GRAN COLOMBIA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED DECEMBER 31, 2018
March 27, 2019

The following discussion and analysis of the results of operations and financial condition ("MD&A") for Gran Colombia Gold Corp. (the "Company" or "Gran Colombia") should be read in conjunction with the audited consolidated financial statements and related notes thereto for the year ended December 31, 2018 (the "Financial Statements"), which are available on the Company's web site at www.grancolombiagold.com and on www.sedar.com. Readers are encouraged to read the Cautionary Note Regarding Forward Looking Information included on pages 31-32 of this MD&A and the Company's Annual Information Form dated as of March 27, 2019, also available on the Company's website and SEDAR. The financial information in this MD&A is derived from the Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Reference should also be made to pages 27-30 for information about non-IFRS measures referred to in this MD&A. ***All figures contained herein are expressed in United States dollars ("USD"), except for production, share data or as otherwise stated.***

Fourth Quarter and Full Year 2018 Highlights

- ***The Company exceeded its guidance for 2018 with total gold production reaching 218,001 ounces, up 25% over 2017, and moving into mid-tier producer status.*** Fueled by continued growth in the Company's high-grade Segovia Operations, total gold production increased to 55,260 ounces in the fourth quarter of 2018, up 7% over the fourth quarter last year. The Company expects its Segovia Operations will produce 186,000 to 199,000 ounces in 2019, bringing 2019's total gold production guidance for the Company to a range of 210,000 to 225,000 ounces.
- ***Revenue*** reached $268.5 million in 2018, up 25% over 2017, largely driven by the production growth and a modest improvement in realized gold prices to an average of $1,239 per ounce in 2018. Revenue in the fourth quarter of 2018 of $68.2 million was 4% lower than the fourth quarter of 2017 reflecting a 4% decrease in spot gold prices compared with the fourth quarter last year. In 2019, revenue will benefit from lower charges in a new refining contract that the Company entered into in January 2019 with an international refinery, saving as much as $20 per ounce sold. The Company will also be paid faster under the new refining contract, a benefit to operating cash flow.
- The Company continued to hold its ***total cash costs*** and ***all-in sustaining costs ("AISC")*** in the fourth quarter and full year 2018 below its guidance range. For the fourth quarter of 2018, total cash costs and AISC averaged $698 per ounce and $929 per ounce, respectively, bringing the full year 2018 averages to $680 per ounce and $907 per ounce, respectively. See page 28 for the computation of these non-IFRS measures. For 2019, the Company continues to expect that its total cash costs and AISC averages for the full year will remain below $720 per ounce and $950 per ounce, respectively.
- The Company reported ***adjusted EBITDA*** of $23.7 million for the fourth quarter of 2018 bringing the full year 2018 adjusted EBITDA to a total of $102.4 million, up 36% over 2017, driven by production growth, better realized gold prices and continued efforts to control operating costs. See page 29 for the computation of this non-IFRS measure.
- ***Net cash provided by operating activities*** in the fourth quarter of $23.6 million, up 31% over the fourth quarter of 2017, brought the full year total to $79.7 million, up 58% over last year driven by 2018's growth in adjusted EBITDA. As a result, the Company's ***Free Cash Flow*** for the full year 2018 increased by 72% over last year to $44.0 million. See page 30 for a reconciliation of Free Cash Flow.
- The Company ***successfully transformed its capital structure in 2018***, eliminating the convertible debentures which exposed shareholders to further dilution and providing the Company with greater

access to its internally generated free cash flow to explore, expand and modernize its mining operations. In the process, the Company strengthened its balance sheet by reducing its debt to equity ratio, improving its working capital, and increasing its cash and cash equivalents, which stood at $35.6 million at December 31, 2018.

- Key to the capital structure transformation was the completion of a ***$98 million Offering of Units*** at the end of April 2018, comprising 8.25% senior secured gold-linked notes due 2024 (the "Gold Notes") and warrants (the "2024 Warrants"), which facilitated the redemption at par of the remaining 2020 and 2024 Debentures in May 2018 and the return of $9.6 million of cash held in a sinking fund for the debentures. As of March 27, 2019, the aggregate principal amount of Gold Notes issued and outstanding has been reduced through quarterly repayments to $83.4 million, down from $140.8 million at the end of 2017.
- In August 2018, the Company ***completed the repayment of its 2018 Debentures***, exercising its option to repay the remaining $32.1 million aggregate principal amount of the 2018 Debentures outstanding, together with accrued interest, entirely with common shares and recovering $3.5 million of cash held in a sinking fund for these debentures. As of March 27, 2019, the total issued and outstanding common shares of the Company is 48.3 million and after inclusion of the 2024 Warrants and in-the-money stock options, the Company's fully diluted common shares would total approximately 63.0 million.
- In October 2018, the Company announced that ***Fitch Ratings*** upgraded it to 'B' from 'B-' with a Stable Outlook citing the foregoing capital structure improvements and the enhanced mine plan at its Segovia Operations focused on cost reductions and high grade ore bodies which are driving cash flow generation as the key factors leading to the upgrade.
- The Company reported ***net income*** for the fourth quarter of 2018 of $8.0 million, or $0.17 per share, compared with $4.9 million, or $0.23 per share, in the fourth quarter last year. For the full year 2018, the Company reported a net loss of $3.4 million, or $0.10 per share, compared with net income of $36.8 million, or $1.81 per share, in 2017. The net loss in 2018 includes $28.4 million of losses on financial instruments, primarily triggered by the extinguishment of the 2020 and 2024 Debentures in the second quarter, and a $7.6 million charge for the costs associated with the Offering completed in the second quarter of 2018. The net earnings in 2017 included a reversal of impairment of the Segovia Operations in the amount of $45.3 million.
- ***Adjusted net income*** for the fourth quarter of 2018 was $14.3 million, or $0.30 per share, up from $9.1 million, or $0.44 per share, in the fourth quarter last year reflected the favorable impact on income tax expense in the fourth quarter of 2018 arising from the Colombian tax reform measures announced in December 2018 that will see a further reduction in future income tax rates. For the full year, adjusted net income in 2018 increased to $42.3 million, or $1.22 per share, compared with $22.9 million, or $1.13 per share, in 2017, primarily reflecting the year-over-year improvement in adjusted EBITDA. See the reconciliation on page 29 for the computation of this non-IFRS measure.
- In 2018, the Company completed approximately 26,800 meters of ***drilling at the Segovia Operations***, leading to an updated Mineral Resource estimate as of December 31, 2018 with 3.5 million tonnes at a grade of 11.8 g/t totalling 1.3 million ounces of gold in Measured and Indicated Resources, up 7% from last year. Inferred Resources increased to 3.6 million tonnes at a grade of 10.1 g/t totalling 1.2 million ounces of gold, up 4% compared to last year. The Company also reported an updated Mineral Reserve for Segovia with a total of 1.9 million tonnes at an average grade of 11.0 g/t representing 688,000 proven and probable ounces of gold as of December 31, 2018, up 4% compared to last year and replacing what the Company mined in 2018.
- The Company completed approximately 8,200 meters of drilling in 2018 at its ***Marmato Project***, outlining two new zones of Deeps-style mineralization and continuing to increase confidence in the geological model as it moves toward completion of technical studies in 2019 for the expansion of underground mining operations.

- In 2018, the Company also announced that drilling carried out by IAMGOLD over the last two years on the Company's ***Zancudo Project*** has identified a new manto structure in the North Zone and a potential ore shoot on both the Manto Antiguo and Manto Inferior structures in the South Zone, all of which merit further evaluation.
- The Company acquired an approximately 18% equity ***investment in Sandspring Resources*** Ltd. ("Sandspring") and is assisting this Canadian junior mining company as it moves toward a feasibility study for the multi-million-ounce Toroparu Project in the western Guyana gold district and prepares for the eventual commencement of mining operations at the Chicharron Project located within the Company's mining title at Segovia which it acquired in 2018.
- The Company has recently announced it is ready to re-start its mining project in ***Venezuela*** as soon as circumstances allow and is currently readying the separate listed special purpose vehicle it intends to use for the purposes of holding, developing and financing its Venezuelan assets and carrying out its Venezuelan investment strategy.

Selected Financial Information

	Fourth Quarter		Year		
	2018	2017	2018	2017	2016
Operating data					
Gold produced (ounces)	55,260	51,699	218,001	173,821	149,708
Gold sold (ounces)	56,360	56,100	214,622	173,645	148,962
Average realized gold price ($/oz sold)	$ 1,198	$ 1,252	$ 1,239	$ 1,226	$ 1,218
Total cash costs ($/oz sold) (1)	698	719	680	720	706
All-in sustaining costs ($/oz sold) (1)	929	899	907	918	850
Financial data *($000's, except per share amounts*)					
Revenue	$ 68,207	$ 70,938	$ 268,525	$ 215,365	$ 184,074
Adjusted EBITDA (1)	23,736	26,758	102,386	75,456	66,044
Net income (loss)	8,038	4,896	(3,379)	36,848	3,709
Per share - basic	0.17	0.23	(0.10)	1.81	0.30
Per share - diluted	0.17	0.11	(0.11)	0.61	0.23
Adjusted net income (1)	14,346	9,137	42,327	22,895	15,641
Per share - basic	0.30	0.44	1.22	1.13	1.26
Per share - diluted	0.29	0.11	0.59	0.30	0.24
Net cash provided by operating activities	23,561	17,972	79,741	50,527	33,274
Free cash flow (1)	14,444	10,928	44,040	25,560	16,564

	December 31,		
	2018	2017	2016
Balance sheet ($000's):			
Cash and cash equivalents	$ 35,645	$ 3,272	$ 2,783
Cash in trust for Senior Debentures (2)	-	11,911	537
Gold Trust Account (3)	3,210	-	-
Gold Notes, including current portion – principal amount outstanding (4)	88,250	-	-
Senior Debentures, including current portion – principal amount outstanding (5)	-	140,811	150,904
Other debt, including current portion	43	439	1,652

(1) Refer to "Non-IFRS Measures" on pages 27-30.

(2) Represents amounts deposited into sinking funds for the 2018, 2020 and 2024 Debentures (collectively, the "Senior Debentures"), net of amounts used for repurchases and partial redemptions. The remaining cash balances in the sinking funds were returned to the Company after the extinguishment of the Senior Debentures in 2018.

(3) Represents physical gold deposited by the Company into a trust account to be used to fund the next quarterly Amortization Payment. At December 31, 2018, there were 2,600 ounces accumulated in the Gold Trust Account.

(4) The Gold Notes are recorded in the Financial Statements at fair value. At December 31, 2018, the carrying amount of the Gold Notes outstanding was $74.1 million.

(5) The Senior Debentures were recorded in the Financial Statements at amortized cost and, as such, their carrying amount was at a discount to principal amounts outstanding. At December 31, 2017, the carrying amount of the Senior Debentures outstanding was $98.7 million.

Subsequent Event – Bought Deal Private Placement of CA$20 Million of Convertible Debentures

On March 4, 2019, the Company announced it had entered into an agreement with a syndicate of underwriters co-led by GMP Securities L.P. and Scotiabank (collectively the "Underwriters") pursuant to which the Underwriters have agreed to purchase on a bought deal, private placement basis (the "Private Placement") CA$20,000,000 aggregate principal amount of convertible unsecured subordinated debentures at a price of CA$1,000 per CA$1,000 principal amount of debentures (the "Convertible Debentures"). The Convertible Debentures will mature five years and one day after issuance and will accrue interest at the rate of 8.00% per annum, payable monthly in cash. At the holders' option, the Convertible Debentures may be converted into common shares of the Company at any time and from time to time, up to the maturity date, at a conversion rate of approximately 210.53 common shares per CA$1,000 principal amount, subject to adjustment in certain circumstances, which equates to an initial conversion price of C$4.75 for each common share of the Company. The Convertible Debentures will not be listed and represent convertible unsecured obligations of the Company, subordinated to senior indebtedness of the Company and ranking equally with all present and future unsecured subordinated indebtedness of the Company. On and after the first anniversary of the issuance date, the Company may, at its option, on not more than one occasion during each twelve-month period beginning on each yearly anniversary of the issuance date, redeem up to 10% of the aggregate principal amount of the Convertible Debentures then outstanding, at par plus accrued and unpaid interest, in cash on not less than 30 and not more than 60 days' prior written notice (during which period the holders of the Convertible Debentures may, for the avoidance of doubt, convert their Convertible Debentures into Common Shares). The Convertible Debentures are repayable in cash at maturity. The Private Placement will close on or about April 2, 2019, or such other date agreed upon by the Company and the Underwriters.

Outlook

The Company started off 2019 with a total of 39,276 ounces of gold production in the first two months and expects to produce a total of 210,000 to 225,000 ounces of gold for the full year compared with the 218,001 ounces produced in 2018. Production growth will continue to be fuelled by the Company's mines at its high-grade Segovia Operations which are expected to produce between 186,000 and 199,000 ounces in 2019.

The Company has already commenced a 20,000 meters drilling campaign in 2019 at its Segovia Operations focused on step-out drilling at Providencia and Sandra K, deep zone drilling to extend El Silencio another 200 meters below its currently delineated mineral resource, and brownfield drilling on the Cogote vein system. Using the net proceeds from the Private Placement (see *Subsequent Event* above), the Company will accelerate its ongoing exploration programs at Segovia, including technical and other studies to be carried out over the next approximately six months to identify and prioritize drilling targets followed by a drilling campaign, over and above what is already planned by the Company in 2019 and 2020. The objective of the drilling program is to increase mineral reserves for future production growth and to extend the mine life of the Segovia Operations.

Capital investment in 2019 at the Segovia Operations, expected to total approximately $25-$30 million (excluding exploration) in 2019, will continue to focus on ongoing mine development at its Providencia, El Silencio and Sandra K mines, along with ongoing investments in mine infrastructure upgrades, ventilation, health, safety and environmental initiatives, mine equipment and further expansion of the El Chocho tailings storage facility, including commissioning of a filter press. Sustaining capital expenditures at the Marmato mine and processing plant in 2019 are expected to be about $1.5 million. As the Company advances its evaluation of the underground mine expansion opportunity at Marmato toward the completion of a NI 43-101 compliant technical report before the end of the year, it expects to spend approximately $2 million in 2019, including another 8,000 meters of drilling to extend the Deeps Zone further along strike and to test the high-grade core of the Deeps Zone up to 600m asl.

The Company's total cash cost averaged $680 per ounce sold in 2018. In 2019, the Company expects that its total cash cost may increase slightly but continuing to average less than $720 per ounce sold for the full year. The Company entered into a new refining contract in January 2019 with more favorable terms than its previous contract. Expected savings in refining charges of up to $20 per ounce will enhance the Company's realized selling price for its gold and help to mitigate some of the impact of any potential increases in its total cash costs on adjusted EBITDA and operating cash flow. The Company also expects that with its planned capital investment program in 2019, including the ongoing exploration activities at Segovia and execution of the drilling program and technical studies at Marmato, its AISC for the full year may increase from 2018's full year AISC average of $907 per ounce but will remain below $950 per ounce.

Description of Business

The Company is incorporated under the laws of the Province of British Columbia and is engaged in the acquisition, exploration, development and operation of gold properties in Colombia. The head office of the Company is located at 401 Bay Street, Suite 2400, PO Box 15, Toronto, Ontario, M5H 2Y4 and its registered office is located at 1188 West Georgia Street, Suite 650, Vancouver, British Columbia, V6E 4A2. The Company also has an office in Medellin, Colombia. The Company is currently the largest underground gold and silver producer in Colombia with several underground mines and two processing plants in operation. The Company is continuing its exploration, expansion and modernization activities at its high-grade Segovia Operations.

Issued and Outstanding Securities

In 2018, the Company successfully completed several initiatives to simplify its capital structure, reduce its debt to equity ratio, strengthen its balance sheet and reduce the exposure for its shareholders to potential dilution from the conversion of its Senior Debentures.

At March 27, 2019, the Company had the following securities issued and outstanding:

Securities	TSX Symbol	Number	Shares Issuable	Exercise price per share	Expiry date
Common shares	GCM	48,280,305			
Stock options		45,000	45,000	CA$27.60	July 2019
		531,667	531,667	CA$2.55	April 2021
		784,663	784,663	CA$2.55	April 2022
		81,666	81,666	CA$2.55	December 2022
		1,145,000	1,145,000	CA$3.16	June 2023
		2,587,996	2,587,996		
Gold Notes	GCM.NT.U	$83,375,000	N/A	N/A	April 30, 2024
Warrants	GCM.WT.B	12,151,008	12,151,008	CA$2.21	April 30, 2024

Reserves and Resources

Segovia Mineral Resource Estimate Update Effective December 31, 2018

The Company has completed an updated Mineral Resource estimate ("MRE") for its Segovia Operations prepared in accordance with the Canadian Institute of Mining Metallurgy and Petroleum ("CIM") Definition Standards incorporated by reference in National Instrument 43-101 ("NI 43-101") with an effective date of December 31, 2018. Highlights of the December 31, 2018 MRE include:

- Total Measured & Indicated Resources increased to 3.5 million tonnes at a grade of 11.8 g/t totalling 1.3 million ounces of gold, up 7% from last year.
- Total Inferred Resources increased to 3.6 million tonnes at a grade of 10.1 g/t totalling 1.2 million ounces of gold, up 4% compared to last year.
- The largest increases came from new discoveries at El Silencio and Providencia in the 2018 drilling campaign.
- The updated MRE continues to reaffirm confidence in the high grade nature of the Segovia gold deposits.
- The MRE for Las Verticales and Carla have not been updated as no new information is currently available and the previous estimates for these projects remain valid.

The following table summarizes the MRE for the Segovia Operations as of December 31, 2018 and changes by category in tonnes, grade and ounces of gold compared with the previous total MRE as of December 31, 2017:

Project	Deposit	Type	Measured			Indicated			Measured & Indicated			Inferred		
			Tonnes (kt)	Grade (g/t)	Au Metal (koz)	Tonnes (kt)	Grade (g/t)	Au Metal (koz)	Tonnes (kt)	Grade (g/t)	Au Metal (koz)	Tonnes (kt)	Grade (g/t)	Au Metal (koz)
Segovia	Providencia	LTR	110	16.7	59	299	16.6	159	409	16.6	218	192	10.1	63
		Pillars	108	23.5	81	107	15.8	54	215	19.7	136	380	19.9	244
	Sandra K	LTR				329	9.8	103	329	9.8	103	321	7.1	73
		Pillars				105	11.5	39	105	11.5	39			
	El Silencio	LTR				853	11.1	304	853	11.1	304	1,276	9.1	374
		Pillars				1,444	10.3	480	1,444	10.3	480	442	12.3	174
	Verticales	LTR										771	7.1	176
	Subtotal Segovia Project	LTR	110	16.7	59	1,480	11.9	566	1,590	12.2	625	2,561	8.3	686
		Pillars	108	23.5	81	1,655	10.8	573	1,763	11.5	654	823	15.8	418
Carla	Subtotal Carla Project	LTR				154	9.7	48	154	9.7	48	178	9.3	53
December 31, 2018 (1)			**218**	**20.0**	**140**	**3,289**	**11.2**	**1,187**	**3,507**	**11.8**	**1,327**	**3,562**	**10.1**	**1,157**
December 31, 2017 (2)			213	21.3	146	3,189	10.7	1,100	3,402	11.4	1,245	3,420	10.1	1,107
% Change vs previous			2%	-6%	-4%	3%	5%	8%	3%	4%	7%	4%	-	4%

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

where appropriate.

(2) Derived from the NI 43-101 Technical Report Prefeasibility Study, Segovia Project, Colombia, dated May 10, 2018, prepared by SRK Consulting (US) Inc. ("SRK").

During 2018, Gran Colombia continued its infill underground drilling programs designed to confirm and increase the confidence in the grade distribution at its mines. The results of the 2018 drilling program were included in press releases issued by the Company on June 18, 2018, October 3, 2018 and February 25, 2019, including the discovery of new structures at El Silencio and Sandra K and two new zones at Providencia, all of which have the potential to add mineral resources and mine life and are being followed up in the 2019 drilling program. The updated MRE for the Segovia Operations incorporates assay results from an additional 286 diamond drillholes totalling 30,457 meters of sampling information in the databases compared to the previous model, inclusive of the 2018 drilling program and the ongoing validation exercises of historical information being completed by the Gran Colombia's geologists. All diamond core has been logged and sent for preparation at the SGS laboratories in Medellin. In addition to the drilling, a total of 6,078 channel samples totalling some 6,837 meters in length were completed in 2018.

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

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

Segovia Life-of-Mine ("LoM") Mineable Gold Reserves Increase to 688,000 Contained Ounces Effective December 31, 2018

SRK has also completed preliminary results of an updated Preliminary Feasibility Study ("PFS") for the Segovia Operations effective December 31, 2018 and is currently finalizing the technical report. The PFS has increased Segovia's reported Mineral Reserve to 688,000 proven and probable ounces of gold based on 1.9 million tonnes of material at an average head grade of 11.0 g/t.

For this PFS, SRK included the geological and resource modelling of the various deposits and mining areas that comprise the operating mine site of the Segovia Operations. A mining study and schedule was prepared by both SRK's and the Company's technical professionals to create a LoM production schedule, including both Company-operated areas and contractor-operated areas within the Company's Providencia, El Silencio, Sandra K and Carla mines. The PFS production schedule includes only Proven and Probable Reserves, and as such, the five-year projected mine life in the PFS is shorter than the Company's current expectations of at least eight years based on its mineral resources largely due to the exclusion of Inferred Resources which the Company currently mines and intends to continue mining in the future. In addition, the material processed under operating contracts at the Company's Maria Dama plant from the small artisanal mines located in the

Company's mining title is not included in the LoM production schedule in the PFS as it falls outside the Company's mines and is therefore not included in the Company's MRE.

The following table shows a breakdown of the Mineral Reserve as of December 31, 2018 by area and category compared with the total Mineral Reserve as of December 31, 2017:

Area	Category	Tonnes (kt)	Grade (g/t)	Au Metal (koz)
Providencia	Proven	79	11.7	30
Providencia	Probable	319	18.5	190
Sandra K	Probable	171	9.8	54
El Silencio	Probable	1,268	9.3	381
Carla	Probable	104	10.1	34
December 31, 2018 (1)	**Total**	**1,941**	**11.0**	**688**
December 31, 2017 (2)	**Total**	**1,660**	**12.4**	**660**
% Change vs previous		**17%**	**-11%**	**4%**

(1) Ore reserves are reported using a gold cutoff grade ranging from 3.25 to 4.31 g/t depending on mining area and mining method. The cutoff grade calculations assume a $1,275/oz Au price, 90.5% metallurgical recovery, $6/oz smelting and refining charges, $25/t G&A, $24/t processing cost, and projected LoM mining costs ranging from $71/t to 110/t. The reserves are valid as of December 31, 2018. Mining dilution is applied to a minimum mining height and estimated overbreak (values differ by area/mining method) using a zero grade. Reserves are inclusive of Mineral Resources. All figures are rounded to reflect the relative accuracy of the estimates. Totals may not sum due to rounding. Mineral Reserves have been stated on the basis of a mine design, mine plan, and cash-flow model. There are potential survey unknowns in some of the mining areas and lower extractions have been used to account for these unknowns. The Mineral Reserves were estimated by Fernando Rodrigues, BS Mining, MBA, MMSAQP #01405, MAusIMM #304726 of SRK, a Qualified Person.

(2) Derived from the NI 43-101 Technical Report Prefeasibility Study, Segovia Project, Colombia, dated May 10, 2018, prepared by SRK.

A summary of the key LoM operating and financial parameters of the current PFS dated as of December 31, 2018 compared with the previous PFS prepared as of December 31, 2017 is as follows:

	December 31, 2018	December 31, 2017 (1)
Operating data:		
Ore milled (tonnes)	1,941,000	1,660,000
Gold produced (ozs)	623,000	610,000
Financial data (U.S. dollars):		
Expected long-term gold price	$1,275/oz	$1,300/oz
LoM gold revenue	$794 million	$793 million
Total cash cost	$695/oz	$695/oz
LoM sustaining capex	$132 million	$140 million
AISC, excluding corporate G&A	$907/oz	$924/oz
Undiscounted after-tax free cash flow	$148 million	$148 million
NPV after-tax free cash flow @ 5%	$136 million	$129 million

(1) Derived from the NI 43-101 Technical Report Prefeasibility Study, Segovia Project, Colombia, dated May 10, 2018, prepared by SRK.

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

Marmato Underground Mineral Resource Estimate effective as of December 31, 2018

The following table summarizes the Company's current Mineral Resource estimate for gold at the Marmato Project :

	Measured			Indicated			Measured & Indicated			Inferred		
	Tonnes (M)	Grade (g/t)	Oz Au (000s)	Tonnes (M)	Grade (g/t)	Oz Au (000s)	Tonnes (M)	Grade (g/t)	Oz Au (000s)	Tonnes (M)	Grade (g/t)	Oz Au (000s)
December 31, 2018 (1)	2.2	5.2	359	38.5	2.8	3,485	40.7	2.9	3,844	52.0	2.5	4,194

(1) Derived from the NI 43-101 Mineral Resource Estimate on the Marmato Project, Colombia dated November 20, 2017 and effective as of June 16, 2017, prepared by SRK and updated by Ben Parsons, an independent Qualified Person under NI 43-101, of SRK for production through to December 31, 2018. No open pit Mineral Resources have been declared in this MRE.

Results of Operations and Overall Performance

Gold production

	Fourth Quarter		Year	
(Ounces)	2018	2017	2018	2017
Segovia Operations				
Company mines (1)				
El Silencio	20,687	23,709	84,701	80,959
Providencia	22,872	17,919	88,226	52,029
Sandra K	1,901	1,856	8,904	4,351
Total Company mines	45,460	43,484	181,831	137,339
Other contract mines (2)	3,349	2,104	11,219	11,320
Total Segovia Operations	48,809	45,588	193,050	148,659
Marmato Underground	6,451	6,111	24,951	25,162
Total	55,260	51,699	218,001	173,821

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

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

At the Segovia Operations, gold production in the fourth quarter of 2018 amounted to 48,809 ounces, bringing the total for 2018 to 193,050 ounces, up 30% over 2017 fuelled by continuing growth in the Company's three operating mines. The Company processed an average of 1,015 tonnes per day ("tpd") in 2018, up 33% from last year, with an overall average head grade of 17.1 g/t, benefitting from the 70% growth in production from its high-grade Providencia mine in 2018. Gold production from the other contract mines operating within the Company's Segovia mining title in 2018 was on par with the prior year and represented only 6% of Segovia's total gold production. Tonnes received from the other contract mines declined in 2018 compared with last year as the Company raised the cut-off grade for material it will accept from the contract mines to improve its tailings management process while maintaining gold production. There are also several of the new contract mines that have been signed that are still in the certification stage of being onboarded to ensure they are compliant with social security, health and safety and explosives requirements prior to commencing operation with the Company. The Company expects that the Segovia Operations' will produce between 186,000 and 199,000 ounces of gold in 2019.

Better head grades helped the Company's Marmato mine increase its production in the second half of 2018. For the fourth quarter of 2018, Marmato produced 6,451 ounces of gold bringing the total for 2018 to 24,951 ounces, almost on par with 2017. Since coming into the Company in 2011, the Marmato mine has been a very steady producer and the Company expects that 2019's annual gold production from Marmato will range between 24,000 and 26,000 ounces.

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

	2018				2017			
	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr (3)	2nd Qtr	1st Qtr
Segovia Operations								
Company mines (1)								
Tonnes milled	81,617	78,703	76,493	65,696	59,567	34,262	49,156	51,158
Head grade (g/t)	19.30	20.10	19.69	19.47	21.43	25.72	22.54	16.68
Gold produced (ozs) (2)	45,460	47,432	44,530	44,409	43,484	28,495	36,890	28,470
Other contract mines (4)								
Tonnes milled	17,359	16,816	15,585	18,137	17,564	10,850	27,479	28,165
Head grade (g/t)	6.67	6.85	5.65	3.91	4.11	5.00	4.12	5.24
Gold produced (ozs)	3,349	3,266	2,541	2,063	2,104	1,580	3,338	4,298
Total Segovia Operations								
Tonnes milled	98,976	95,519	92,078	83,833	77,131	45,112	76,635	79,323
Tonnes per day (tpd)	1,076	1,038	1,012	931	838	490	842	881
Head grade (g/t)	17.09	17.77	17.31	16.10	17.48	20.73	15.93	12.62
Mill recovery	89.8%	90.0%	89.8%	90.5%	90.6%	90.6%	90.6%	90.1%
Gold produced (ozs) (2)	48,809	50,698	47,071	46,472	45,588	30,075	40,228	32,768
Silver produced (ozs)	42,705	42,294	39,263	36,692	35,610	23,068	35,810	31,844
Marmato Underground								
Tonnes milled	85,157	83,077	83,672	88,146	90,752	101,234	84,772	89,727
Tonnes per day (tpd)	926	903	919	979	986	1,100	932	997
Head grade (g/t)	2.72	2.83	2.59	2.55	2.44	2.45	2.48	2.48
Mill recovery	86.8%	85.4%	83.7%	85.7%	85.9%	87.4%	86.6%	87.2%
Gold produced (ozs)	6,451	6,465	5,835	6,200	6,111	6,964	5,847	6,240
Silver produced (ozs)	9,726	10,073	8,667	9,114	9,881	11,067	8,881	9,835
Total Company								
Gold produced (ozs)	55,260	57,163	52,906	52,672	51,699	37,039	46,075	39,008
Silver produced (ozs)	52,431	52,367	47,930	45,806	45,491	34,135	44,691	41,679

(1) Comprises the El Silencio, Providencia and Sandra K mines. Includes Company-operated and contractor-operated areas within the mines. Production from these mines is included in the Company's Mineral Reserve and Mineral Resource estimate.

(2) Gold production includes additional ounces recovered from the mill circuit during the period. Tonnes milled, head grade and mill recovery statistics do not include any data related to these additional gold ounces produced.

(3) Segovia Operations' production data for the third quarter of 2017 reflects the impact of a 42-day civil disruption that slowed down mining and milling operations.

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

Revenues

($000's except ounce and $/oz data)	Fourth Quarter 2018	Fourth Quarter 2017	Year 2018	Year 2017
Gold				
Ounces sold	56,360	56,100	214,622	173,645
Average realized price ($/oz)	1,198	1,252	1,239	1,226
Silver				
Ounces sold	48,536	49,145	194,828	166,235
Average realized price ($/oz)	14	14	13	14
Revenues				
Gold	$ 67,545	$ 70,243	$ 265,923	$ 212,962
Silver	662	695	2,602	2,403
	$ 68,207	$ 70,938	$ 268,525	$ 215,365

Revenues of $68.2 million in the fourth quarter of 2018 brought the total for 2018 to $268.5 million, up 25% over last year, benefitting from 24% higher gold sales volumes, driven by the production growth at the Segovia Operations. The average realized gold price in 2018 was $1,239 per ounce, up 1% over last year. However, most of this improvement occurred in the first half of 2018 as spot gold prices in the second half of 2018 fell about 7% compared to the average for the first half of 2018, reducing the Company's realized gold price in the fourth quarter of 2018 to $1,198 per ounce compared with $1,252 per ounce in the fourth quarter last year. In January 2019, the Company terminated its long-term supply agreement, under which realized selling prices reflected refining charges averaging approximately $25 per ounce in 2018, and commenced delivering all of its production under a new three-year refining agreement with an international refinery. The Company expects to save up to $20 per ounce in refining charges under the new agreement, benefitting its realized selling price for gold starting in 2019.

Cost of sales

	Fourth Quarter 2018	Fourth Quarter 2017	Year 2018	Year 2017
Production costs	$ 37,059	$ 37,981	$ 137,375	$ 118,135
Production taxes	2,814	3,028	11,113	9,263
Allowance for doubtful accounts	113	-	113	-
Provision for environmental fees	101	-	2,174	787
Depreciation, depletion and amortization ("DD&A")	8,248	6,785	28,875	18,367
Total cost of sales	$ 48,335	$ 47,794	$ 179,650	$ 146,552
Total cash costs per ounce (1)				
Production costs	$ 658	$ 677	$ 640	$ 681
Production taxes	50	54	51	53
Allowance for doubtful accounts	2	-	1	-
By-product credits (silver)	(12)	(12)	(12)	(14)
	$ 698	$ 719	$ 680	$ 720

(1) See "Non-IFRS Measures" on pages 27-30.

The Company's total cash cost per ounce sold continues to be heavily influenced by the optimized production costs of its Segovia Operations as Segovia accounted for 89% of total gold sales in 2018, up from 86% last year. The Company's total cash costs increased to $698 per ounce in the fourth quarter of 2018 as a result of an increase in the proportion of total gold sales coming from the higher cost Marmato mine. For the full year 2018, the Company's total cash cost averaged $680 per ounce sold, about 6% lower than last year, as a greater proportion of 2018's gold sales resulted from production growth at the lower cost Segovia Operations. The Company expects that 2019's average total cash cost for the full year will remain below $720 per ounce sold.

In 2017, the Company completed a number of initiatives at Segovia that resulted in the elimination of the discharge of excess operational waters to the environment by the third quarter last year, thereby reducing future environmental fees related to the operation of the Maria Dama processing plant compared with prior years. In 2017, the Company had recorded its estimated amount of the discharge fees at Segovia that it expected would be applicable to the period in 2017 in which discharges took place. In April 2018, Corantioquia (the local environmental authority) issued an invoice to the Company in the amount of $1.5 million for its final assessment of 2017's discharge fees which reflected a higher tariff rate than expected by the Company. As such, the Company recorded the additional amount of $0.8 million as a charge to cost of sales in the second quarter of 2018. In July 2018, Corantioquia issued a resolution assessing a fine in the amount of COP 3.7 billion (equivalent to approximately $1.2 million at the September 30, 2018 exchange rate) associated with the Company's construction of a tailings storage facility, known as "Pomarossa", on its property which operated between 2014 and 2017. Although the facility was not fully permitted at the time, it was constructed and operated in accordance with environmental norms and standards with minimal environmental impact and has since been fully rehabilitated. In August 2018, the Company filed an appeal of the assessment. In the third quarter of 2018, the Company recorded a provision in the amount of $1.2 million in cost of sales in connection with this assessment. The Company recorded a $0.1 million provision in the fourth quarter of 2018 related to incidental discharges in the year for which it expects it may be invoiced by Corantioquia in 2019.

DD&A in 2018 of $28.9 million, up from $18.4 million last year, reflects the increased gold sales volume in the current year and an increase in the DD&A rate per ounce sold from $106 in 2017 to $135 this year as a result of the reversal of impairment at Segovia recorded at the end of the first half of 2017 and additional capital investment, predominantly in the Segovia Operations, since then.

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

	2018				2017			
	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
Segovia Operations	$ 635	$ 616	$ 624	$ 616	$ 662	$ 700	$ 620	$ 690
Marmato Underground	1,120	1,052	1,204	1,141	1,109	958	1,062	1,061
Company average	$ 698	$ 657	$ 696	$ 670	$ 719	$ 748	$ 676	$ 748

At the Company's Segovia Operations, total cash costs per ounce of $635 per ounce in the fourth quarter of 2018 brought the average for the full year 2018 to $623 per ounce, down from $664 per ounce last year. Overall, the increased production level at Segovia in 2018 continued to have a positive impact reducing fixed operating costs on a per ounce basis compared with 2017. The Company expects that Segovia's total cash costs will remain below $700 per ounce in 2019.

At the Company's Marmato Underground mine, total cash costs per ounce increased to an average of $1,132 per ounce in 2018 compared with $1,049 per ounce in 2017. The Company expects the mine's total cash cost per ounce will decrease to below $1,100 per ounce in 2019.

Social contributions

	Fourth Quarter		Year	
($000's)	2018	2017	2018	2017
Segovia social contributions	$ 1,256	$ 1,274	$ 4,861	$ 3,925
Road paving in municipality of Marmato	-	-	-	174
	$ 1,256	$ 1,274	$ 4,861	$ 4,099

The Company is required to make contributions to a trust account to fund social programs in Segovia in each quarter in which the Segovia Operations produce a minimum of 15,000 ounces of gold. The amount of the contributions is determined by a formula based on gold production and tied to the spot price of gold. Although gold production in the fourth quarter of 2018 was higher than the fourth quarter of 2017, the total amount of the Segovia social contributions in the fourth quarter of 2018 was on par with the fourth quarter last year as the lower spot gold price in the current year quarter reduced the contribution to $26 per ounce compared with $28 per ounce in the fourth quarter last year. For the full year, the increased production level at Segovia in 2018 was the main contributor to the year-over-year increase in social contribution expense. In 2017, the Company's mining operation at Marmato funded the paving of a section of the road linking the main trunk from Medellin to the south of the country with the municipality of Marmato, benefitting some 7,500 people in the local community who use the road.

Other items

	Fourth Quarter		Year	
($000's)	2018	2017	2018	2017
G&A expenses	$ 3,245	$ 1,899	$ 10,636	$ 7,674
Reversal of impairment (before tax)	-	-	-	45,307
Share-based compensation expense	-	52	903	634
Finance costs	1,320	8,373	30,046	32,311
Wealth tax expense	-	-	-	918
Gain (loss) on financial instruments	(6,195)	(1)	(28,412)	(55)
Income tax expense	385	6,742	19,870	31,594

G&A expenses in the fourth quarter of 2018 amounted to $3.2 million, up from $1.9 million in the fourth quarter last year. The fourth quarter 2018 G&A expenses includes $1.2 million associated with the filing of a request for institution of arbitration proceedings with the International Centre for Settlement of Investment Disputes against the Republic of Colombia ("FTA Claim") in May 2018. The FTA Claim is at the stage of constituting a tribunal and a decision on the matter is expected to be at least 12 to 18 months away. Total G&A expenses for 2018 amounted to $10.6 million, equivalent to $49 per ounce sold, compared with $7.7 million, or $44 per ounce sold, last year. The increased level of G&A expenses in 2018 reflects several factors including $2.1 million related to the FTA Claim (equivalent to $10 per ounce sold), additional personnel-related costs, an increase in investor and public relations initiatives and costs associated with the new corporate office established in Toronto in September 2017.

In mid-2017, the Company recorded a $45.3 million ***reversal of impairment*** in respect of its Segovia Operations reflecting the impact on the estimated recoverable amount of the extension of Segovia's expected mine life by four years to 2026 and a $50 increase in the expected long-term gold price to $1,250 per ounce.

The Company recorded ***share-based compensation expense*** of $0.9 million in 2018 related to the grant and vesting of 1.2 million stock options at an exercise price of CA$3.16 per share to directors and senior management of the Company. In 2017, the Company recorded share-based compensation expense of $0.6 million related to the grant and vesting of 1.2 million stock options at an exercise price of CA$2.55 per common share to directors, management and employees. The stock options granted in the current and prior years all have a term of five years.

Finance costs amounted to $1.3 million in the fourth quarter of 2018, net of an additional recovery of $0.9 million of interest as explained below, bringing the total for 2018 to $30.0 million, down from $32.3 million last year. Finance costs comprise four primary categories as follows:

- *Interest expense - $7.1 million (net) in 2018*, down from $8.3 million last year. Of this total:
    - o interest on the Senior Debentures has historically been the largest component, amounting to $2.9 million in 2018, down $4.0 million compared with 2017, primarily as a result of the redemption of the 2020 and 2024 Debentures in the second quarter of 2018 and maturity of the 2018 Debentures in the third quarter of 2018.
    - o interest expense in 2018 included $5.2 million for the first eight months of the Gold Notes issued at the end of April which carry a higher interest rate (8.25% per annum) than the former Senior Debentures. However, the total interest cost to the Company from the Gold Notes will benefit from quarterly reductions in the total principal amount outstanding as a result of the fixed repayment schedule associated with the new debt.
    - o the balance of the interest expense is primarily related to the local Colombian long-term debt, Segovia environmental fees payment plans, and amounts payable for mining titles and compensation agreements at the Marmato Project. In total, the interest expense on these obligations amounted to $0.6 million in 2018, down from $1.3 million last year as a result of the reduction in these financial obligations.
    - o interest expense in 2018 benefitted from a $1.6 million reversal of accumulated accrued interest associated with a portion of the compensation agreements that were cancelled in the second half of 2018 (see *Amounts Payable for Acquisitions of Mining Interests* on page 18).
- *Non-cash accretion of the debt discount on the Senior Debentures - $12.7 million in 2018* compared with $21.9 million in 2017. The fair values assigned by the Company to the Senior Debentures on issuance reflected a discount to their total principal amounts. The debt discount was being accreted to the carrying values of the Senior Debentures over the remaining terms of the debentures using the effective interest method. Accretion of the debt discounts related to the 2020 and 2024 Debentures ceased with their extinguishment in the second quarter of 2018 and ceased with the repayment at maturity of the 2018 Debentures in the third quarter of 2018.
- *Non-cash accretion of financial obligations - $2.5 million in 2018* compared with $2.1 million last year. The Company has financial obligations associated with its funding of health plan contributions at Segovia, decommissioning liabilities at Segovia and Marmato Underground and environmental fees at Segovia, all of which will be paid over time and therefore are recorded at the present value of the future obligations. Non-cash finance costs are recognized as these liabilities are accreted with the passage of time.
- *Debt financing costs - $7.6 million in 2018* (Nil in the prior year) associated with the completion of the Offering in the second quarter of 2018 since the Gold Notes are carried at fair value.

The Company recorded ***wealth tax expense*** of $0.9 million in 2017. Under the December 2016 Colombian tax reform, the wealth tax expired after 2017.

The Company recorded a ***loss on financial instruments*** in 2018 in the amount of $28.4 million (compared with $0.1 million in 2017) the major components of which included:

- $24.8 million of loss associated with the extinguishment of the 2020 and 2024 Debentures in 2018, essentially representing the unamortized debt discount remaining on the 2020 and 2024 Debentures outstanding at the time of their redemption since the debt was redeemed at par.
- $0.5 million of fair value gain related to the 2024 Warrants, which represent a financial liability to the Company as their exercise price is in Canadian dollars, different than the Company's US dollar functional currency. Consequently changes in the fair value of the 2024 Warrants will be recognized through profit and loss on a quarterly basis.
- Similarly, the Company will recognize changes in the fair value of the Gold Notes through profit and loss on a quarterly basis going forward, other than changes in the fair value of the Gold Notes attributable to changes in the Company's credit risk which will be recognized through other comprehensive income. In 2018, the Company recorded a fair value loss on financial instruments of $3.8 million through profit and loss related to an increase in the fair value of the Gold Notes and an after-tax fair value gain of $2.7 million through other comprehensive income due to the change in industry credit spread which decreased the fair value of the Gold Notes.

The Company recorded ***provisions for income taxes*** in the fourth quarter and full year 2018 of $0.4 million and $19.9 million, respectively, compared with provisions for income taxes recorded in the fourth quarter and full year 2017 of $6.7 million and $31.6 million, respectively. The effective income tax rate on the Company's reported pre-tax income will ordinarily vary from the expected provision for income taxes based on the 26.5% combined statutory tax rate in Canada as a result of differences in tax rates in Colombia (which decreased from 40% last year to 37% in 2018) and other foreign jurisdictions, non-deductible expenses, the tax impact of future tax rate differences and other less individually significant items. Under the December 2018 tax reform, the corporate tax rate in Colombia, previously expected to be 33% for 2019 and onward, is now going to be 33% in 2019, 32% in 2020, 31% in 2021 and 30% thereafter. This reduction in future tax rates gave rise to a $5.5 million future tax benefit recorded in income tax expense in the fourth quarter of 2018.

The Company reported ***net income*** for the fourth quarter of 2018 of $8.0 million, or $0.17 per share, compared with $4.9 million, or $0.23 per share, in the fourth quarter last year. For the full year 2018, the Company reported a net loss of $5.0 million, or $0.14 per share, compared with net income of $36.8 million, or $1.81 per share, in 2017. The net loss in 2018 includes $28.4 million of losses on financial instruments, primarily triggered by the extinguishment of the 2020 and 2024 Debentures in the second quarter, and a $7.6 million charge for the costs associated with the Offering completed in the second quarter of 2018. The net earnings in 2017 included a reversal of impairment of the Segovia Operations in the amount of $45.3 million.

Adjusted net income for the fourth quarter of 2018 was $14.3 million, or $0.30 per share, up from $9.1 million, or $0.44 per share, in the fourth quarter last year reflected the favorable impact on income tax expense in the fourth quarter as discussed above. For the full year, adjusted net income in 2018 increased to $42.3 million, or $1.22 per share, compared with $22.9 million, or $1.13 per share, in 2017, primarily reflecting the year-over-year improvement in adjusted EBITDA. See the reconciliation on page 29 for the computation of this non-IFRS measure.

Summary of Quarterly Results

$000's except ounce, per ounce and per share data	2018 4th Qtr	2018 3rd Qtr (4)	2018 2nd Qtr	2018 1st Qtr	2017 4th Qtr	2017 3rd Qtr	2017 2nd Qtr	2017 1st Qtr
Operating data:								
Gold produced (ounces)	55,260	57,163	52,906	52,672	51,699	37,039	46,075	39,008
Gold sold (ounces)	56,360	55,601	53,051	49,610	56,100	33,932	45,179	38,434
Average realized gold price (1)	$ 1,198	$ 1,186	$ 1,286	$ 1,293	$ 1,252	$ 1,246	$ 1,225	$ 1,174
Silver sold (ounces)	48,536	55,006	48,129	43,157	49,145	31,467	44,199	41,424
Average realized silver price (1)	$ 14	$ 12	$ 14	$ 14	$ 14	$ 14	$ 15	$ 15
Total cash costs (1, 2)	698	657	696	670	719	748	676	748
All-in sustaining cost (1, 2)	929	888	912	896	899	971	884	941
Financial data:								
Revenue								
Gold	$ 67,545	$ 65,959	$ 68,249	$ 64,170	$ 70,243	$ 42,287	$ 55,326	$ 45,106
Silver	662	646	678	616	695	450	647	611
Total	68,207	66,605	68,927	64,786	70,938	42,737	55,973	45,717
Cost of sales	48,335	46,379	44,999	39,937	47,794	30,113	35,634	33,011
G&A	3,245	2,394	2,738	2,259	1,899	1,992	1,956	1,827
Impairment (reversal) charges and loss on disposals of mining interests	-	-	-	-	-	-	(45,307)	-
Gain on assignment of Mining interest	-	2,376	-	-	-	-	-	-
Share-based compensation	-	-	903	-	52	-	-	582
Social contributions	1,256	1,109	1,267	1,229	1,274	779	1,200	846
Income (loss) from operations	15,371	19,099	19,020	21,361	19,919	9,853	62,490	9,451
Finance costs, net of income (3)	(797)	(3,768)	(15,514)	(9,090)	(8,300)	(8,020)	(7,911)	(7,774)
(Loss) gain on financial instruments (3)	(6,195)	4,163	(26,380)	-	(1)	(1,196)	1,142	-
Wealth tax	-	-	-	-	-	-	16	(934)
Foreign exchange	215	87	(92)	(18)	20	(107)	(271)	65
Equity-accounted loss	(171)	-	-	-	-	-	-	-
Income (loss) before taxes	8,423	19,581	(22,966)	12,253	11,638	530	55,466	808
Income tax provision	(385)	(5,608)	(7,776)	(6,901)	(6,742)	(1,577)	(21,683)	(1,592)
Net income (loss)	8,038	13,973	(30,742)	5,352	4,896	(1,047)	33,783	(784)
Per share								
Basic	0.17	0.35	(1.09)	0.25	0.23	(0.05)	1.65	(0.04)
Diluted	0.17	0.23	(1.09)	0.12	0.11	(0.05)	0.39	(0.04)
Adjusted EBITDA (2)	23,736	24,701	26,506	27,443	26,758	13,844	21,263	13,591
Adjusted net income (2)	14,346	9,930	8,205	9,846	9,137	3,835	6,839	3,084
Adjusted per share (2)								
Basic	0.30	0.25	0.29	0.46	0.44	0.19	0.33	0.16
Diluted	0.29	0.21	0.13	0.12	0.11	0.06	0.08	0.04
Net cash provided by operating activities	23,561	20,531	22,922	12,727	17,972	11,399	12,057	9,099
Free Cash Flow (2)	14,444	11,200	13,866	4,530	3,133	4,278	5,214	3,939

(1) Per ounce sold.
(2) Refer to "Non-IFRS Measures" on pages 27-30.

(3) Finance costs in the second quarter of 2018 include $7.6 million of debt financing fees associated with the Offering. The loss on financial instruments in the second quarter of 2018 includes $24.8 million associated with the extinguishment of the Senior Debentures.
(4) Net income for the third quarter of 2018 has been adjusted from the amounts previously reported to reflect the gain on assignment of mining interest of $2.4 million and related income tax provision of $0.8 million. The correction of these amounts will be reflected prospectively in future filings containing financial information for the third quarter and the first nine months of 2018.

Liquidity and Capital Resources

The Company's liquidity strengthened in 2018, decreasing its total aggregate principal amount of debt outstanding from $140.8 million at the end of 2017 to $88.3 million by the end of 2018. In the second quarter of 2018, the Company completed a $98 million Offering of Units (refer to details on page 21), the net proceeds of which were used to fully redeem the issued and outstanding 2020 and 2024 Debentures at par. On August 13, 2018, the Company repaid the remaining $32.1 million aggregate principal amount of the 2018 Debentures outstanding with common shares at the conversion price of $1.95 per share. These actions, together with the Company's improved operating cash flow, have also significantly improved the Company's working capital and debt to equity ratio compared with the end of 2017.

The Company's cash and cash equivalents increased from $3.3 million at the end of 2017 to $35.6 million at December 31, 2018, primarily fuelled by its increased operating cash flow in 2018. The Company's cash position also benefitted in 2018 from $3.9 million of excess cash proceeds from the Offering over the amount required to redeem the 2020 and 2024 Debentures in the second quarter of 2018 and a total of $13.1 million of cash held in the sinking funds for the Senior Debentures that was returned to the Company once the Senior Debentures were extinguished in 2018.

The Company had positive working capital at December 31, 2018 of $4.4 million compared to a working capital deficit at December 31, 2017 of $5.6 million (excluding the 2018 Debentures). Key components of the Company's working capital at December 31, 2018 include:

- *Cash and cash equivalents - $35.6 million,* up from $3.3 million at the end of 2017 as noted above.
- *Cash in trust - $Nil*, down from $4.3 million at the end of 2017. The Company contributed $0.6 million to the sinking fund in 2018. $1.4 million was later used in a special redemption on April 30, 2018 to reduce the 2018 Debentures and the balance of $3.5 million, all related to the 2018 Debentures, was returned to the Company at maturity on August 13, 2018 when the 2018 Debentures were fully settled with common shares.
- *Accounts receivable – $13.5 million*, down $0.9 million from December 31, 2017. Trade receivables in 2018 have generally increased from the level at the end of 2017 as a result of the increased volume of gold sales this year, of which the receipt of $1.4 million related to a shipment in the third quarter of 2018 had been delayed and was ultimately collected from the customer, with interest, in January 2019. Timing of receipt of VAT refunds helped to reduce VAT recoverable at the end of 2018 compared with the end of 2017. In the second quarter of 2018, the Company received the final $0.7 million installment receivable from the sale of its refinery interest in 2015. At December 31, 2018, the Company recorded a $0.1 million allowance for doubtful accounts in respect of certain non-trade receivables.
- *Gold Trust Account - $3.2 million,* compared with Nil at the end of 2017. This represents the physical gold the Company has deposited in accordance with the terms of the Gold Notes to meet the quarterly repayments. At December 31, 2018, a total of 2,600 ounces was held in the Gold Trust Account that was later used as part of the quarterly amortizing payment on January 31, 2019. For the next 12 months, the Company must continue to deposit 1,300 ounces of physical gold on a monthly basis to the Gold Trust Account, from which 3,900 ounces will be sold quarterly to meet the scheduled amortizing payments.

- *Inventories - $15.8 million,* up $2.9 million from the end of 2017, with the majority of the increase in mineral inventories principally resulting from the production growth in the Segovia Operations.
- *Accounts payable and accrued liabilities - $21.7 million*, up $2.9 million from December 31, 2017 reflecting the impact of 2018's production growth on operating expenses. The Company is continuing to manage its trade creditors within normal payment terms.
- *Income tax payable - $18.0 million,* up from $8.4 million at December 31, 2017. The change in 2018 principally reflects $30.9 million of current provision for income taxes recorded against earnings for 2018, primarily associated with the Company's Colombian mining operations, net of $19.7 million of income taxes paid in Colombia during 2018. Payment of the balance of 2018's income tax obligation will be completed in three instalments in the first half of 2019.
- *Current portion of long-term debt (excluding the 2018 Debentures) - $19.5 million*, up from $0.4 million at the end of 2017 primarily reflecting the allocation of the fair value of the Gold Notes to be repaid over the next 12 months with the physical gold being deposited in the Gold Trust Account.
- *Current portion of provisions - $2.9 million*, down from $4.0 million at December 31, 2017. The December 31, 2018 balance includes $0.7 million for the next 12 monthly payments to fund the ongoing health plan obligations at the Segovia Operations, $1.8 million related to the payments to be made over the next 12 months for environmental fees at Segovia and $0.4 million of rehabilitation costs to be paid over the next 12 months related to the closure of tailings storage facilities at the Segovia Operations.
- *Amounts payable for acquisitions of mining interests - $3.2 million* related to the Marmato Project, down $7.9 million since December 31, 2017. The December 31, 2017 balance included $10.7 million related to compensation agreements with artisanal miners in the Croesus area of the Marmato Project. Payments related to these compensation agreements have been suspended since 2013 and the Company has been evaluating its options with respect to these obligations in light of the shift in its expected future development at Marmato from an open pit concept to an expansion of the underground mining operations. The Company took steps in 2018 to terminate many of these compensation agreements, reducing its total obligation by approximately $7.9 million, including $1.6 million of accumulated accrued interest. The Company is continuing to seek a resolution to its obligations under the remaining compensation agreements, which amount to approximately $2.9 million, including accumulated interest, at December 31, 2018.

Operating activities

Net cash provided by operating activities in 2018 amounted to $79.7 million, a $29.2 million or 58% increase over 2017. Factors contributing to this year-over-year increase included the positive impact of the increased production levels in 2018 on operating cash flow together with higher realized gold prices (primarily in the first half of the year) and lower total cash cost per ounce, partially offset by an increase in G&A expenses and a $1.8 million increase in income taxes paid in 2018 compared with the total income and wealth taxes paid last year.

Investing activities

Net cash used in investing activities in 2018 of $38.8 million primarily comprised additions to mining interests in the amount of $35.6 million, up from $25.0 million in 2017, and $3.9 million used in connection with the Sandspring Transactions (page 19) in 2018, net of $0.8 million received in the second quarter of 2018 for the final installment of the proceeds from the sale of the Company's refinery interest in 2015.

Additions to mining interests amounting to $35.6 million in 2018 comprised:

- *Sustaining capital expenditures*. The Company incurred $35.7 million of sustaining capital expenditures in 2018, including $31.2 million at the Segovia Operations, $2.2 million at the Marmato Operations and $2.3 million on the Marmato Project;
- A $0.1 million decrease in *amounts payable for the acquisitions of mining interests,* principally related to mining titles at the Marmato Project; and,
- A $0.2 million increase in *accounts payable and accrued liabilities* related to capital expenditures during 2018.

Sustaining capital expenditures at the Segovia Operations were $31.2 million in 2018, the major components of which included (i) $6.2 million for exploration and $9.0 million for mine development, including approximately 26,800 meters of the 2018 drilling program, (ii) $8.2 million for the mines including underground equipment and ventilation improvements at the El Silencio mine, completion of a ventilation shaft and further infrastructure upgrades at the Providencia mine, and underground equipment and infrastructure improvements at the Sandra K mine, (iii) $5.7 million for further upgrades of equipment in the Maria Dama plant and laboratory together with costs associated with tailings storage facilities, including a new filter press and the project to construct the new El Chocho tailings storage facility, (iv) $0.8 million related to the 44kV connection at the mines and (v) $1.3 million associated with upgrades to minesite buildings and facilities, IT infrastructure and security.

Sustaining capital expenditures at the Marmato Operations included $1.4 million for mine infrastructure and equipment, $0.4 for processing plant upgrades and $0.4 million for tailings storage facility upgrades, security and health and safety initiatives.

The Marmato Project sustaining capital expenditures of $2.3 million in 2018 included $2.2 million incurred in connection with the 2018 drilling program which commenced in June and comprised approximately 8,200 meters and $0.1 million for technical studies. Underground drilling at Marmato was intended only as “infill” for the upper part of the Deeps Zone (the “Transitional Zone”), approximately 150 vertical meters below Level 21, the deepest level of the existing operating mine. This drilling aimed to convert the Inferred mineral resources estimated in 2017 to Indicated mineral resources, and to expand the size and confirm the continuity of the high-grade core zone outlined by previous drilling within the Leapfrog geological model at 1 g/t Au. The 2018 campaign also included approximately 4,000 meters of drilling to increase confidence and definition in the down-dip extension of the above-mentioned high-grade core zone within a block 100 meters high below the Transitional Zone.

Sandspring Transactions

On July 26, 2018, the Company completed its initial acquisition of a 14.8% equity investment in Sandspring, a Canadian, TSXV-listed, junior mining company currently moving toward a feasibility study for its Toroparu Project in the western Guyana gold district. The Company received 15,000,000 common shares of Sandspring in consideration for its 30% carried participating interest in the Chicharron Project located within its Segovia mining title. Concurrently, the Company acquired an additional 16,000,000 Units of Sandspring at CA$0.25 per Unit (equivalent to approximately $3.1 million) in connection with Sandspring’s CA$10.25 million private placement of 41,000,000 Units. Each Unit included one common share and one common share purchase warrant entitling the holder to purchase one additional common share of Sandspring at CA$0.40 for a period of sixty (60) months. In conjunction with this transaction, the Company received the right to nominate one director to Sandspring's board and certain anti-dilution rights associated with any future financings of Sandspring.

On October 2, 2018, the Company acquired an additional 4,000,000 common shares of Sandspring in a private transaction with an unrelated party for cash consideration of CA$1.0 million (equivalent to approximately $0.8 million), increasing its equity interest to approximately 16.7% on an undiluted basis. In connection with this transaction, the Company also received the right to nominate a second director to Sandspring's board.

On February 11, 2019, the Company acquired a further 2,500,000 common shares of Sandspring in a private transaction with an unrelated party for cash consideration of CA$0.7 million (equivalent to approximately $0.5 million), increasing its holdings to 37,500,000 common shares representing an equity interest of approximately 17.88% on an undiluted basis and 23.71% on a partially diluted basis if only the Company exercises its 16,000,000 warrants as described above.

The Company has determined that it holds significant influence over Sandspring by virtue of its equity ownership interest, the share purchase warrants, its board participation and its technical advisory role to Sandspring's management in connection with both the Toroparu and Chicharron Projects. As a result, the Company accounts for its investment in Sandspring using the equity method. Under the equity method, the investment was initially recorded at cost and the carrying value adjusted subsequently to include the additional investments and the Company's proportionate share of Sandspring's earnings. As Sandspring is listed on the Toronto Stock Venture Exchange ("TSXV"), pursuant to which financial reporting typically occurs later than it does for the Company, which is listed on the TSX, commencing in the fourth quarter of 2018, the Company starting using Sandspring's financial statements reported for the quarter ended three months earlier to determine its profit or loss from Sandspring. Adjustments are made for the effects of any significant events that occur between the date of Sandspring's financial statements and the date of the Company consolidated financial statements. For 2018, the Company recorded a loss from equity accounting in Sandspring in its statement of operations in the amount of $0.2 million.

Financing activities

In 2018, net cash used in financing activities was $7.5 million, compared with $25.4 million used in the prior last year. In 2018:

- the Company generated $3.9 million of net cash proceeds from the Offering after redemption of the 2020 and 2024 Debentures;
- the Company added $11.9 million to its cash position through the release of the sinking funds for the Senior Debentures;
- the Company completed the first two quarterly repayments of the Gold Notes at the end of July and October in the amount of approximately $4.9 million each and deposited 2,600 ounces of gold equivalent to $3.1 million to the Gold Trust Account that was later used for the quarterly amortizing payment of the Gold Notes on January 31, 2019;
- the Company paid approximately $0.4 million in premiums to acquire put options at $1,250 per ounce related to the first four quarterly repayments of the Gold Notes, the first two of which were exercised to meet the funding requirements for the quarterly amortizing payments at the end of July and October as the spot gold price was below $1,250 per ounce at the time of the repayments;
- the Company used $1.4 million of cash in the second quarter of 2018 to pay 19% of certain 2018 Debentures where the holders elected to accept the Company's offer to settle their debt at par ahead of maturity. The other 81% of the principal amount of these 2018 Debentures was settled with common

shares;

- the Company repaid $0.4 million of long-term debt associated with finance leases at its Segovia Operations. The final payments of these finance leases will be completed in the first half of 2019;
- the Company received approximately $0.1 million from the exercise of stock options to acquire 46,667 common shares; and,
- the Company paid net interest totaling $8.4 million.

Issuance of Gold Notes on April 30, 2018 to Refinance 2020 and 2024 Debentures

On April 30, 2018 (the "Closing Date"), the Company completed a private placement of 97,992 Units of the Company for aggregate gross proceeds of $97,992,000 (the "Offering") to refinance its 2020 and 2024 Debentures. Each Unit consisted of $1,000 principal amount of Gold Notes and 124 of the 2024 Warrants (12,151,008 of the 2024 Warrants in aggregate). Each 2024 Warrant has an exercise price of CA$2.21 and entitles the holder thereof to purchase one common share in the capital of the Company at any time prior to April 30, 2024. The Gold Notes and 2024 Warrants comprising each Unit separated 45 days following the Closing Date. The 2024 Warrants were listed for trading on the TSX under the symbol "GCM.WT.B" in early September 2018. In early October 2018, the Gold Notes were listed for trading on the TSX under the symbol "GCM.NT.U".

Total proceeds from the Offering comprised approximately $75.1 million received in cash and approximately $22.9 million aggregate principal amount of 2020 and 2024 Debentures rolled over by holders at par into the Offering in exchange for their 2020 and 2024 Debentures. After paying approximately $7.7 million for fees and expenses related to the Offering, net cash proceeds amounted to approximately $67.4 million.

On the Closing Date, the Company provided notice to the Trustee of its Senior Debentures that, on May 14, 2018 (the "Redemption Date"), the Company would redeem all of the principal amount of its outstanding 2020 and 2024 Debentures at a redemption price equal to $1 for each $1 principal amount, plus accrued and unpaid interest up to (but excluding) the Redemption Date. During the period from January 1 to May 11, 2018, holders had elected to convert $2.0 million aggregate principal amount of 2020 Debentures and $7.4 million aggregate principal amount of 2024 Debentures into a total of 4,784,795 common shares. This left a total of $46.7 million aggregate principal amount of 2020 Debentures and $39.6 million aggregate principal amount of 2024 Debentures to be redeemed on the Redemption Date. Of these amounts, holders of $7.6 million aggregate principal amount of 2020 Debentures and $15.3 million aggregate principal amount of 2024 Debentures elected to roll their debt into the Offering in lieu of receiving cash from the redemption. As such, the Company required only $63.5 million of the net cash proceeds from the Offering to complete the redemptions of the 2020 and 2024 Debentures, adding approximately $4.1 million to the Company's cash position in the second quarter of 2018. The Company's cash position was also bolstered in the second quarter of 2018 by the return of the $9.6 million balance of the sinking fund for the 2020 and 2024 Debentures that was not required by the Trustee to fund the redemptions.

The Gold Notes have a six-year term, bear interest at 8.25% per annum (paid monthly) and represent a senior secured obligation of the Company. The Company is required to deposit an amount of physical gold each month in a trust account (the "Gold Trust Account") and the proceeds from the quarterly sale of the gold will be used to repay the principal amount of the Gold Notes based on a guaranteed floor price of $1,250 per ounce. Any proceeds on the quarterly sale of the gold from the Gold Trust Account resulting from the London PM Fix being higher than $1,250 per ounce at the 15^{th} of the month prior to the end of each quarterly period will be paid to holders as a Gold Premium and will not be applied to the amortization of the principal amount of the Gold Notes. The scheduled number of physical gold ounces to be deposited annually into the Gold

Trust Account ranges from 15,594 ounces in the first year down to 10,000 ounces in the final year of the term of the Gold Notes. In total, the Company will deposit 78,394 ounces of gold into the Gold Trust Account over the full term of the Gold Notes, representing approximately 10% of the currently projected total gold production from the Company's Segovia Operations over the entire period.

The indenture for the Gold Notes requires that the Company use commercially reasonable efforts to put in place commodity hedging contracts to eliminate or substantially reduce its exposure to gold price fluctuations below $1,250 per ounce on a rolling four quarters basis. During the second quarter of 2018, the Company purchased put options with a strike price of $1,250 per ounce, paying a total premium of less than $0.1 million, to mitigate gold price risk for the first two quarterly repayments on July 31, 2018 and October 31, 2018. The London PM Fix on July 16, 2018 and October 15, 2018 was below $1,250 per ounce, and as such, no Gold Premium was applicable. Consequently, the Company delivered the ounces accumulated in the Gold Trust Account against the respective put options to realize the approximately $4.9 million principal repayment made to Gold Notes' holders on each of July 31, 2018 and October 31, 2018.

On January 15, 2019, the Company sold the physical gold in the spot market as the London PM Fix was $1,294 per ounce, generating $5.0 million of proceeds used to meet the quarterly amortization payment completed on January 31, 2019, of which $4.9 million was allocated to amortization of the principal amount of the Gold Notes and the balance to Gold Premium. For the next 12 months, the Company must continue to deposit 1,300 ounces of physical gold on a monthly basis to the Gold Trust Account, from which 3,900 ounces will be sold quarterly to meet the scheduled amortizing payments. The Company currently has put option contracts at $1,250 per ounce in place for the quarterly amortizing payments coming up at the end of April, July and October of 2019.

As of March 27, 2019, the total principal amount of the Gold Notes outstanding is approximately $83.4 million, equivalent to 66,700 ounces of gold at the $1,250 per ounce guaranteed floor price.

Early Settlement of $7.3 Million of 2018 Debentures and Increase in Interest Rate to 5% Per Annum

On the Closing Date, the Company also completed the early redemption of approximately $7.3 million aggregate principal amount of 2018 Debentures from holders who elected to exchange their 2018 Debentures for a cash payment equal to 19% of the principal amount of their 2018 Debentures, representing a total payment of approximately $1.4 million funded by cash held in the sinking fund for the 2018 Debentures, and the remaining 81% of the principal amount settled with common shares, representing the issuance of a total of 3,015,966 common shares, based on the conversion price of $1.95 per common share.

Furthermore, in accordance with the 2018 Debenture holders consent solicitation process to facilitate the Offering, the Company increased the annual interest rate on the remaining issued and outstanding 2018 Debentures from 1% to 5% effective the Closing Date and through to maturity.

2018 Debentures' Maturity

During the first half of 2018, holders of the 2018 Debentures elected to convert a total of $4.3 million aggregate principal amount of 2018 Debentures into 2,186,112 common shares. Subsequent to June 30, 2018 and through to August 10, 2018, debenture holders elected to convert an additional $1.5 million aggregate principal amount of 2018 Debentures into 791,081 common shares. These conversions, together with the early settlement on the Closing Date, reduced the aggregate principal amount of the 2018 Debentures outstanding at maturity to $32.1 million.

The volume weighted average trading price of the Company's common shares on the TSX for the 20 consecutive trading days ending five trading days before maturity exceeded $1.95 per share. As such, pursuant to the provisions of the indenture, the Company gave notice on August 3, 2018 to the Trustee that it had elected to satisfy its obligation to repay 100% of the outstanding principal amount of its 2018 Debentures, and all accrued and unpaid interest thereon (collectively, the "Outstanding Balance"), by issuing and delivering common shares. On August 13, 2018, the Company issued a total of 16,483,269 common shares to repay the Outstanding Balance and the Trustee returned the cash held in the sinking fund for the 2018 Debentures in the amount of $3.5 million (included in cash in trust in current assets at June 30, 2018) to the Company.

Excess Cash Flow and Sinking Funds for the Senior Debentures

Under the former Senior Debentures, the Company was obligated to deposit 25% and 75% of its Excess Cash Flow, as defined under the indentures for the Senior Debentures, on a quarterly basis into separate sinking funds for each of the 2018 Debentures and the 2020/2024 Debentures, respectively. Since inception of the Senior Debentures in January 2016, the Company had deposited a total of $5.5 million and $16.4 million into the sinking funds for the 2018 Debentures and the 2020/2024 Debentures, respectively, in connection with its Excess Cash Flow for 2016 ($2.9 million), 2017 ($16.4 million) and the first quarter of 2018 ($2.6 million).

The Company commenced normal course issuer bids ("NCIBs") in July 2016 to repurchase debentures on the open market for cancellation to be funded by these sinking funds as permitted under the indentures for the Senior Debentures. By the end of the first quarter of 2018, after NCIB repurchases and a $3.0 million partial redemption of the 2020 Debentures on July 31, 2017, there was a balance of $4.9 million of cash on deposit in the sinking fund for the 2018 Debentures and a balance of $9.6 million of cash on deposit in the sinking fund for the 2020/2024 Debentures. Then, on April 30, 2018, as discussed on page 22, the Company used $1.4 million of the sinking fund for the 2018 Debentures to settle a portion of the 2018 Debentures ahead of maturity, leaving a balance in the sinking fund for the 2018 Debentures of $3.5 million which was returned to the Company on August 13, 2018 following the final repayment of the 2018 Debentures at maturity with common shares. The $9.6 million in the sinking fund for the 2020/2024 Debentures was released to the Company in May 2018 following the redemption of the 2020 and 2024 Debentures.

Colombian Finance Lease Facilities

At December 31, 2018, the Company had one finance lease remaining amounting to a total of approximately COP 0.1 billion (net of future interest), equivalent to less than $0.1 million, relating to the acquisition of mining equipment at Segovia. This lease continued to be paid on a monthly basis over its term expiring in March 2019 and the Company paid an additional amount of less than $0.1 million to exercise its end of term purchase option.

Financial Instruments

The carrying value of 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 Senior Debentures and Gold Notes) approximates its fair value as it is at floating rates. The Gold Notes are carried at fair value through profit and loss. The fair value of the Gold Notes has been determined based on Monte-Carlo simulations that capture all the features of the Gold Notes, including the holders' right to receive the gold premium above $1,250 per ounce and the Company's options to early redeem the outstanding Gold Notes prior to. Based on the quoted TSX closing market price on December 31, 2018, the estimated fair value of the Gold Notes would be $88.3 million.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Accounting Policy Changes

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

In May 2014, the IASB issued IFRS 15 which replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRS Interpretations Committee ("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, 2018. Under IFRS 15, revenue is recognized when control of a good or service transfers to a customer and is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Under IAS 18, revenue was recognized when the significant risks and rewards of ownership had been transferred to the customer and was measured at the fair value of the consideration received or receivable. The Company is under a long-term supply agreement to sell all of its production to a single customer. The Company has analyzed the supply agreement and determined that the implementation of IFRS 15 did not have any impact on the timing of recognition and measurement of the Company's revenue. Under IFRS 15, revenue from the sale of gold and silver is recognized when control has been transferred to the customer, which is considered to occur when products have been delivered to the location specified by the customer and the risks of loss have been passed to the customer. Revenue is measured based on the spot price agreed to between the Company and the customer prior to each delivery, in accordance with the supply agreement, which does not include any provisional pricing arrangements.

IFRS 9, Financial Instruments ("IFRS 9")

In July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39, *Financial Instruments* ("IAS 39"). This standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 provides a revised model for recognition and measurement of financial instruments with the following classification categories: amortized cost, fair value through profit or loss ("FVTPL"), and fair value through other comprehensive income ("FVTOCI"). 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 classification and measurement of financial assets under IFRS 9 is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. The implementation of the new standard did not have an impact on the Company's financial statements except for certain equity securities that were previously classified as available-for-sale ("AFS") investments. These are now classified as financial assets at FVTOCI, where they will be recorded initially at fair value. Subsequent changes in fair value will be recognized in other comprehensive income only and will not be transferred into earnings (loss) upon disposition. The measurement of the investments at FVTOCI is based on level 1 inputs in accordance with the fair value input hierarchy in IFRS 13, *Fair Value Measurement*.

The Company has assessed the classification and measurement of its financial assets and financial liabilities and have summarized below the original classification under IAS 39 and the new classification under IFRS 9:

	Classification category	
	Original (IAS 39)	**New (IFRS 9)**
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivables	Loans and receivables	Amortized cost
Investment in Sandspring Warrants	Not applicable	FVTPL
Investment in Tolima Gold Inc.	AFS financial assets	FVTOCI
Bank indebtedness	Other financial liabilities	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Term loans	Other financial liabilities	Amortized cost
Finance leases	Other financial liabilities	Amortized cost
Senior Debentures	Other financial liabilities	Amortized cost
Gold Notes	Not applicable	FVTPL
2024 Warrant liability	Not applicable	FVTPL

The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, did not have any impact on the transition date given the Company's financial assets are comprised primarily of VAT recoverable and amounts receivable from one customer for which there is no history of default.

IFRIC 22, Foreign Currency Transactions and Advance Consideration ("IFRIC 22")

In December 2016, the IASB issued IFRIC 22 which clarifies that when a foreign currency transaction involves an advance payment or receipt, the exchange rate should be the rate used to initially measure the non-monetary asset (prepaid asset) or liability (deferred credit) when the advance was made. If there were multiple advances, each receipt or payment would be measured at the date the non-monetary asset or liability is recognized. IFRIC 22 is applicable for annual periods beginning on or after January 1, 2018, and is consistent with the Company's existing policies, and therefore did not have any effect on the Company's financial statements.

Critical Accounting Policies and Estimates

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

The critical judgments and estimates applied in the preparation of the Company's consolidated financial statements are consistent with those applied and disclosed in Notes 3 and 4 to the Company's consolidated financial statements for the year ended December 31, 2018, including:

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

- Mineral reserves and resources;
- Impairment and reversal of impairment;
- Amortization of mineral properties;
- Fair values of the Gold Notes and 2024 Warrants liability; and
- Decommissioning liabilities.

Recent Accounting Pronouncements

Accounting Standards Not Yet Adopted

The following new standards, and amendments to standards and interpretations, are not effective for the year ending December 31, 2018, and have not been applied in preparing the Company's 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 is in the process of evaluating all leasing contracts that may be impacted by IFRS 16.

In June 2017, the IASB issued IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23"). The interpretation seeks to provide guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. IFRIC 23 is applicable for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted. The Company intends to adopt IFRIC 23 in its financial statements for the annual period beginning on January 1, 2019. The Company is in the process of determining the impact of IFRIC 23 on its financial statements.

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

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Disclosure controls and procedures and internal controls over financial reporting have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for evaluating the disclosure controls and procedures and internal controls over financial reporting. In making its assessment of internal controls, management used the *Internal Control – Integrated Framework (2013)* published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures and internal controls over financial reporting were effective as at December 31, 2018. There have been no changes in the Company's internal controls over financial reporting during the three months ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Limitations of Controls and Procedures

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

Non-IFRS Measures

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

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

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

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

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

"adjusted net income or loss" excludes gains/losses and other costs incurred for acquisitions and disposals of mining interests, impairment charges and reversals, non-cash accretion of the Senior Debentures, debt financing costs, unrealized and non-cash gains/losses on financial instruments, foreign exchange gains/losses as well as other significant non-cash, non-recurring items.

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

The following table reconciles ***total cash costs per ounce sold*** and ***AISC per ounce sold*** as disclosed in this MD&A to the consolidated financial statements:

($000's except ounces and per ounce data)	Fourth Quarter 2018	Fourth Quarter 2017	Year 2018	Year 2017
Gold sales (ounces)	56,360	56,100	214,622	173,645
Total cash costs				
Production costs	$ 36,929	$ 37,981	$ 137,245	$ 118,135
Production taxes	2,944	3,028	11,243	9,263
Allowance for doubtful accounts	113	-	113	-
Silver revenues	(662)	(695)	(2,602)	(2,403)
Total cash costs on a by-product basis	$ 39,324	$ 40,314	$ 145,999	$ 124,995
Total cash costs per ounce sold	**$ 698**	**$ 719**	**$ 680**	**$ 720**
AISC				
Total cash costs on a by-product basis	$ 39,324	$ 40,314	$ 145,999	$ 124,995
G&A, excluding depreciation and amortization	3,241	1,897	10,616	7,625
Sustaining capital and E&E costs	9,579	8,216	35,742	26,068
Provision for environmental fees	101	-	2,174	787
Rehabilitation costs paid	98	-	98	-
Total AISC	$ 52,343	$ 50,427	$ 194,629	$ 159,475
AISC per ounce sold				
Total cash costs on a by-product basis	$ 698	$ 719	$ 680	$ 720
G&A, excluding depreciation and amortization	57	34	49	44
Sustaining capital and E&E costs	170	146	167	150
Provision for environmental fees	2	-	10	4
Rehabilitation costs paid	2	-	1	-
AISC per ounce sold	**$ 929**	**$ 899**	**$ 907**	**$ 918**

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

	Fourth Quarter 2018	Fourth Quarter 2017	Year 2018	Year 2017
Additions to mining interests				
Sustaining capital and E&E costs	$ 9,579	$ 8,216	$ 35,742	$ 26,068
Change in accounts payable and accrued liabilities related to capital expenditures	(536)	(1,166)	(202)	(1,630)
Change in amounts payable for acquisitions of mining interests	(24)	(6)	63	529
Total additions to mining interests	**$ 9,019**	**$ 7,044**	**$ 35,603**	**$ 24,967**

The following table provides a reconciliation of ***adjusted EBITDA*** to the consolidated financial statements:

	Fourth Quarter 2018	Fourth Quarter 2017	Year 2018	Year 2017
Net income (loss)	**$ 8,038**	**$ 4,896**	**$ (3,379)**	**$ 36,848**
Income taxes	385	6,742	20,670	31,594
Finance costs, net of finance income	797	8,300	29,169	32,005
Depreciation and amortization	8,252	6,787	28,895	18,416
EBITDA	17,472	26,725	75,355	118,863
Allowance for doubtful accounts	113	-	113	-
Reversal of impairment	-	-	-	(45,307)
Gain on assignment of mining interest	-	-	(2,376)	-
Share-based compensation	-	52	903	634
Wealth tax	-	-	-	918
Loss on financial instruments	6,195	1	28,412	55
Loss from equity accounting in investee	171	-	171	-
Foreign exchange (gain) loss	(215)	(20)	(192)	293
Adjusted EBITDA	**$ 23,736**	**$ 26,758**	**$ 102,386**	**$ 75,456**

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

	Fourth Quarter 2018	Fourth Quarter 2017	Year 2018	Year 2017
Revenue	$ 68,207	$ 70,938	$ 268,525	$ 215,365
Cost of sales, excluding DD&A and allowance for doubtful accounts	(39,974)	(41,009)	(150,662)	(128,185)
G&A, excluding DD&A	(3,241)	(1,897)	(10,616)	(7,625)
Social contributions	(1,256)	(1,274)	(4,861)	(4,099)
Adjusted EBITDA	**$ 23,736**	**$ 26,758**	**$ 102,386**	**$ 75,456**

The following table provides a reconciliation of ***adjusted net income*** to the consolidated financial statements:

	Fourth Quarter 2018	Fourth Quarter 2017	Year 2018	Year 2017
Net income (loss)	**$ 8,038**	**$ 4,896**	**$ (3,379)**	**$ 36,848**
Reversal of impairment	-	-	-	(45,307)
Gain on assignment of mining interest	-	-	(2,376)	-
Allowance for doubtful accounts	113	-	113	-
Loss on financial instruments	6,195	1	28,412	55
Accretion of discount on Senior Debentures	-	5,778	12,715	21,919
Debt financing costs	181	-	7,759	-
Foreign exchange (gain) loss	(215)	(20)	(192)	293
Income tax effect on adjustments	34	(1,518)	(725)	9,087
Adjusted net income	**$ 14,346**	**$ 9,137**	**$ 42,327**	**$ 22,895**

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

	Fourth Quarter 2018	Fourth Quarter 2017	Year 2018	Year 2017
Adjusted net income	**$ 14,346**	**$ 9,137**	**$ 42,327**	**$ 22,895**
Add: Interest expense on Senior Debentures, net of tax	-	1,321	2,216	5,085
Adjusted net income for fully diluted computation	**$ 14,346**	**$ 10,458**	**$ 44,543**	**$ 27,980**
Weighted average number of shares (000's)				
Basic	48,156	20,866	34,675	20,338
Add: Impact of stock options and warrants	1,704	-	831	-
Add: Impact of conversions of Senior Debentures	-	72,211	40,006	74,153
Fully diluted	49,860	93,077	75,512	94,491
Adjusted earnings per share				
Basic	**$ 0.30**	**$ 0.44**	**$ 1.22**	**$ 1.13**
Diluted	**0.29**	**0.11**	**0.59**	**0.30**

The following table provides a reconciliation of ***Free Cash Flow*** to the consolidated financial statements:

	Fourth Quarter 2018	Fourth Quarter 2017	Year 2018	Year 2017
Net cash provided by operating activities	**$ 23,561**	**$ 17,972**	**$ 79,741**	**$ 50,527**
Additions to mining interests	(9,019)	(7,044)	(35,603)	(24,967)
Rehabilitation costs paid	(98)	-	(98)	-
Free Cash Flow	**$ 14,444**	**$ 10,928**	**$ 44,040**	**$ 25,560**

Risks and Uncertainties

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

Such risks include:

- Liquidity risks;
- Metal price volatility;
- Future production rates;
- Financing risks;
- Indebtedness of the Company;
- Servicing indebtedness;
- Indebtedness – restrictive covenants;

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

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

Readers are encouraged to read and consider the risk factors listed above, which are more specifically described in the Company's Annual Information Form dated as of March 27, 2019 which is available at www.sedar.com. Such risk factors could materially affect the future operating results of the Company and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Cautionary Note Regarding Forward Looking Statements

Certain statements in this MD&A constitute forward-looking information. Often, but not always, forward-looking statements use words or phrases such as: "expects", "does not expect" or "is expected", "anticipates" or "does not anticipate", "plans" or "planned", "estimates" or "estimated", "projects" or "projected", "forecasts" or "forecasted", "believes", "intends", "likely", "possible", "probable", "scheduled", "positioned", "goal", "objective" or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking statements, including but not limited to statements with respect to anticipated business plans or strategies, gold production, total cash costs and AISC per ounce sold and interest payments, sinking funds and redemption and settlement of the Senior Debentures, involve known and unknown risks, uncertainties and other factors which may cause the actual actions, events and results to be materially different from estimated actions, events or results expressed or implied by such forward-looking statements. The Company believes the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "*Risk Factors*" in the Company's Annual Information Form dated as of March 27, 2019, which is available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws.