2015, the Company closed the sale of its 60% interest in the CIIGSA refinery operation in Medellin, Colombia, which had been previously classified in assets held for sale, to an arm's length third party. Total consideration of COP 5.2 billion (equivalent to approximately $2.1 million) included a deposit of COP 0.6 billion ($0.3 million) received in October 2014, cash payments received in 2015 totalling COP 0.6 billion ($0.2 million) and a balance of COP 4.0 billion (equivalent to approximately $1.6 million at the time of sale) to be received in cash instalments in 2016 through April 2018. At December 31, 2015, accounts receivable includes $1.2 million (Note 15) representing the present value of the future non-interest bearing cash consideration to be received, discounted at an annual rate of 4.91%. The Company also agreed to retain a prior obligation to repay $1.4 million of advances from the CIIGSA refinery that were subsequently fully repaid by December 31, 2015. The Company recorded a gain on sale of $0.7 million in the year ended December 31, 2015. In connection with the sale transaction, the Company also entered into a 12-year supply agreement pursuant to which it will continue to sell all of its gold and silver production in Colombia to the acquirer for processing at CIIGSA at market prices.

At December 31, 2014, the net assets of CIIGSA were classified as assets and liability held for sale in the amounts of $2.3 million and $1.6 million respectively.

A summary of the sale transaction recorded in 2015 is as follows:

Proceeds on sale		
Deposit received in 2014 (COP 620,000,000)	$	304
Payments received in 2015 (COP 576,000,000)		204
Future instalments in 2016 through 2018 (COP 4,012,000,000)		1,595
Total proceeds on sale (COP 5,208,000,000)		2,103
Amount representing interest		(172)
Present value of total proceeds on sale	$	1,931
Net assets disposed		
Working capital deficit	$	(87)
Property, plant and equipment		140
Goodwill		1,669
Non-controlling interests		(459)
		1,263
Gain on sale of CIIGSA	$	668

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

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2015	December 31, 2014
Trade payables related to operating, general and administrative expenses	$ 20,095	$ 24,859
Trade payables related to capital expenditures	1,830	4,108
Withholding taxes payable	590	3,868
Deposit related to sale of CIIGSA (Note 8)	-	304
Advances received against future gold sales	1,172	1,028
Provision for supplier contract termination	-	1,510
Other provisions and accrued liabilities	1,618	1,823
Total accounts payable and accrued liabilities	$ 25,305	$ 37,500

10. LONG-TERM DEBT

	Maturity	Currency	Interest Rate	December 31, 2015	December 31, 2014
Term loans (a)	2017	COP	Variable	$ 2,083	$ 4,428
Finance leases (b)	2016 to 2018	COP	Variable	929	1,530
Gold Notes (c)	2017	USD	10%	62,332	80,904
Silver Notes (d)	2018	USD	5%	38,408	33,436
Total long-term debt				103,752	120,298
Less: current portion				102,183	116,333
Long-term portion				$ 1,569	$ 3,965

a) Term loans

At December 31, 2015, the Company had a total of COP 6.6 billion outstanding, equivalent to approximately $2.1 million (December 31, 2014 – COP 10.7 billion or $4.4 million), pursuant to a term loan due August 2017 with a Colombian bank which is repaid on a quarterly basis and bears interest at the Colombian market weekly average of fixed-term deposits ("DTF") rate (December 31, 2015 – 5.22%) plus 4.0%. The term loan is secured by a portion of the operating cash flows from the Segovia Operations which are accumulated through a monthly deposit of COP 450 million (approximately $0.2 million) into a restricted cash account to meet the debt service obligations. At December 31, 2015, there was $0.1 million held in trust for this term loan (December 31, 2014 - Nil).

b) Obligations under finance leases

At December 31, 2015, the Company had a total of five finance leases related to mining and other equipment used in the Company's Segovia Operations. The leases are paid in monthly instalments over three- to five-year terms and, at the end of the leases, the Company has the option to purchase the equipment for a total of COP 0.4 billion, equivalent to 10% of the original value or approximately $0.2 million. The leases have an average effective interest rate of 8.96%. Under the arrangements, the Company's annual minimum lease payments at December 31, 2015 are:

Within 1 year	$ 323
2-5 years, including purchase option	758
Total minimum lease payments	1,081
Amount representing interest	(152)
Present value of net minimum lease payments	$ 929

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

c) Senior secured gold-linked notes (the "Gold Notes")

	Number of Gold Notes	Amount
As at December 31, 2013	100,000	$ 85,469
Gain on mark-to-market adjustment (Note 18)	-	(5,469)
Interest in arrears	-	904
As at December 31, 2014	100,000	80,904
Gain on mark-to-market adjustment (Note 18)	-	(19,556)
Interest in arrears	-	984
As at December 31, 2015	100,000	$ 62,332
As at December 31, 2015		
Gold Notes, at estimated fair value	100,000	$ 60,444
Interest in arrears, including interest thereon	-	1,888
	100,000	$ 62,332

In October 2012, the Company issued 100,000 Gold Notes at a price of $1,000 principal amount of units for gross proceeds of $100 million. Each unit consisted of one $1,000 face amount secured, 10% Gold Note and 10 common share purchase warrants (Note 13(c)). Collectively, holders of the Gold Notes had a notional call on the U.S. dollar financial equivalent of approximately 71,429 ounces of gold (the "Implied Gold Ounces") at a notional price of $1,400 per ounce. Bearing interest at a rate of 10% per year, accruing and payable monthly in arrears on the last business day of every month, the Gold Notes entitled the holder thereof to receive a cash payment equal to the greater of: (i) the U.S. dollar financial equivalent of approximately 0.7143 ounces of gold per Gold Note and (ii) the U.S. dollar face amount of the Gold Note. Holders of the Gold Notes also had the option to require the Company to purchase up to $6.25 million aggregate face amount of the Gold Notes at the end of each three-month period beginning in November 2014 through July 2017 with principal being repaid in the greater of (i) up to US$6.25 million aggregate face amount of the Gold Notes, and (ii) the U.S. dollar financial equivalent of up to 6.25% of the Implied Gold Ounces underlying the Gold Notes. At maturity in October 2017, the Company was required to pay the greater of (i) the balance of the face amount of the Gold Notes and (ii) the U.S. dollar financial equivalent of the Implied Gold Ounces underlying the balance of the Gold Notes which have not been put to the Company.

The Gold Notes were secured by: (i) a general security agreement on assets of the Company; (ii) a general pledge of assets of Gran Colombia Gold, S.A. (a Panamanian company) (excluding its interest in the shares of certain Unrestricted Subsidiaries), (iii) a general pledge of assets registered against Zandor Capital, S.A., a Panamanian company; (iv) a pledge of the securities of Zandor Capital, S.A.; (v) a general pledge of assets in Colombia of the Colombian branches of Zandor Capital, S.A., the registered owner of the assets comprising the Segovia Operations; (vi) a pledge of the securities of Mineros Nacionales S.A.S., Minerales Andinos de Occidente, S.A. and Minera Croesus, S.A.S., each a Colombian corporation; (vii) a general pledge of assets of Mineros Nacionales S.A.S., Minerales Andinos de Occidente, S.A. and Minera Croesus, S.A.S., which are the registered owners of the assets comprising the Marmato Project; (viii) direct security on material mining titles to the Segovia Project and the Marmato Project; and (ix) a pledge of the securities and a general pledge of assets of any Restricted Subsidiary holding or receiving any cash deriving from the Segovia Operations or the Marmato Project. The Company was permitted to incur additional indebtedness that could be secured by liens on the collateral.

On December 31, 2014, the Company was required to make an interest payment on the Gold Notes in the amount of $0.9 million. However, the Corporation was not able to do so at that time. Although the interest payment was due on December 31, 2014, it did not immediately give rise to an event of default under the Gold Note indenture. However, as the Company was unable to pay the amount within the 30-business day cure period, this became an event of default after the passage of time on February 12, 2015. Subsequent to the end of 2014, the Company did not pay its monthly interest due on January 30, 2015 of $0.8 million and did not honour the quarterly Put Option exercises commencing January 30, 2015. The Company also did not segregate any gold production as required under the terms of the Gold Notes indenture. Interest accrued on the interest in arrears at the rate of 10% per annum. Monthly interest payments started again on February 27, 2015 and continued through the end of 2015; however, the Company remained in default with respect to the monthly interest payments and the Put Option exercises. Total arrears interest at December 31, 2015 on the Gold Notes amounted to approximately $1.9 million.

Following approval at special meetings of the holders of the Company's common shares, Gold Notes and Silver Notes held on December 22, 2015 and final approval on January 8, 2016 from the Supreme Court of British Colombia, the Company's comprehensive debt restructuring was implemented pursuant to a Plan of Arrangement under the Business Corporations Act (British Columbia) (the "Arrangement") on January 20, 2016 (the "Exchange Date"). Under the Arrangement:

i. all accrued and unpaid interest on the Gold Notes, together with a 2% restructuring fee, were added to the principal amount of each Gold Note;
ii. the principal amount of the Gold Notes were exchanged for the same principal amount of Senior Secured Convertible Debentures due 2020 (the "2020 Debentures") rounded down to the nearest whole $1.00; and
iii. holders of the Gold Notes had the option to convert some or all of their debt for common shares on the Exchange Date at a conversion price of $0.13 per common share.

Subsequent to December 31, 2015, on closing of the Arrangement, the Company issued 1,201,707 additional common shares to certain holders of Gold Notes who elected to receive common shares in exchange for $0.16 million principal amount of Gold Notes, including all corresponding accrued and unpaid interest and applicable restructuring fees as of the Exchange Date.

Key terms of the 2020 Debentures, which were listed for trading on the Toronto Stock Exchange on January 22, 2016 under the trading symbol GCM.DB.V, include:

i. The aggregate principal amount, before conversions elected on the Exchange Date, was $104.2 million, representing the sum of $100 million principal amount of the Gold Notes plus $2.2 million of accrued and unpaid interest on the Gold Notes and a $2.0 million restructuring fee that were added to the principal amount of the Gold Notes under the Arrangement. On the Exchange Date, a total of $0.16 million of the aggregate principal amount of the 2020 Debentures was converted to common shares as noted above at a conversion price of $0.13 per common share.
ii. The 2020 Debentures are issuable only in denominations of $1.00 and integral multiples thereof.
iii. The 2020 Debentures bear cash interest at a rate of 6.00% per annum payable monthly in arrears on the last business day of each month, commencing on February 29, 2016.
iv. The maturity date is January 2, 2020.
v. The 2020 Debentures are convertible, at the option of the holder at any time prior to the close of business on the maturity date at a conversion price of $0.13 per common share (this represents a conversion rate of approximately 7,692 common shares per $1,000 principal amount of 2020 Debentures). The conversion price is subject to standard provisions providing for adjustments upon the occurrence of certain corporate events.
vi. The 2020 Debentures may be redeemed for cash in whole or in part from time to time at the option of the Company on not more than 60 days and not less than 30 days prior notice, at a price equal to their principal amount plus accrued and unpaid interest.
vii. The 2020 Debentures are senior secured indebtedness of the Company. The ranking of, and security for, the 2020 Debentures are as set out in the Gold Notes indenture. The covenants and events of default are also as set out in the Gold Notes indenture.
viii. In addition to the right of the Company to redeem the 2020 Debentures, as set out above, the Company also has the right at any time to purchase the 2020 Debentures in the market, by tender, or by private contract, at any price, which, for greater certainty, may be below par.
ix. If a change of control occurs, each holder will have the option to elect to put the 2020 Debentures held, in whole or in part, for settlement by the Company on the basis of 101% of the face amount of the debentures plus accrued and unpaid interest, provided however, that a change of control will be deemed not to have occurred if the acquirer has a credit rating of B or better on a pro forma post-consolidated basis and such acquirer agrees to guarantee all obligations under the 2020 Debentures.

In addition to the above, the Company covenants that, commencing in 2016, 75% of its Excess Cash Flow, as defined below, will be paid into a sinking fund, which will be applied towards repayment, repurchase (in the market, by tender, or by private contract, at any price, which, for greater certainty, may be below par) or other redemption, as the Company elects, of the 2020 Debentures. “Excess Cash Flow” means with respect to any fiscal quarter of the Company, consolidated EBITDA for such fiscal quarter less capital, development and exploration expenditures, cash payments of principal and interest on debt, changes in non-cash working capital items and payment of taxes and certain other existing financial obligations of the Company.

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

The Gold Notes were considered a unit that included two separate financial instruments, the 10% coupon secured $1,000 principal note and the unlisted share purchase warrants. As such, on issuance, the Company elected to value the $1,000 principal notes first and allocate the residual amount to the warrants. The $1,000 principal notes are a financial liability and have been designated as fair value through profit and loss. The Gold Notes contained two embedded derivatives as the future principal repayments were linked to the price of gold and included a put option by the holder. The embedded derivatives were not valued and recorded separately as the Company had elected to record the entire hybrid instrument at fair value. As such, the Gold Notes were recorded at fair value at inception and are subsequently held at fair value with the change in fair value being recognized in the statement of operations. At December 31, 2015, in light of the Arrangement, fair value has been determined based on a valuation methodology that captures all the features of the 2020 Debentures in a set of partial differential equations that are then solved numerically to arrive at the value of the Gold Notes. The Gold Notes are classified as Level 2 in the fair value hierarchy outlined in IFRS 13, *Financial Instruments: Disclosures* as the fair value has 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.

During the period from January 20, 2016 through March 30, 2016, holders have elected to convert a total of $0.5 million of 2020 Debentures in exchange for 3,830,767 common shares of the Company.

d) Senior unsecured silver-linked notes (the “Silver Notes”)

	Number of Silver Notes	Amount
As at December 31, 2013	78,632	$ 66,605
Gain on mark-to-market adjustment (Note 18)	-	(35,153)
Interest in arrears	-	1,984
As at December 31, 2014	78,632	33,436
Loss on mark-to-market adjustment (Note 18)	-	4,569
Interest in arrears	-	403
As at December 31, 2015	78,632	$ 38,408
As at December 31, 2015		
Silver Notes, at estimated fair value	78,632	$ 36,021
Interest in arrears, including interest thereon	-	2,387
	78,632	$ 38,408

In August 2011, the Company issued 80,000 Silver Notes due August 2018 at a price of $1,000 principal amount per Silver Note for gross proceeds of $80 million. Subsequent to the issuance in 2011, the Company repurchased for cancellation a total of 1,368 Silver Notes on the open market through a normal course issuer bid that has since expired. Bearing interest at a rate of 5.0% per year, payable semi-annually in arrears on June 30 and December 31 of each year, Silver Note holders were entitled to receive pro rata principal repayments based on the greater of (i) the principal amount of the Silver Note held or (ii) the U.S. dollar financial equivalent to approximately 66.7 ounces of silver per Silver Note, as determined using the average realized silver price by the Company over the six-month period immediately prior to any repayment or redemption of principal. The first principal repayment of 10% of the Silver Notes was due in August 2015. Subsequent principal repayments were due each anniversary date thereafter until maturity.

On December 31, 2014, the Company was required to make a semi-annual interest payment on the Silver Notes in the amount of $2.0 million. However, the Company was not able to do so at that time. Although the interest payment was due on December 31, 2014, it did not immediately give rise to an event of default under the Silver Notes indenture. Subsequently, the Company was unable to pay the amount within the 10-day cure period and this became an event of default on January 10, 2015. In addition, the Company did not make the full semi-annual interest payments due on June 30, 2015 and December 31, 2015 in the amount of approximately $2.0 million each. Interest was accrued on the interest in arrears at the rate of 5% per annum. The Company began making monthly interest payments of approximately $0.3 million on the Silver Notes on February 27, 2015 and continued through the end of 2015. These payments were applied against the interest amounts in arrears; however, the Company remained in default with respect to the interest payments owed on June 30, 2015 and December 31, 2015. Total arrears interest at December 31, 2015 on the Silver Notes amounted to approximately $2.4 million.

As discussed in Note 10(e), the Company implemented an Arrangement on January 20, 2016 pursuant to which:

i. all accrued and unpaid interest on the Silver Notes, together with a 2% restructuring fee, were added to the principal amount of each Silver Note;
ii. the principal amount of the Silver Notes were exchanged for the same principal amount of Senior Unsecured Convertible Debentures due 2018 (the “2018 Debentures”) rounded down to the nearest whole $1.00; and
iii. holders of the Silver Notes had the option to convert some or all of their debt for common shares on the Exchange Date at a conversion price of $0.13 per common share.

Subsequent to December 31, 2015, on closing of the Arrangement, the Company issued 88,663,322 additional common shares to certain holders of Silver Notes who elected to receive common shares in exchange for $11.5 million principal amount of Silver Notes, including all corresponding accrued and unpaid interest and applicable restructuring fees as of the Exchange Date.

Key terms of the 2018 Debentures, which were listed for trading on the Toronto Stock Exchange on January 22, 2016 under the trading symbol GCM.DB.U, include:

i. The aggregate principal amount, before conversions elected on the Exchange Date, was $82.7 million, representing the sum of $78.6 million principal amount of the Silver Notes plus $2.5 million of accrued and unpaid interest on the Silver Notes and a $1.6 million restructuring fee that were added to the principal amount of the Silver Notes under the Arrangement. On the Exchange Date, a total of $11.5 million of the aggregate principal amount of the 2018 Debentures was converted to common shares at a conversion price of $0.13 per common share.
ii. The 2018 Debentures are issuable only in denominations of $1.00 and integral multiples thereof.
iii. The 2018 Debentures bear cash interest at a rate of 1.0% per annum payable monthly in arrears on the last business day of each month, commencing on February 29, 2016.
iv. The maturity date is August 11, 2018.
v. The 2018 Debentures are convertible, at the option of the holder at any time prior to the close of business on the maturity date at a conversion price of $0.13 per common share (this represents a conversion rate of approximately 7,692 common shares per $1,000 principal amount of 2018 Debentures). The conversion price is subject to standard provisions providing for adjustments upon the occurrence of certain corporate events.
vi. The 2018 Debentures may be redeemed for cash in whole or in part from time to time at the option of the Company on not more than 60 days and not less than 30 days prior notice, at a price equal to their principal amount plus accrued and unpaid interest.
vii. On maturity, provided that no event of default shall have occurred and be continuing, the Company may, at its option, elect to satisfy its obligation to repay principal plus accrued and unpaid interest amounts (the “Outstanding Balance”) of the 2018 Debentures by issuing and delivering that number of common shares obtained by dividing the Outstanding Balance by $0.13. However, should the volume-weighted average trading price of the Company’s common shares traded during the 20 consecutive trading days ending five trading days prior to August 11, 2018 be below $0.13 per common share, 19% of the Outstanding Balance must be settled in cash and 81% of the Outstanding Balance may be settled, at the Company’s option, in cash or by issuing and delivering that number of common shares at $0.13 per common share.
viii. The 2018 Debentures are unsecured indebtedness of the Company. The covenants and events of default are as set out in the Silver Notes indenture.
ix. In addition to the right of the Company to redeem the 2018 Debentures, as set out above, the Company also has the right at any time to purchase the 2018 Debentures in the market, by tender, or by private contract, at any price, which, for greater certainty, may be below par.

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

x. If a change of control occurs, each holder will have the option to elect to put the 2018 Debentures held, in whole or in part, for settlement by the Company on the basis of 101% of the face amount of the debentures plus accrued and unpaid interest, provided however, that a change of control will be deemed not to have occurred if the acquirer has a credit rating of B or better on a pro forma post-consolidated basis and such acquirer agrees to guarantee all obligations under the 2018 debentures.

In addition to the foregoing, the Company covenants that, commencing in 2016, 25% of its Excess Cash Flow, as defined in Note 10(c), will be paid into a sinking fund, which will be applied towards repayment, repurchase (in the market, by tender, or by private contract, at any price, which, for greater certainty, may be below par) or other redemption, as the Company elects, of the 2018 Debentures.

The Silver Notes are a financial liability and have been designated as fair value through profit and loss. The Silver Notes contained an embedded derivative as the future principal repayments were originally linked to the price of silver. The embedded derivative was not valued and recorded separately as the Company elected to record the entire hybrid instrument at fair value. The Silver Notes were recorded at face value at inception and are subsequently held at fair value with the change in fair value being recognized in the statement of operations. At December 31, 2015, in light of the Arrangement, fair value has been determined based on a valuation methodology that captures all the features of the 2018 Debentures in a set of partial differential equations that are then solved numerically to arrive at the value of the Silver Notes. The Silver Notes are classified as Level 2 in the fair value hierarchy outlined in IFRS 13, *Financial Instruments: Disclosures* as the fair value has 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.

During the period from January 20, 2016 through March 30, 2016, holders have elected to convert an additional total of $1.1 million of 2018 Debentures in exchange for 8,129,289 common shares of the Company.

e) Scheduled debt repayments

	2016	2017	2018	2019	2020	Total
Term loans	$ 1,191	$ 892	$ -	$ -	$ -	$ 2,083
Finance leases [1]	323	313	391	54	-	1,081
Gold Notes [2]	62,332	-	-	-	-	62,332
Silver Notes [2]	38,408	-	-	-		38,408
	$ 102,254	$ 1,205	$ 391	$ 54	$ -	$ 103,904

[1] Includes interest and purchase option.
[2] The Gold and Silver Notes were in default as at December 31, 2015, as described in Notes 10(c) and 10(d). As such, irrespective of the scheduled debt repayments under the notes' indentures, the entire amount of the notes has been included in 2015 at their respective fair values, including interest in arrears. See Notes 10(c) and 10(d) for details of the subsequent restructuring of the Gold and Silver Notes.

f) Other debt facilities

In 2014, the Company repaid $1.0 million it had borrowed in 2013 under a factoring loan agreement secured against a portion of its VAT receivables and $3.0 million of borrowings under a revolving credit facility of its CIIGSA refinery operation.

11. WEALTH TAX

On December 23, 2014, a new tax reform bill amending the Colombian Tax Statute introduced a new wealth tax applicable for 2015 through 2017, inclusive. The taxable basis will accrue annually on January 1st of each year, is payable in two instalments in May and September and, for 2015, was based on up to 1.15% of gross equity in Colombia (minus allowable debts) held through branches or permanent establishments located in Colombia. The maximum wealth tax rates in 2016 and 2017 decrease to 1.00% and 0.40%, respectively. The Company recorded an expense of $3.4 million in the year ended December 31, 2015, representing its obligation for the first year of the wealth tax. The amount payable at December 31, 2015 includes approximately $0.1 million for interest on instalments in arrears.

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

12. PROVISIONS

A summary of changes to provisions is as follows:

	Decommissioning and rehabilitation	Environmental discharges	Frontino health obligations	Total
As at December 31, 2013	$ 11,163	$ 10,883	$ 19,495	$ 41,541
Recognized in period	-	1,114	-	1,114
Effect of changes in estimates	128	133	(808)	(547)
Interest recognized in the period	-	728	-	728
Payments in the period	-	-	(1,086)	(1,086)
Accretion of discount	536	515	1,571	2,622
Exchange difference	(2,261)	(2,481)	(3,885)	(8,627)
As at December 31, 2014	9,566	10,892	15,287	35,745
Recognized in period	-	725	-	725
Effect of changes in estimates	(1,336)	-	(149)	(1,485)
Interest recognized in the period	-	765	-	765
Payments in the period	-	(748)	(756)	(1,504)
Accretion of discount	419	465	998	1,882
Exchange difference	(2,306)	(2,791)	(3,708)	(8,805)
As at December 31, 2015	$ 6,343	$ 9,308	$ 11,672	$ 27,323
Current	$ -	$ 1,178	$ 654	$ 1,832
Non-current	6,343	8,130	11,018	25,491
	$ 6,343	$ 9,308	$ 11,672	$ 27,323

a) Decommissioning and rehabilitation provision

During the second quarter of 2012, the Company filed a five-year environmental management plan for the Segovia Operations with the local authority. Although the Company is not currently required to prepare a comprehensive closure plan for the Segovia Operations, it has estimated the undiscounted costs to be incurred with respect to the ultimate mine closure and reclamation activities to be approximately $15 million. As such, the Company recorded the present value of the estimated obligation as a decommissioning liability during the second quarter of 2012. The provision recorded represents management's best estimate of the future reclamation and remediation obligation; however, the estimated amount is inherently uncertain and will be revised as further information becomes available. Actual future expenditures may therefore differ materially from the amounts currently provided. During the year ended, December 31, 2015, the Company recorded a reduction in the present value of the decommissioning and rehabilitation provision and the corresponding mineral property related the Company extended the expected date of expenditures for the closure and reclamation activities for the Segovia Operation based on the current updated mine plan.

	Expected date of expenditures	Inflation rate	Pre-tax risk free rate	Undiscounted cash flow
Marmato Mine	2020	4.6%	6.24%	$ 699
Segovia Operations	2023	4.6%	6.24%	8,535

b) Provision for Segovia Operation environmental discharges

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. The gold processing plant acquired in the August 2010 acquisition of the Frontino assets has been producing discharges to the environment for many years. Since the Frontino acquisition, the

Company has been taking steps to minimize and eventually eliminate these discharges through its capital investments in its gold processing plant and the expansion of its tailings storage facilities.

In July 2013, Corantioquia issued a resolution confirming an assessment of fees totalling COP 29.5 billion (approximately $12.3 million) for environmental discharges in 2010 and 2011 at tariff rates that significantly exceed 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 discharge fees. The matter is currently still in process in the judicial system.

In April 2013, Corantioquia issued an invoice to the Company in the amount of COP 9.9 billion (approximately $5.1 million), including interest, in respect of discharge fees for 2012. After administrative remedies, Corantioquia issued a resolution in August 2013, reducing the assessed amount to COP 9.8 billion. In February 2014, after further appeal by the Company, the interest included in the 2012 assessment was cancelled, reducing the amount to COP 9.7 billion (approximately $5.0 million).

In June 2014, Corantioquia issued an invoice to the Company in the amount of COP 3.6 billion (approximately $1.9 million), including interest, in respect of discharge fees for 2013.

In February 2015, the Company signed a four-year payment plan agreement for settlement of the 2012 and 2013 discharge fee obligations which includes COP 1.9 billion (approximately $0.8 million) of accrued interest up to the date of commencement of the payment plan. The payment plan agreement bears interest at 19.21% per annum and will be paid in 48 escalating monthly payments which commenced on February 19, 2015.

In April 2015, Corantioquia issued an invoice to the Company in the amount of COP 2.3 billion (approximately $1.0 million), including interest, in respect of discharge fees for 2014. The Company is currently in discussion with Corantioquia to formalize a multi-year payment plan for this invoice with payments expected to commence in 2016.

Based on the foregoing, the Company has recorded a provision in operating costs for the year ended December 31, 2015 in the amount of $0.7 million (December 31, 2014 - $1.1 million) representing its best estimate of the potential liability for environmental discharge fees incurred during the year that have not yet been assessed by Corantioquia.

c) Provision for Frontino health obligations

In connection with the 2010 acquisition of the Frontino assets, the Company agreed to fund the obligatory ongoing health plan contributions of the participants in Frontino's pension plan. The fair value of this obligation based on an actuarial report prepared as at December 31, 2015, with an inflation rate of 2.88% and a discount rate of 7.82%, was COP 36.8 billion (approximately $11.7 million). The Company is currently paying approximately COP 0.2 billion (approximately $0.1 million) monthly to fund the obligatory health plan contributions. At December 31, 2015, cash in trust includes $0.3 million deposited in a restricted fund account as security against this obligation (December 31, 2014 - $0.7 million).

13. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value.

b) Issued and fully paid

In March and August 2015, 20 and 13 common shares were issued upon exercise of warrants, respectively (note (c) below).

On March 18, 2014, the Company completed an equity offering, including the exercise in part by the underwriter of the over-allotment option, of 8,423,837 units at a price per unit of CA$1.93 for aggregate gross proceeds to the Company of CA$16.3 million. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant (Note 13(c)). The underwriters received a fee of 6% of the gross proceeds of the equity offering. The equity offering was completed pursuant to a short form prospectus dated February 28, 2014.

Blue Pacific Assets Corp. ("Blue Pacific"), subscribed for 2,211,442 units pursuant to the equity offering, increasing its beneficial ownership in the Company to approximately 14.9% of the issued and outstanding shares in the capital of the Company on a non-diluted basis (Note 21).

As at December 31, 2015, there were 23,703,281 common shares issued and outstanding (December 31, 2014 – 23,703,248 common shares). See Notes 10c and 10d for common share issuances subsequent to December 31, 2015.

c) Share purchase warrants

Warrants (GCM.WT.A)

In connection with the March 18, 2014 equity offering (Note 13(b)), the Company issued one-half of one common share purchase warrant for each unit sold. Each warrant will entitle the holder to purchase one of the Company's common shares at CA$3.25 per common share for a period of five years. The value assigned to the share purchase warrants of $3.7 million was determined using a Black-Scholes option pricing model assuming no dividends were paid, an expected volatility of 75%, an annual risk free interest rate of 1.68% and an expected life of 5 years. As at December 31, 2015, 4,211,918 Warrants were outstanding and exercisable.

Warrants (GCM.WT)

In March and August 2015, 20 and 13 warrants were exercised, respectively. As at December 31, 2015, there were nil (December 31, 2014 – 6,318,792) Warrants issued and outstanding.

The Company had previously issued warrants in 2010 and 2011 under the Company's warrant indenture dated August 20, 2010 that entitled the holder thereof to acquire one common share of the Company at an exercise price of CA$65 per common share with an expiry date of August 24, 2015.

On August 24, 2015, the remaining 6,318,759 Warrants expired unexercised, resulting in a tax expense of approximately $13.4 million which has been reflected as a reduction in contributed surplus associated with the Warrants. Concurrently, the Company has recognized a tax asset, related to available tax losses in Canada, to offset the tax liability on the expired warrants. These tax losses and other attributes resulted in a deferred tax recovery of $8.0 million that has been included in the provision for income taxes in profit/loss during the year ended December 31, 2015.

Unlisted Share Purchase Warrants issued through Gold Notes offering

In connection with the issuance of the 100,000 Gold Notes (Note 10(c)), the Company issued 10 unlisted share purchase warrants for each Gold Note. Each warrant will entitle the holder to purchase one of the Company's common shares at a price of CA$18.75 and will expire on October 31, 2017. As at December 31, 2015, 1,000,000 Warrants were outstanding and exercisable.

d) Stock option plan

The Company has a "rolling" Stock Option Plan (the "Plan") in compliance with the TSX's policy for granting stock options. Under the Plan, 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 optionee, may not exceed 5% of the issued common shares on a yearly basis. As of March 30, 2016, a total of 11,404,375 common shares have been reserved for issuance under the Company's stock option plan.

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. Almost all stock options granted to date vested immediately and have a five-year life from the date of grant.

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

A summary of changes in common shares reserved for issuance pursuant to stock options is as follows:

	Outstanding common shares issuable	**Weighted average exercise price per common share (CA$)**
Balance, December 31, 2013	1,264,832	$ 30.89
Granted during the year	847,500	1.84
Cancelled during the year	(745,257)	31.88
Balance, December 31, 2014	1,367,075	$ 12.34
Granted during the year	-	-
Cancelled during the year	(469,339)	25.29
Balance, December 31, 2015	897,736	$ 5.57

The Company did not grant stock options during the year ended December 31, 2015.

On July 21, 2014, the Company granted a total of 847,500 stock options to directors, management and employees. These stock options, exercisable at CA$1.84 per share, vested immediately and have a five-year term to expiry.

A summary of the stock compensation expense recorded by the Company and 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, 2015	2014
Stock compensation expense	$ -	$ 789
Per option	-	CA$1.00
Black-Scholes option pricing model inputs		
Weighted average share price	-	CA$1.84
Dividends paid	-	Nil
Weighted expected volatility	-	93%
Weighted risk-free interest rate	-	0.95%
Expected life of options	-	2.5 years

The table below summarizes information about the stock options outstanding and the common shares and warrants issuable as at December 31, 2015:

Range of exercise prices (CA$/share)	Outstanding and exercisable options	Common shares issuable[(1)]	Weighted average remaining contractual life in years	Weighted average exercise price (CA$/share)
0.00 – 15.00	713,000	713,000	3.5	1.97
15.01 – 30.00	174,936	174,936	0.7	18.23
30.01 – 45.00	4,000	4,400	0.4	36.59
45.01 – 60.00	5,000	5,400	0.1	45.78
	896,936	897,736	2.9	5.57

(1) Pursuant to the Medoro acquisition, the Company exchanged stock options of the Company with holders of an equivalent number of Medoro stock options as of June 10, 2011. Under the terms of the Arrangement Agreement, each exchanged option of the Company entitles the holder to acquire 1.2 common shares.

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

14. 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, 2015	2014
Net (loss) income before income taxes	$ (5,458)	$ 9,369
Canadian statutory income tax rate	26.5%	26.5%
Income tax expense (recovery) at statutory rate	(1,446)	2,483
Increase (decrease) in income tax provision resulting from:		
Other non-deductible (non-taxable) expenses	(493)	742
Share-based compensation	-	209
Impact of foreign exchange	11,742	12,025
Differences in tax rates in foreign jurisdictions	4,027	(1,877)
Change in unrecorded deferred tax asset	2,177	(774)
Losses that had not been previously recognized	(8,376)	-
Presumptive tax	-	211
Income tax expense for the year	$ 7,631	$ 13,019
Current income tax expense	$ 5,716	$ 1,826
Deferred income tax expense	1,915	11,193
Income tax expense for the year	$ 7,631	$ 13,019

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

	December 31, 2015	December 31, 2014
Deferred tax assets		
Tax loss carryforwards	$ 6,780	$ 15,224
Mining interests	4,816	-
Provisions	1,651	-
Other	243	-
Deferred tax liabilities		
Mining interests	(41,267)	(32,417)
Long-term debt	(16,084)	(12,906)
Total deferred tax	$ (43,861)	$ (30,099)
Deferred tax asset	$ 6,404	$ -
Deferred tax liability	(50,266)	(30,099)
Total deferred tax	$ (43,861)	$ (30,099)

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.

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

	Years ended December 31, 2015	2014
Balance at the beginning of the year	$ 30,099	$ 20,148
Recognized in profit / loss	1,915	11,193
Recognized in contributed surplus	13,355	-
Recognized in other comprehensive loss	(1,508)	(1,242)
Balance at the end of the year	$ 43,861	$ 30,099

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.

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

The Company has $8.2 million of ordinary losses in respect of its Colombian operations which do not expire and $20.3 million of non-capital losses in respect of its Canadian head office which expire in the years 2031 to 2034.

The Company has other deductible temporary differences, totaling $6.3 million (December 31, 2014 - $9.9 million), for which no deferred tax assets have been recognized.

15. 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. It is the Company's policy that no speculative trading in derivatives shall be undertaken.

Credit risk

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 and Colombian financial institutions, and accounts receivable. Although the Company is now obligated through its long-term supply agreement (Note 8) to sell its production to a single customer, the Company's credit risk is minimal as it receives 80% of the sales proceeds upon delivery of its production to CIIGSA and the balance within a short settlement period thereafter. In the event that CIIGSA is unable to perform under the supply agreement, the Company does have other avenues through which it can sell its production. The Company is exposed to credit risk in respect of the accounts receivable for the future instalments to be received for the proceeds on sale of CIIGSA (Note 8); however, the Company believes the counterparty to the sale transaction will be able to meet its financial obligations as they come due in accordance with the sale transaction.

Details of the Company's accounts receivable by source is as follows:

	December 31, 2015	December 31, 2014
Trade	$ 1,096	$ 191
VAT recoverable	3,992	12,071
Receivable from sale of CIIGSA (Note 8)	1,168	-
Other	712	833
Total accounts receivable	$ 6,968	$ 13,095
Current	$ 6,172	$ 13,095
Non-current (Note 8)	796	-
Total accounts receivable	$ 6,968	$ 13,095

The Company's accounts receivable are aged as follows:

	December 31, 2015	December 31, 2014
Not past due	$ 7,015	$ 13,103
Past due (0-30 days)	-	-
Past due (31-120 days)	-	85
Past due (over 120 days)	85	932
Allowance for doubtful accounts	(132)	(1,025)
Total accounts receivable	$ 6,968	$ 13,095

During the year ended December 31, 2015, approximately $9.4 million of the Company's recoverable VAT was collected, of which $2.5 million was applied against its equity tax payable, $2.6 million was used to repay the factoring loan, including additional interest (Note 10(f)) and the balance was used to reduce accounts payable and accrued liabilities.

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

Foreign currency risk

The Company is exposed to foreign currency fluctuations in COP and CA. Such exposure arises primarily from expenditures that are denominated in currencies other than the functional currency. The Company monitors its exposure to foreign currency risks. To reduce its foreign currency exposure associated with operating expenses incurred in COP, the Company may enter into foreign currency derivatives to manage such risks. In January 2014, the Company had entered into forward contracts with a Colombian bank to sell a total of $2.0 million for COP at an average rate of COP 1991.37 per U.S. dollar, all of which were settled before the end of February 2014. These currency forward contracts were not designated as a hedge and the change in fair value was recorded in profit or loss.

The following table summarizes, in USD equivalents, the Company's major currency exposures as of December 31, 2015:

	CA	COP
Cash	$ 18	$ 2,936
Cash in trust	-	387
Accounts receivable	64	5,731
Accounts payable and accrued liabilities(1)	(1,068)	(31,584)
Long-term debt, including current portion	-	(3,013)
Net financial liabilities	$ (986)	$ (25,543)

1) Includes accounts payable for acquisitions of exploration and evaluation assets.

Based on the net exposure at December 31, 2015, a 10% depreciation or appreciation of the CA against the USD would result in approximately a $0.2 million increase or decrease in the Company's after-tax net loss and a 10% depreciation or appreciation of the COP against the USD would result in approximately a $0.9 million increase or decrease in the Company's after-tax net loss and would result in approximately a $1.7 million increase or decrease in the Company's other comprehensive loss.

Interest rate risk

The Company is exposed to interest rate risk on its outstanding borrowings, cash and restricted cash balances. The Company monitors its ongoing exposure to interest rates. The Company is exposed to interest rate cash flow risk on floating interest rate bank indebtedness and long-term debt due to fluctuations in market interest rates. The Company has not entered into any derivative agreements to mitigate this risk. Based on its borrowings as at December 31, 2015, a 1% hypothetical change in the variable interest rate would not expose the Company to a significant increase or decrease in its annual interest expense. The remainder of the Company's financial assets and liabilities are not exposed to interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. To the extent that the Company does not believe it will have sufficient liquidity to meet these obligations, management will consider securing additional funds through equity or debt transactions and, if required, renegotiate the terms of the obligations. The Company manages its liquidity risk by continuously monitoring forecast cash flow requirements. See Note 1 for management's assessment of the appropriateness of the use of the going concern assumption and Notes 10(c) and 10(d) regarding the events of default under the Gold and Silver Notes, respectively, and their subsequent restructuring.

The Company's financial obligations currently consist of:

- *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 also enters into payment plans to pay these amounts over extended periods, typically less than 12 months.
- *Amounts due for property acquisitions*: The Company has suspended payments on most of its agreements related to the Marmato title contracts and compensation agreements and is currently in

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

negotiations with many of the counterparties to amend the terms of the agreements, including extending the timing to complete past due payments related to its Marmato Project commitments.

- *Short- and long-term debt (excluding the Silver and Gold Notes):* These obligations represent borrowings under short- and long-term facilities with financial institutions (see Note 10).
- *Gold and Silver Notes*: As described in Notes 10(c) and 10(d), these obligations, carried at fair value, are currently in default and accordingly, the full amount of the obligations, including interest in arrears, has been included in current liabilities. See Notes 10(c) and 10(d) for details of the subsequent restructuring of the Gold and Silver Notes.

The carrying value of short-term debt, accounts payable and accrued liabilities, and amounts payable for property acquisitions approximates their respective fair values as they are short-term in nature. The carrying value of the long-term debt (excluding the Silver and Gold Notes) approximates its fair value as it is at floating rates.

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.

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.

The following table summarizes the Company's financial instruments that are carried at fair value as at December 31, 2015, in accordance with the classification of fair value input hierarchy in IFRS 13, Financial Instruments – Disclosures.

	Level 1	Level 2	Level 3	Total
Investment in Tolima Gold Inc.	$ 18	$ -	$ -	$ 18
Gold Notes (Note 10(c))	-	60,444	-	60,444
Silver Notes (Note 10(d))	-	36,021	-	36,021
	$ 18	$ 96,465	$ -	$ 96,483

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.

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 ($149.2 million) and its long-term debt ($103.8 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, 2015, the Company is not subject to any externally imposed capital requirements.

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

16. COST OF SALES

	Years ended December 31, 2015	2014
Production costs	$ 80,359	$ 93,142
Production taxes	6,087	5,478
Provision for environmental discharges (Note 12(b))	725	1,247
Workforce reduction costs	2,170	1,619
Supplier contract termination costs	(475)	1,900
Depreciation, depletion and amortization	12,472	15,737
	$ 101,338	$ 119,123

17. FINANCE COSTS

	Years ended December 31, 2015	2014
Total interest	$ 18,708	$ 19,045
Less: amounts capitalized	(10,000)	(10,000)
Interest expense	8,708	9,045
Accretion of equity tax payable	-	106
Accretion of provisions (Note 12)	1,882	2,622
Notes restructuring costs (Notes 10(c)(d))	2,284	46
Other financing fees	-	350
	$ 12,874	$ 12,169

In addition to the above, the Company capitalized $10.0 million interest costs related to the Gold Notes in the year ended December 31, 2015 (2014 - $10.0 million) (Note 7).

18. GAIN (LOSS) ON FINANCIAL INSTRUMENTS

	Years ended December 31, 2015	2014
Gain on mark-to-market adjustment of Gold Notes (Note 10(c))	$ 19,556	$ 5,469
(Loss) gain on mark-to-market adjustment of Silver Notes (Note 10(d))	(4,569)	35,153
Impairment of available-for-sale investment	-	(66)
	$ 14,987	$ 40,556

19. LOSS PER SHARE

The loss per share amounts are calculated by dividing the net loss for the period attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

	Years ended December 31, 2015	2014
Net loss attributable to shareholders	$ (13,020)	$ (3,310)
Basic weighted average number of shares	23,703,268	21,926,161
Basic and diluted loss per common share	$ (0.55)	$ (0.15)

As at December 31, 2015 and 2014, basic loss per share is equal to diluted loss per share, as all options and warrants outstanding are anti-dilutive. As at December 31, 2015, the Company has 897,736 stock options and 5,211,918 share purchase warrants which have not been included in the calculation of diluted loss per share as they are anti-dilutive.

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

20. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	Years ended December 31, 2015	2014
Accounts receivable	$ 5,296	$ (6,145)
Inventories	453	(227)
Prepaid expenses and deposits	(620)	881
Accounts payable and accrued liabilities	(3,125)	8,709
Net assets held for sale	187	-
	$ 2,191	$ 3,218

21. RELATED PARTY TRANSACTIONS

The following transactions with related parties occurred during the years ended December 31, 2015 and 2014:

Key management personnel compensation

Key management at December 31, 2015 includes the Company's Chief Executive Officer (CEO), Chief Financial Officer (CFO), President, Chief Project Director, General Counsel and the directors. In addition to their salaries or directors fees, executive officers and directors also participate in the Company's stock option plan. There were no stock options granted to executive officers and directors during the year ended December 31, 2015, (December 31, 2014 – 690,000).

Key management personnel compensation comprised the following:

	Years ended December 31, 2015	2014
Short-term employee benefits	$ 1,146	$ 1,296
Severance payments	407	-
Share-based payments	-	643
	$ 1,553	$ 1,939

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.

U.S. Global factoring loan

On March 3, 2015, the Company entered into a $2.4 million factoring loan agreement bearing interest at 2.0% monthly plus an additional interest payment upon repayment corresponding to 10% of the initial amount outstanding and secured against refund applications for approximately $10.3 million of its recoverable value-added taxes ("VAT") and $2.3 million of income taxes recoverable in the Segovia Operations. Three months' interest was prepaid from the proceeds of the factoring loan in March 2015. The Company agreed to repay the loan in full and the additional interest payment at the earlier of August 27, 2015, or when the aforementioned recoverable taxes were received. On June 3, 2015, the factoring loan was repaid in full, including the $0.2 million additional interest payment, from VAT refunds received of approximately $9.4 million. $2.0 million of the factoring loan was provided by a consortium of investment funds that are managed by U.S. Global Investors, Inc. ("U.S. Global"), a company that beneficially held more than 10% of the issued and outstanding shares in the capital of the Company on a non-diluted basis at the time the factoring loan was made.

Blue Pacific bridge loan

In November 2013, the Company filed a preliminary short form prospectus for a best efforts equity offering of units to be closed after receipt of requisite regulatory approvals. Blue Pacific, an investment company in which three directors of the Company together indirectly hold a majority share, advised the Company that it would subscribe for up to CA$5 million of units of the equity offering. In December 2013, Blue Pacific advanced $4.0 million to the Company by way of an interest free bridge loan to be accounted for as a subscription toward units in the equity offering. The proceeds of the bridge loan were used by the Company to fund the operational restructuring at the Segovia Operations and for working capital prior to the closing of the equity offering. On March 18, 2014, the Company closed the equity offering (Note 13(b)) and issued 2,211,442 units to Blue Pacific in settlement of $3.85 million of the bridge loan, which amount was the maximum amount Blue Pacific could subscribe for under TSX regulations. The remaining $0.15 million of the bridge loan was repaid in cash to Blue Pacific on March 28, 2014 from the net proceeds of the equity offering.

22. SEGMENT DISCLOSURES

The Company currently operates in one operating segment, being the acquisition, exploration, development and operation of gold properties in Colombia.

For the year ended December 31, 2015, the Company's sales were made to one customer located in Colombia under a long-term supply agreement (Note 8). For the year ended December 31, 2014, all of the Company's sales were made to customers located in Colombia and the United States. As at December 31, 2015 and 2014, all material non-current assets of the Company were located in Colombia.