GRAN COLOMBIA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED SEPTEMBER 30, 2020
NOVEMBER 11, 2020

The following discussion and analysis of the results of operations and financial condition ("MD&A") for Gran Colombia Gold Corp. (the "Company" or "Gran Colombia") should be read in conjunction with the unaudited condensed consolidated financial statements and related notes thereto for the three and nine months ended September 30, 2020 (the "Interim Financial Statements") and the annual audited financial statements and annual MD&A for the year ended December 31, 2019, 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 33 of this MD&A and the Company's Annual Information Form dated as of March 30, 2020, also available on the Company's website and SEDAR. The financial information in this MD&A is derived from the Interim Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial statements in International Accounting Standard – Interim Financial Reporting ("IAS34"). Reference should also be made to pages 27-31 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.***

Third Quarter and First Nine Months 2020 Highlights

- Gran Colombia has announced that it is ***tripling its dividend*** to the equivalent of CA$0.18 per share per annum and changing the payment frequency to ***monthly***. The first monthly dividend of CA$0.015 per common share will be paid on December 15, 2020 to shareholders of record as of the close of business on November 30, 2020.
- The Company continued to support the local communities surrounding the Segovia Operations and Marmato Project during the third quarter of 2020, providing groceries to families who have been economically affected by the COVID-19 crisis in addition to donations of medical equipment, supplies and sanitation kits to the local hospitals and masks to the communities.
- Gran Colombia's consolidated ***gold production*** in the third quarter of 2020 was 58,454 ounces, up 4% from the third quarter last year. The third quarter 2020 production reflects a 21% improvement over the second quarter of 2020 which had been adversely impacted by the COVID-19 national quarantine invoked in Colombia in late March. With a total of 162,929 ounces of gold produced in the first nine months of 2020, down from 174,754 ounces in the first nine months last year, and another 19,391 ounces in October, the Company is on track to meet its 2020 annual production guidance of a range between 218,000 and 226,000 ounces of gold.
- ***Revenue*** reached a new quarterly record of $113.1 million in the third quarter of 2020, up 36% from the third quarter last year, as the 30% year-over-year improvement in spot gold prices increased the Company's realized gold price to an average of $1,875 per ounce sold. For the first nine months of 2020, revenue of $291.2 million was up 22% over the first nine months last year.
- ***Total cash costs*** [(1)] per ounce averaged $796 per ounce in the third quarter of 2020 compared with $684 per ounce in the third quarter last year. Higher spot gold prices increased production taxes by approximately $25 per ounce in the third quarter of 2020 compared with the same period last year. Other factors increasing total cash costs in the third quarter of 2020 included an increase in contractor and artisanal mining rates which had last been adjusted in 2017, an increased level of operating development costs at Marmato associated with the preparation of Levels 21 and 22 (the Transition Zone) for

(1) Refer to "Non-IFRS" Measures on pages 27-31.

expansion of mining activities and additional costs being incurred to maintain the COVID-19 protocols required to protect the health and safety of workers. For the first nine months of 2020, total cash costs averaged $725 per ounce compared with $653 per ounce in the first nine months last year.

- ***All-in sustaining costs ("AISC")*** ***(1)*** and ***All-in costs*** ***(1)*** were $1,122 per ounce and $1,190 per ounce, respectively, in the third quarter of 2020 compared with $951 per ounce and $991 per ounce, respectively, in the third quarter last year. The year-over year increase in these metrics can largely be attributed to the increase in total cash costs, new spending on G&A and social contributions in Caldas Gold and an increased level of sustaining and non-sustaining capex for the Marmato Project. For the first nine months of 2020, AISC and All-in costs averaged $1,014 and $1,089 per ounce, respectively, compared with $886 and $911 per ounce, respectively, in the first nine months last year.
- The Company reported record quarterly ***adjusted EBITDA*** ***(1)*** of $56.7 million for the third quarter of 2020, up 51% over the third quarter last year. For the first nine months of 2020, adjusted EBITDA totalled $144.7 million, up 36% over the first nine months last year. The Company's trailing 12-months' adjusted EBITDA at the end of September 2020 was $185.3 million, up 26% over 2019.
- ***Net cash provided by operating activities*** in the third quarter of 2020 was $67.7 million compared with $30.6 million in the third quarter last year. For the first nine months of 2020, net cash provided by operating activities was $106.0 million, up from $68.7 million in the first nine months last year. The Company's trailing 12-months' net cash provided by operating activities at the end of September 2020 was $140.6 million, up 36% over 2019.
- Record quarterly ***Free Cash Flow*** ***(1)*** in the third quarter of 2020 was $53.4 million compared with $19.6 million in the third quarter last year. For the first nine months of 2020, Free Cash Flow amounted to $66.8 million, up $28.2 million over the first nine months last year. The Company's trailing 12-months' Free Cash Flow at the end of September 2020 was $88.8 million, up 46% over 2019.
- The Company's ***balance sheet*** remained solid with total cash of $138.2 million at the end of September 2020 and further reduction in the aggregate principal amount of Gold Notes outstanding to $38.4 million. In October, Fitch Ratings upgraded the Company to B+ Stable Outlook.
- The Company reported ***net income*** of $18.0 million ($0.39 per share) compared with $9.0 million ($0.18 per share) in the third quarter last year. For the first nine months of 2020, the Company reported net income of $23.7 million ($0.53 per share) compared with $17.7 million ($0.36 per share) in the first nine months last year.
- ***Adjusted net income*** ***(1)*** for the third quarter of 2020 was $29.5 million ($0.47 per share), up from $16.0 million ($0.33 per share) in the third quarter last year. For the first nine months of 2020, adjusted net income improved to $68.2 million ($1.14 per share) compared with $43.0 million ($0.88 per share) in the first nine months last year. The year-over-year improvement in adjusted net income for the third quarter and first nine months of 2020 largely reflects the positive impact of higher gold prices in 2020, partially offset by the COVID-19 impact on gold sales volumes in the second quarter of 2020.
- The Company currently has six diamond drill rigs in operation at its Segovia Operations, with four rigs operating underground carrying out resource definition of the Providencia, Sandra K and El Silencio mines, one rig operating from Level 3 of the Sandra K mine targeting the down-plunge extension of the southern ore-shoot of the El Silencio mine and one rig on surface testing the easternmost end of the Providencia mine. In October 2020, the Company commenced its regional exploration campaign, delayed from earlier this year due to COVID-19 restrictions, with two additional rigs operating from surface in a 3,500m drilling program at the brownfield Vera vein located east of the Sandra K-Cogote vein system expected to be completed by the end of 2020. The regional exploration program, which will continue in 2021, represents a large diamond drilling campaign focused on the most prospective brownfield exploration targets within the 24 known veins at its Segovia Operations which are not currently being mined.

(1) Refer to "Non-IFRS" Measures on pages 27-31.

- Caldas Gold continues to advance its plan to ***build Colombia's next major gold mine***. Following the release of its Preliminary Feasibility Study (the "2020 PFS") for its Marmato Project in early July, Caldas Gold completed a CA$50 million bought deal private placement of Special Warrants in late July, of which Gran Colombia acquired CA$20 million to maintain its equity ownership above 50%. In late August, Caldas Gold finalized an $83.1 million private placement offering of Subscription Receipts, exchangeable into senior secured gold-linked notes and warrants of Caldas Gold, including $10 million acquired by Gran Colombia. On November 5, 2020, Caldas Gold announced it had entered into a $110 million stream financing agreement with Wheaton Precious Metals International Ltd. The net proceeds from these three financings will be used by Caldas Gold to fund the planned expansion of mining operations into the Marmato Deep Zone ("MDZ"). Caldas Gold is also continuing its drilling campaign at Marmato and recently announced it has extended the Main Zone by 300m along strike and it remains open.

Selected Financial Information

	Third Quarter		Nine Months	
	2020	2019	2020	2019
Operating data				
Gold produced (ounces) (4)	58,454	56,271	162,929	174,754
Gold sold (ounces) (4)	59,633	56,284	168,412	174,697
Average realized gold price ($/oz sold)	$ 1,875	$ 1,458	$ 1,712	$ 1,348
Total cash costs ($/oz sold) (1)	796	684	725	653
AISC ($/oz sold) (1)	1,122	951	1,014	886
All-in costs ($/oz sold) (1)	1,190	991	1,089	911
Financial data *($000's, except per share amounts)*				
Revenue	$ 113,138	$ 82,952	$ 291,248	$ 238,017
Adjusted EBITDA (1)	56,688	37,595	144,688	106,068
Net income	18,027	9,014	23,704	17,685
Per share - basic	0.39	0.18	0.53	0.36
Per share - diluted	0.17	0.18	0.52	0.36
Adjusted net income (1)	29,503	16,034	68,239	43,003
Per share - basic	0.47	0.33	1.14	0.89
Per share - diluted	0.40	0.27	0.96	0.77
Net cash provided by operating activities	67,712	30,606	105,954	68,655
Free cash flow (1) (4)	53,365	19,630	66,821	38,658

	September 30, 2020	December 31, 2019
Balance sheet ($000's):		
Cash and cash equivalents	$ 138,195	$ 84,239
Gold Notes, including current portion – principal amount outstanding (2)	38,413	68,750
Convertible Debentures – principal amount outstanding (3)	CA20,000	CA20,000

(1) Refer to "Non-IFRS Measures" on pages 27-31.
(2) The Gold Notes are recorded in the Interim Financial Statements at fair value. At September 30, 2020 and December 31, 2019, the carrying amounts of the Gold Notes outstanding were $41.0 and $69.0 million, respectively.
(3) The Convertible Debentures are recorded in the Interim Financial Statements at fair value. At September 30, 2020 and December 31, 2019, the carrying amount of the Convertible Debentures outstanding was $22.4 million and $21.1 million, respectively.
(4) Includes 100% of Caldas Gold production and sales.

Description of Business

The Company is incorporated under the laws of the Province of British Columbia and is a Canadian-based mid-tier gold producer with its primary focus in Colombia where it is currently the largest underground gold and silver producer with several mines in operation at its high-grade Segovia Operations. The head office of the Company is located at 401 Bay Street, Suite 2400, PO Box 15, Toronto, Ontario, M5H 2Y4 and its registered office is located at 1166 Alberni Street, Suite 1604, Vancouver, British Columbia, V6E 3Z3. The Company also has an office in Medellin, Colombia. As of the date of this MD&A, the Company owns 53.5% of Caldas Gold Corp., a Canadian mining company currently advancing a major expansion and modernization of its underground mining operations at its Marmato Project in Colombia. The Company's project pipeline includes its Zancudo Project in Colombia (refer to discussion on page 22) together with an approximately 18% equity interest in Gold X Mining Corp. (TSXV: GLDX) (Guyana – Toroparu Project) and an approximately 26% equity interest in Western Atlas Resources Inc. ("Western Atlas") (TSXV: WA) (Nunavut – Meadowbank Project).

Outlook

The Company started 2020 with the completion of two significant transactions in February. The CA$40 million non-brokered private placement that closed in early February which enabled the Company to deleverage its balance sheet and reduce its debt service costs with an early redemption at the end of March of 30% of the aggregate principal amount of the Gold Notes issued and outstanding. The spin-out in late February of the Marmato Mining Assets in Zona Baja into Caldas Gold set the stage for Caldas Gold to move forward with its financing of the expansion of the existing underground mining operation to incorporate the MDZ mineralization. Caldas Gold has successfully completed the financing for the Marmato Project and has commenced execution of the action plans to optimize mining operations and expand the processing plant in the existing Upper Zone mine while it finalizes selection of the EPCM contractor and carries out certain technical studies in advance of commencing development and construction activities in the MDZ in 2021.

On March 11, 2020, the World Health Organization declared COVID-19 to be a global pandemic. Since then, actions taken globally in response to COVID-19 have interrupted business activities and supply chains; disrupted travel; contributed to significant volatility in the financial markets, impacted social conditions and adversely impacted local, regional, national and international economic conditions, as well as the labor market. In response, on March 25, 2020, the Colombian government implemented a national quarantine, which continued through to the end of August. Since the beginning of September, Colombia has been in a selective isolation stage. The operating protocols implemented by the Company at both the Segovia Operations and the Marmato Project remain in effect to protect the health and safety of its workers. Employees in the Company's Toronto and Medellin offices continue to work remotely. The Company is also continuing to respond to the needs of the local communities surrounding its operations by providing food, medical and sanitation supplies and masks. Despite the challenges associated with the COVID-19 situation in Colombia, the Company has continued to operate its mines, albeit at a reduced production rate compared to normal during the second quarter of 2020, most notably at Marmato. Production improved to more normal levels in the third quarter of 2020. Through the first ten months of 2020, the Company has produced a total of 182,320 ounces of gold. Considering its performance to date, and assuming operations continue at the present pace, the Company is on track to meet its 2020 annual production guidance of a range of 195,000 to 200,000 ounces of gold from Segovia and 23,000 to 26,000 ounces of gold at Marmato.

Exploration programs are in full operation at both the Segovia Operations and the Marmato Project. In addition to the near mine drilling campaigns at the El Silencio, Providencia, Sandra K and Carla mines, the Company has recently commenced its regional exploration campaign focused on the most prospective brownfield exploration targets within the 24 known veins at its Segovia Operations which are not currently being mined. At Marmato, the current drill program is designed to in-fill higher-grade gold mineralization in the recently discovered New Zone and expand and in-fill the strike extension of the Main Zone to the southeast to be included in an update of the mineral resource and reserve estimate for 2021, with the aim of significantly increasing the life of the mine. The current drilling program started in late May 2020 with three contractor diamond drill rigs operating from three purpose-built underground drill stations on Levels 20 and 21 of the mine. Drilling results will be released as they become available.

Issued and Outstanding Securities

At November 11, 2020, the Company had the following securities issued and outstanding:

Securities	TSX Symbol	Number	Shares Issuable	Exercise price per share	Expiry or maturity date
Common shares	GCM	61,325,329			
Stock options		83,333	83,333	CA$2.55	April 2021
		194,999	194,999	CA$2.55	April 2022
		53,333	53,333	CA$2.55	December 2022
		475,000	475,000	CA$3.16	June 2023
		330,000	330,000	CA$3.67	April 2024
		570,000	570,000	CA$4.05	April 2025
		50,000	50,000	CA$6.88	July 2025
		1,756,665	1,756,665		
Gold Notes	GCM.NT.U	$35,525,000	N/A	N/A	April 30, 2024
Convertible Debentures	Unlisted	CA$20,000,000	4,210,526	CA$4.75	April 5, 2024
Warrants	GCM.WT.B	11,127,042	11,129,542	CA$2.21	April 30, 2024
	Unlisted	3,260,870	3,260,870	CA$5.40	November 5, 2023
	Unlisted	7,142,857	7,142,857	CA$6.50	February 6, 2023

Normal Course Issuer Bid ("NCIB") for the Company's Common Shares

The Company commenced a NCIB for its common shares on September 4, 2020 that will terminate on September 3, 2021, or such earlier date on which purchases under the NCIB have been completed. Purchases of Shares under the NCIB will be made through the facilities of the TSX or other alternative Canadian trading systems at the market price of the shares at the time of acquisition. Daily purchases will be limited to 153,521 shares, other than block purchase exceptions. Shares purchased under the NCIB will be cancelled. The NCIB will allow the Company to purchase for cancellation up to 5,934,811 shares of the Company over a 12-month period, representing 10% of the current issued and outstanding shares in the public float as of August 31, 2020. In September 2020, the Company purchased 350,000 shares for cancellation under its NCIB at an average price of CA$6.22 per share. In October 2020, the Company purchased an additional 270,900 shares for cancellation under its NCIB at an average price of CA$6.13 per share.

Under the Company's previous NCIB, which expired on June 11, 2020, the Company purchased a total of 56,000 common shares for cancellation in March 2020 at an average price of CA$3.42 per share.

2020 Private Placement; Early Redemption of 30% of Gold Notes

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

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

Caldas Gold RTO Transaction and Investments in 2020

In December 2019, the Company transferred the Marmato Zona Baja operations in a common control transaction to Caldas Finance Corp. ("CFC"), a newly incorporated subsidiary of the Company. The Marmato Mining Assets principally comprise the existing producing underground gold mine, including the right to mine in the lower portion of the Echandia license area, the existing 1,200 tonnes per day processing plant and the area encompassing the Deeps mineralization, all located within the mining license area referred to as Zona Baja.

On February 24, 2020, the Company completed the Caldas RTO transaction in which it sold CFC to Bluenose Gold Corp. ("Bluenose") in a share for share exchange that resulted in Gran Colombia controlling Bluenose after the transaction. The resulting issuer, and subsidiary of the Company, is named Caldas Gold, and it commenced trading on the TSXV on February 28, 2020 under the symbol "CGC".

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

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

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

In the accounting for the reverse takeover, the Caldas RTO Transaction consideration was determined by reference to the fair value of the 10,852,841 shares the legal subsidiary, being CFC, would have issued to the former Bluenose shareholders to obtain the same percentage ownership interest in the combined entity. Caldas Gold recognized the $16.4 million excess of the fair value of the Caldas RTO Transaction consideration over the net liability assumed and the Caldas RTO Transaction costs of approximately $0.3 million, including a financial advisory fee and the fair value of stock options honoured, in the statement of operations during the nine months ended September 30, 2020.

Caldas Gold 2019 Subscription Receipt Financing

At closing of the Caldas RTO Transaction, the net proceeds of approximately $4.7 million from the 2019 Subscription Receipt Financing completed by CFC in December 2019 were released from escrow to Caldas Gold. Concurrently, the 2019 Subscription Receipts were exchanged for one common share of Caldas Gold and one common share purchase warrant of Caldas Gold with an exercise price of CA$3.00 per share expiring December 19, 2024.

Gran Colombia February 2020 Private Placement

In February 2020, prior to the Caldas RTO Transaction, CFC closed the Gran Colombia Private Placement pursuant to which the Company purchased 7,500,000 units of CFC in a non-brokered private placement basis at a price of CA$2.00 per unit, for gross cash proceeds of CA$15.0 million (approximately $11.3 million), of which CA$2.4 million (equivalent to $1.8 million) was advanced in December 2019. At the closing of the Caldas RTO Transaction, each unit issued under the Gran Colombia Private Placement was exchanged for one common share of Caldas Gold and one share purchase warrant of Caldas Gold with an exercise price of CA$3.00 per share expiring December 19, 2024.

Open Market Purchases of Caldas Gold Common Shares by the Company in 2020

The Company, through GC Holdco, acquired an aggregate of 1,295,100 common shares of Caldas Gold at an average price of CA$1.89 per share in the open market during the period from February 28, 2020 through March 16, 2020, inclusive, for an aggregate amount of CA$2.4 million (approximately $1.8 million).

Gran Colombia June 2020 Private Placement to Fund SARC Acquisition

On June 30, 2020, the Company acquired 7,000,000 common shares of Caldas Gold in a CA$14 million (approximately $10.3 million) private placement. Caldas Gold used $10 million of the proceeds from the private placement to fund the cash portion of the acquisition of South American Resources Corp. ("SARC") completed on July 2, 2020. SARC had acquired a 100% interest in the Juby Project and a 25% interest in certain claims adjoining the Juby Project on June 30, 2020. The Juby Project is an advanced exploration-stage gold project located in Northeastern Ontario within the Shining Tree area in the southern part of the Abitibi greenstone belt. In connection with the SARC acquisition, Caldas Gold also issued 20,000,000 common shares to the shareholders of SARC, diluting the Company's equity interest in Caldas Gold to approximately 57.5% as of July 2, 2020.

Gran Colombia Participation in Caldas Gold's July 2020 Bought Deal Financing of Special Warrants

On July 29, 2020, Caldas Gold completed a CA$50 million bought deal financing of Special Warrants at a price of CA$2.25 per Special Warrant. Each Special Warrant entitles the holder to receive one common share and one common share purchase warrant (the "CGC 2020 Warrants") exercisable at CA$2.75 per share for a period of five years, subject to an acceleration clause if certain conditions are met after the third year. The Company purchased 8,888,889 Special Warrants for a total purchase price of CA$20 million (approximately $15 million). On September 28, 2020, the Special Warrants were exercised and Caldas Gold issued 22,222,222 common shares and 22,222,222 CGC 2020 Warrants that are listed on the TSX Venture Exchange ("TSXV") under the symbol CGC.WT. The Company's equity interest in Caldas Gold after the exercise of the Special Warrants decreased to 53.5%.

Gran Colombia Participation in Caldas Gold's August 2020 Subscription Receipts Financing of Gold-Linked Notes

On August 26, 2020, Caldas Gold completed an $83.1 million brokered private placement of 83,066 subscription receipts (the "GLN Subscription Receipts") at a price of $1,000 per GLN Subscription Receipt. On satisfaction of certain conditions contained in the GLN Subscription Receipt agreement, each GLN Subscription Receipt shall convert ("Conversion Event") and entitle the holder thereof to receive one unit of Caldas Gold, with each unit comprising senior secured gold-linked notes ("CGC Gold Notes") in an aggregate principal amount of $1,000 and 200 CGC 2020 Warrants that will also be listed and trade on the TSXV under the symbol CGC.WT. The Company acquired 10,000 GLN Subscription Receipts for a total of $10.0 million and the balance of $73.1 million aggregate principal amount issued to third parties is carried at fair value of $71.8 million in Subscription Receipts payable at September 30, 2020. The CGC Gold Notes represent senior secured obligations of Caldas Gold, ranking pari passu with all present and future senior indebtedness of Caldas Gold, including the Wheaton stream financing (see page 24), senior to all present and future subordinated indebtedness of Caldas Gold, and are non-recourse to Gran Colombia.

Reserves and Resources

Segovia Operations Mineral Reserves

The following table provides a breakdown of the Mineral Reserve for the Segovia Operations as of December 31, 2019 by area and category:

Area	Category	Tonnes (kt)	Grade (g/t)	Au Metal (koz)
Providencia	Proven	165	16.5	88
Providencia	Probable	154	12.0	59
Sandra K	Probable	249	8.9	71
El Silencio	Probable	1,313	9.9	419
Carla	Probable	104	10.0	33
December 31, 2019 (1)	**Total**	**1,985**	**10.5**	**670**

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

(2) Derived from the Amended NI 43-101 Technical Report Prefeasibility Study Update, Segovia Project, Colombia, dated March 30, 2020, prepared by SRK Consulting (U.S.), Inc. ("SRK").

Segovia Operations Mineral Resource Estimate

The following table summarizes the Company's Mineral Resource estimate ("MRE") for gold at the Segovia Operations effective as of December 31, 2019:

	Measured			Indicated			Measured & Indicated			Inferred		
	Tonnes (000s)	Grade (g/t)	Oz Au (000s)	Tonnes (000s)	Grade (g/t)	Oz Au (000s)	Tonnes (000s)	Grade (g/t)	Oz Au (000s)	Tonnes (000s)	Grade (g/t)	Oz Au (000s)
Segovia Operations (1)	226	20.8	151	3,385	11.1	1,205	3,611	11.7	1,356	4,098	9.6	1,265

(1) Sourced from the NI 43-101 Technical Report, Prefeasibility Study Update, Segovia Project, Colombia dated May 14, 2020 and effective as of December 31, 2019, prepared by prepared by SRK. Some production at Segovia is sourced from mining areas that are not currently included in the Company's MRE.

Marmato Project Mineral Resource Estimate

On August 17, 2020, Caldas Gold announced that it had filed a preliminary feasibility study ("PFS") technical report on its Marmato Project (the "Marmato Technical Report") pursuant to National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). The Marmato Technical Report included an updated MRE for its Marmato Project prepared by SRK in accordance with the Canadian Institute of Mining Metallurgy and Petroleum ("CIM") Definition Standards incorporated by reference in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") with an effective date of March 17, 2020 (the "2020 MRE").

The following table summarizes the 2020 MRE for Zona Baja and changes by category in tonnes, grade and ounces of gold compared with the previous MRE as of July 31, 2019 (the "2019 MRE"):

	Measured			Indicated			Measured & Indicated			Inferred		
	Tonnes (Mt)	Grade (g/t)	Oz Au (000s)	Tonnes (Mt)	Grade (g/t)	Oz Au (000s)	Tonnes (Mt)	Grade (g/t)	Oz Au (000s)	Tonnes (Mt)	Grade (g/t)	Oz Au (000s)
2020 MRE	**2.1**	**5.6**	**387**	**37.3**	**3.1**	**3,699**	**39.4**	**3.2**	**4,086**	**26.4**	**2.6**	**2,172**
2019 MRE	2.1	4.9	325	15.2	3.5	1,714	17.3	3.7	2,039	44.9	2.3	3,312
Change	**-**	**0.7**	**62 +19%**	**22.1**	**(0.4)**	**1,985 +116%**	**22.1**	**(0.5)**	**2,047 +100%**	**(18.5)**	**0.3**	**(1,140) (34%)**

(1) Mineral resources are inclusive of mineral reserves and do not have demonstrated economic viability.

The 2020 MRE reflects the impact of infill drilling within the Marmato Deep Zone ("MDZ") areas which has increased the confidence in the estimates and resulted in significant movement from the Inferred to Indicated category.

SRK also highlighted that the current MDZ mineralization represents a notable change in the style of mineralization and considerations for mining methods compared to the Veins and Upper Mine (current operating mine) at the Marmato Project and has maintained the use of a high-grade core to the mineralization at depth.

Marmato Project Mineral Reserves

The Marmato Technical Report also includes Caldas Gold's first Mineral Reserve estimate for the Marmato Project with a total of 2.0 million proven and probable ounces of gold, based on 19.7 million tonnes of material at an average head grade of 3.2 g/t.

The following table provides a breakdown of the Mineral Reserve estimate(1) as of March 17, 2020 by area and category:

Area	Category	Tonnes (kt)	Grade (g/t)		Contained (kozs)	
			Au	Ag	Au	Ag
Veins(2)	Proven	762	5.01	21.80	123	533
	Probable	3,049	4.20	16.85	412	1,652
	Veins Total	*3,812*	*4.37*	*17.84*	*535*	*2,184*
Transition(3)	Proven	40	7.63	28.16	10	36
	Probable	1,293	3.43	7.92	143	329
	Transition Total	*1,333*	*3.56*	*8.52*	*152*	*365*
MDZ(4)	Proven	-	-	-	-	-
	Probable	14,556	2.85	3.84	1,333	1,799
	MDZ Total	*14,556*	*2.85*	*3.84*	*1,333*	*1,799*
Total	**Proven**	**802**	**5.14**	**22.11**	**133**	**569**
	Probable	**18,898**	**3.11**	**6.22**	**1,888**	**3,780**
	Total	***19,701***	***3.19***	***6.87***	***2,020***	***4,348***

Notes: 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 economic model.

(1) Veins ore reserves are reported using a CoG of 2.23 g/t Au. The Veins CoG calculation assumes a US$1,400/oz Au price, 85% Au metallurgical recovery, US$49.45/t mining cost, US$13.63/t G&A, US$12.24/t processing cost, and US$8.96/t royalties. Transition ore reserves are reported using a CoG of 1.91 g/t Au. The Transition CoG calculation assumes a US$1,400/oz Au price, 95% Au metallurgical recovery, US$46.00/t mining cost, US$13.63/t G&A, US$12.24/t processing cost, and US$8.96/t royalties. MDZ ore reserves are reported using a CoG of 1.61 g/t Au. The MDZ CoG calculation assumes a US$1,400/oz Au price, 95% metallurgical recovery, US$42.00/t mining cost, US$14.00/t processing cost, US$6.75/t production royalties/taxes, US$3.00/t G&A, and US$3.00/t tailings cost. Note that costs/prices used here may be somewhat different than those in the final economic model. This is due to the need to make assumptions early on for mine planning prior to finalizing other items and using long-term forecasts for the LoM plan.

(2) The Veins area is currently mined using cut-and-fill methods. Mining dilution ranges from 20% to 55%, averaging 26%, is included in the Reserves using a zero grade for dilution. A mining recovery of 90% is applied to stopes. The Veins Mineral Reserves were estimated by Fernando Rodrigues, BS Mining, MBA, MMSAQP #01405, MAusIMM #304726 of SRK, a Qualified Person pursuant to NI 43-101.

(3) The Transition Zone is envisioned to be mined using a modified longhole stoping method. A mining dilution of 7% is included in the Reserves using a zero grade for dilution. A mining recovery of 90% is applied to stopes. The Transition Mineral Reserves were estimated by Fernando Rodrigues, BS Mining, MBA, MMSAQP #01405, MAusIMM #304726 of SRK, a Qualified Person pursuant to NI 43-101.

(4) The MDZ portion of the project is amenable to underground longhole open stoping mining methods. Mining dilution (internal and external) is included in the Reserve. Stope dilution is 8%, and a portion of the stope dilution is applied using grade values based on average surrounding block information. A mining recovery of 92.5% is applied to stopes. The MDZ Mineral Reserves were estimated by Joanna Poeck, BEng Mining, SME-RM, MMSAQP #01387QP, a Qualified Person pursuant to NI 43-101.

Marmato 2020 PFS and Life-of-Mine ("LoM") Plan

The Marmato Technical Report includes a mining study and schedule prepared by SRK's technical professionals to create a LoM production schedule for the expanded underground mining operations at Marmato that will ultimately comprise two distinct operations, the existing Upper Mine and the new MDZ operation which sits directly below the Upper Mine vein system. The Zona Baja contract was awarded to the Company's wholly-owned subsidiary, Caldas Gold Marmato S.A.S. (formerly Mineros Nacionales S.A.S.) in October 1991 and is valid for 30 years until October 2021. In October 2017, the Company commenced the process to renew the contract for another 30-year term, which is progressing well and is expected to be completed toward the end of 2020.

The LoM production schedule in the Marmato Technical Report foresees a total of 19.7 million tonnes of mineralized material being processed over a 14-year mine life resulting in a total of 1.9 million ounces of gold produced at an average LoM total cash cost of US$778 per ounce and an average LoM AISC of US$880 per ounce. The initial capital cost, to be incurred between 2020 and 2023, required for the MDZ mining operation is estimated to total US$269.4 million. At an expected long-term gold price of $1,400 per ounce, total LoM undiscounted after-tax project cash flow from mining operations amounts to US$490.9 million. At a 5% discount rate, the net present value of the total LoM after-tax project cash flow amounts to US$256.1 million. Before financing, the project has a 19.5% after-tax internal rate of return and payback by 2026.

Results of Operations and Overall Performance

Gold production

	Third Quarter		Nine Months	
(Ounces)	2020	2019	2020	2019
Segovia Operations				
Company mines (1)				
El Silencio	18,323	18,175	51,776	61,349
Providencia	23,152	24,032	67,537	74,319
Sandra K	4,051	3,729	12,056	8,542
Total Company mines	45,526	45,936	131,369	144,210
Other contract mines (2)	6,029	4,114	14,909	11,851
Total Segovia Operations	51,555	50,050	146,278	156,061
Marmato Operations	6,899	6,221	16,651	18,693
Total	58,454	56,271	162,929	174,754

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

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

The Segovia Operations produced 51,555 ounces in the third quarter of 2020, up 3% over the third quarter of 2019. Segovia's third quarter 2020 production reflects a 16% improvement over the second quarter of 2020 which reflected the impact on the Segovia Operations as the Company adapted to the new COVID-19 protocols during the initial stages of the national quarantine from late March through the first two weeks of April. Since mid-April 2020, the Segovia Operations have been operating at a fairly normal level through the COVID-19 national quarantine. For the first nine months of 2020, the Segovia Operations produced a total of 146,278 ounces of gold compared with 156,061 ounces in the first nine months last year. Overall, the Segovia Operations have processed an average of 1,259 tpd in the first nine months of 2020 at an average head grade of 14.7 g/t compared with 1,200 tpd at an average head grade of 16.5 g/t in the first nine months last year. In October 2020, the Segovia Operations produced 16,904 ounces of gold resulting from the processing of 1,416 tpd at an average head grade of 13.3 g/t. The Segovia Operations are expected to produce between 195,000 and 200,000 ounces of gold this year.

Marmato's total gold production for the third quarter of 2020 totalled 6,899 ounces, up 11% over the third quarter last year. Moreover, Marmato's third quarter 2020 production reflects a 79% improvement over the second quarter of 2020 which had been adversely impacted by the COVID-19 quarantine's limitation on the mine's availability of workers. Since July, the situation has improved and Caldas Gold is proceeding to implement the optimized mine plan as envisioned in the Marmato Technical Report. Marmato processed an average of 943 tpd in the third quarter of 2020, up 60% over the second quarter of 2020. Head grades in August and September reached 3.0 g/t and brought the average for the third quarter of 2020 to 2.77 g/t, up 10% over the second quarter of 2020 and up 19% over the third quarter of 2019. For the first nine months of 2020, gold production totalled 16,651 ounces compared with 18,693 ounces produced in the first nine months of 2019. In October 2020, Marmato produced 2,487 ounces of gold resulting from the processing of 967 tpd at an average head grade of 2.8 g/t. The Marmato mine is expected to produce between 23,000 and 26,000 ounces of gold this year.

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

	2020			2019				2018
	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr
Segovia Operations								
Company mines (1)								
Tonnes milled	92,689	86,810	95,614	99,815	98,892	85,444	82,985	81,617
Head grade (g/t)	16.98	15.77	16.71	18.39	16.07	19.19	21.28	19.30
Gold produced (ozs) (2)	45,526	39,553	46,290	53,385	45,936	47,254	51,020	45,460
Other contract mines (3)								
Tonnes milled	25,364	23,385	21,219	23,921	21,966	21,298	17,128	17,359
Head grade (g/t)	8.21	7.13	6.60	6.92	6.47	7.09	6.79	6.67
Gold produced (ozs)	6,029	4,824	4,056	4,795	4,114	4,371	3,366	3,349
Total Segovia Operations								
Tonnes milled	118,053	110,195	116,833	123,736	120,858	106,742	100,113	98,976
Tonnes per day (tpd)	1,283	1,211	1,284	1,345	1,314	1,173	1,112	1,076
Head grade (g/t)	15.10	13.94	14.87	16.17	14.32	16.78	18.80	17.09
Mill recovery	90.0%	89.9%	90.1%	90.4%	89.9%	89.7%	89.9%	89.8%
Gold produced (ozs) (2)	51,555	44,377	50,346	58,180	50,050	51,625	54,386	48,809
Silver produced (ozs)	47,560	41,342	45,918	50,398	44,505	46,826	46,091	42,705
Marmato Operations								
Tonnes milled	86,715	53,610	84,625	92,832	95,862	90,411	91,389	85,157
Tonnes per day (tpd)	943	589	930	1,009	1,042	994	1,015	926
Head grade (g/t)	2.77	2.51	2.45	2.71	2.32	2.45	2.44	2.72
Mill recovery	89.4%	88.9%	88.6%	87.1%	86.9%	87.8%	86.6%	86.8%
Gold produced (ozs)	6,899	3,851	5,901	7,057	6,221	6,257	6,215	6,451
Silver produced (ozs)	9,287	5,105	9,012	10,423	9,219	10,078	9,839	9,726
Total Company								
Gold produced (ozs)	58,454	48,228	56,247	65,237	56,271	57,882	60,601	55,260
Silver produced (ozs)	56,847	46,447	54,930	60,821	53,724	56,904	55,930	52,431

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

Revenues

	Third Quarter		Nine Months	
($000's except ounce and $/oz data)	2020	2019	2020	2019
Gold				
Ounces sold	59,633	56,284	168,412	174,697
Average realized price ($/oz)	1,875	1,458	1,712	1,348
Silver				
Ounces sold	57,917	53,578	162,478	166,352
Average realized price ($/oz)	23	16	18	15
Revenues				
Gold	$ 111,826	$ 82,073	$ 288,286	$ 235,512
Silver	1,312	879	2,962	2,505
	$ 113,138	$ 82,952	$ 291,248	$ 238,017

Revenue of $113.1 million in the third quarter of 2020 was up 36% over the third quarter last year. With spot gold prices up about 30% in the third quarter of 2020 compared with the third quarter last year, revenue benefitted from an increase in the Company's realized gold price to an average of $1,875 per ounce sold compared with $1,458 per ounce sold in the third quarter last year. In addition, revenue in the third quarter of 2020 benefitted from a 6% increase in the volume of gold sales and a 43% increase in spot silver prices compared with the third quarter last year. For the first nine months of 2020, revenue totaled $291.2 million, up 22% over the first nine months last year, primarily driven by the 27% year-over year increase in spot gold prices in the first nine months of 2020.

Cost of sales

	Third Quarter		Nine Months	
	2020	2019	2020	2019
Production costs	$ 43,711	$ 36,025	$ 113,164	$ 106,920
Production taxes	5,050	3,372	11,882	9,627
Recovery of environmental fees	-	(658)	-	(736)
Depreciation, depletion and amortization ("DD&A")	6,494	7,481	18,410	24,262
Total cost of sales	$ 55,255	$ 46,220	$ 143,456	$ 140,073
Total cash costs per ounce (1)				
Production costs	$ 733	$ 640	$ 672	$ 612
Production taxes	85	60	71	55
By-product credits (silver)	(22)	(16)	(18)	(14)
	$ 796	$ 684	$ 725	$ 653

(1) See "Non-IFRS Measures" on pages 27-31.

The Company's total cash costs per ounce averaged $796 in the third quarter of 2020 compared with $684 in the third quarter of 2019. At the Segovia Operations, which account for about 90% of total gold sales, total cash costs averaged $722 per ounce in the third quarter of 2020, up from $621 per ounce in the third quarter last year, reflecting an increase in contractor and artisanal mining rates (which had not changed since 2017) implemented in the third quarter of 2020 in response to the current gold market conditions, higher spot gold prices which resulted in a $21 per ounce increase in production taxes and additional costs to implement the necessary COVID-19 protocols required to protect the health and safety of its workers. At the Marmato Operations, total cash costs averaged $1,353 per ounce in the third quarter of 2020, up from $1,156 per ounce in the third quarter last year, reflecting an increased level of operating development costs in 2020 associated with the preparation of Levels 21 and 22 (the Transition Zone) for expansion of mining activities in accordance with the Marmato Technical Report, a $52 per ounce increase in production taxes due to the higher gold prices and additional costs related to the COVID-19 health and safety protocols.

The total cash costs per ounce sold over the trailing eight quarters were as follows:

	2020			2019				2018
	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr
Segovia Operations	$ 722	$ 654	$ 604	$ 637	$ 621	$ 600	$ 570	$ 635
Marmato Operations	1,353	1,366	1,215	1,063	1,156	1,090	1,128	1,120
Company average	$ 796	$ 713	$ 667	$ 685	$ 684	$ 655	$ 621	$ 698

DD&A in the first nine months of 2020 of $18.4 million reflects a decrease in the DD&A rate to an average of $109 per ounce sold from $139 per ounce sold in the first nine months of 2019 reflecting the impact of additional resources added to the depletion base through exploration in 2019 and the impact of COP/USD devaluation in the current period compared with last year.

Social programs and contributions

	Third Quarter		Nine Months	
($000's)	2020	2019	2020	2019
Segovia Operations	$ 2,667	$ 1,767	$ 6,999	$ 4,841
Marmato Project	98	-	483	-
	$ 2,765	$ 1,767	$ 7,482	$ 4,841

The Company is committed to responsible mining and supporting the local communities in which it operates. At its Segovia Operations, the Company makes contributions to a trust account to fund social programs with the amount of the contributions determined by a formula based on gold production and tied to the spot price of gold. The increase in the total amount of the Segovia social contributions in the third quarter and first nine months of 2020 over the corresponding periods last year was primarily driven by an increase in the contribution rates in 2020 as a result of the higher spot gold prices this year. In 2020, the programs funded by the Segovia social contributions have included a number COVID-19 relief measures in the local communities surrounding the Segovia Operations. Similarly, in the third quarter and first nine months of 2020, the Marmato Operations incurred $0.1 million and $0.5 million, respectively, of funding to support the local communities surrounding the Marmato Project through social programs that included meals for vulnerable families, hospital supplies, cleaning kits and masks.

Other items

($000's)	Third Quarter 2020		Third Quarter 2019		Nine Months 2020		Nine Months 2019
G&A expenses	$	4,938	$	4,865	$	14,076	$ 11,340
Share-based compensation expense		702		342		5,466	1,795
Finance costs		11,680		3,306		20,883	9,856
RTO Transaction costs		-		-		16,700	-
Loss on financial instruments		2,364		7,466		21,260	23,114
Gain on sale of securities, net		-		-		3,099	-
Income tax expense		17,509		10,795		43,317	30,005

G&A expenses in the third quarter of 2020 amounted to $4.9 million, up slightly from the third quarter last year, and include an incremental $1.2 million of G&A expenses incurred by Caldas Gold now that it is a separate public company. For the first nine months of 2020, G&A expenses totalled $14.1 million, up from $11.3 million in the first nine months last year, including $2.3 million of Caldas Gold G&A expenses in the first nine months of 2020 and an increased level of costs in 2020 related to the refinery arbitration, which was decided in October 2020 in the Company's favor, and the Company's request for institution of arbitration proceedings with the International Centre for Settlement of Investment Disputes in respect of the Company's claim against the Republic of Colombia (the "FTA Claim").

Share-based compensation expense represents the fair value of the long-term incentive program ("LTIP") compensation granted to directors, executives and managers of the Company and Caldas Gold as follows:

- *DSU grants to non-employee directors, including the change in fair value* – a total of $0.1 million in the third quarter of 2020, down from $0.3 million in the third quarter last year, bringing the total for the first nine months of 2020 to $1.2 million, up from $0.9 million in the first nine months last year;
- *Stock option grants to executives and managers, including recognition of amounts vesting during the period* – a total of $0.7 million in the third quarter of 2020 compared with $Nil in the third quarter last year, bringing the total for the first nine months of 2020 to $4.1 million, up from $0.8 million in the first nine months last year; and,
- *PSU grants to executives and managers, including the change in fair value* – a reversal of $0.1 million in the third quarter of 2020 compared with $0.1 million in the third quarter last year, bringing the total for the first nine months of 2020 to $0.1 million, equal to the first nine months last year.

Finance costs of $11.7 million in the third quarter of 2020 bringing the total for the first nine months of 2020 to $20.9 million compared with $9.9 million in the first nine months last year, comprised of the following primary categories:

- *Interest expense - $3.7 million in the first nine months of 2020*, down from $6.0 million in the first nine months last year as a result of the repayment of the Gold Notes, including the partial early redemption of $19.2 million aggregate principal amount on March 31, 2020.
- *Gold Premium - $3.7 million in the first nine months of 2020,* compared to $0.9 million in the first nine months last year. Under the terms of the Gold Notes, the Company pays a Gold Premium when the spot gold price used in the quarterly amortizing payments exceeds $1,250 per ounce. With the increased spot gold prices in 2020, the Gold Premiums are significantly higher than the previous year.

- *Applicable Premium on early redemption of Gold Notes - $2.0 million in the first nine months of 2020,* was the amount required to be paid over and above the $19.2 million aggregate principal amount on the partial early redemption on March 31, 2020 in accordance with the Gold Notes Indenture.
- *Non-cash accretion of lease and other financial obligations - $1.5 million in the first nine months of 2020* compared with $1.6 million in the first nine months last year. The Company has financial obligations associated with its funding of health plan contributions at Segovia, decommissioning liabilities at Segovia and Marmato Operations and environmental fees at Segovia, all of which will be paid over time and therefore are recorded at the present value of the future obligations. Non-cash finance costs are recognized as these liabilities are accreted with the passage of time. Similarly, the Company records non-cash finance costs related to the accretion of its lease obligations.
- *Caldas Special Warrants financing costs - $2.8 million in the third quarter and first nine months of 2020,* associated with the equity private placement completed by Caldas Gold to fund its MDZ expansion project.
- *Caldas GLN Subscription Receipts financing costs - $6.3 million in the third quarter and first nine months of 2020,* associated with a Gold-Linked Notes private placement completed by Caldas Gold to fund its MDZ expansion project.
- *Private placement transaction costs - $1.0 million in the first nine months of 2020,* associated with the CFC private placements.
- *Debt financing costs - $1.3 million in the first nine months last year* related to the Convertible Debentures issue.

In the first nine months of 2020, the Company recorded RTO Transaction costs of $16.7 million in connection with the Caldas RTO Transaction as outlined on page 6 of this MD&A.

The Company has a number of financial instruments for which changes in fair value from quarter to quarter are recognized at fair value through profit and loss. The Company recorded a ***loss on financial instruments*** in the third quarter and first nine months of 2020 of $2.4 million and $21.3 million, respectively, compared with a loss on financial instruments in third quarter and first nine months of 2019 in the amount of $7.5 million and $23.1 million, respectively. The major components of the gain/loss on financial instruments include:

- A total fair value gain of $0.7 million and a total fair value loss of $25.2 million in the third quarter and first nine months of 2020, respectively, related to its derivative financial liabilities including the 2024 Warrants, the 2019 PP Warrants, the 2020 PP Warrants, the Caldas Gold Warrants, the Gold Notes, the Convertible Debentures, the Caldas Gold Special Warrants and the Caldas Gold GLN Subscription Receipts. In the third quarter and first nine months of 2019, the loss on these financial instruments amounted to $11.6 million and $26.9 million, respectively.
- A total fair value loss of $3.0 million and a total fair value gain of $4.0 million in the third quarter and first nine months of 2020, respectively, related to its derivative financial assets including the Gold X Warrants and Gold X Debentures, the Western Atlas Warrants and the commodity hedging contracts. In the third quarter and first nine months of 2019, the total fair value gains on these financial instruments amounted to $4.1 million and $3.8 million, respectively.

In May 2020, the Company announced that it had signed a definitive agreement to complete a business combination with Gold X Mining and submitted a proposal to Guyana Goldfields Inc. (“Guyana Goldfields”) to acquire all of its issued and outstanding common shares. To support this transaction, the Company acquired 8.7 million shares of Guyana Goldfields in the open market. Ultimately, the Company decided not to pursue the acquisition of Guyana Goldfields and sold its shares in the open market, realizing a gain on sale of $3.1 million, net of transaction costs, in the first nine months of 2020. The definitive agreement with Gold X was also mutually terminated.

The Company recorded ***income tax expense*** in the third quarter of 2020 of $17.5 million compared with $10.8 million in the third quarter of 2019. This brought the total income tax expense for the first nine months of 2020 to $43.3 million compared with $30.0 million in the first nine months last year. The effective income tax rate on the Company's reported pre-tax income or loss will ordinarily vary from the expected income tax expense based on the 26.5% combined statutory tax rate in Canada as a result of differences in tax rates in Colombia (which decreased from 33% in 2019 to 32% in 2020) and other foreign jurisdictions, non-deductible expenses (such as the loss on financial instruments and the RTO Transaction costs), losses incurred in jurisdictions outside Colombia for which deferred tax assets are not recognized and other less individually significant items. The increased level of income from operations in 2020 as a result of the increase in realized gold prices was the primary driver behind the increase in current income tax expense in the third quarter and first nine months of 2020 compared with the same periods last year.

Net income and adjusted net income

The significant increase in spot gold prices in the third quarter of 2020 contributed to ***net income*** of $18.0 million ($0.39 per share) compared with net income of $9.0 million ($0.18 per share) in the third quarter last year. For the first nine months of 2020, the Company reported net income of $23.7 million ($0.53 per share) compared with $17.7 million ($0.36 per share) in the first nine months last year. The net income for the first nine months of 2020 was net of a $16.7 million charge related to the Caldas Gold RTO Transaction and $9.1 million of financing costs associated with Caldas Gold's private placements in the third quarter of 2020 to raise funds for its MDZ expansion project at Marmato.

Adjusted net income for the third quarter of 2020 was $29.5 million ($0.47 per share), up from $16.2 million ($0.33 per share) in the third quarter last year. For the first nine months of 2020, adjusted net income improved to $68.2 million ($1.14 per share) compared with $43.3 million ($0.89 per share) in the first nine months last year. See the reconciliation on page 29 for the computation of this non-IFRS measure. The year-over-year improvement in adjusted net income for the third quarter and first nine months of 2020 largely reflects the positive impact of higher gold prices in 2020, partially offset by the COVID-19 impact on gold sales volumes in the second quarter of 2020.

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Summary of Quarterly Results

$000's except ounce, per ounce and per share data	2020 3rd Qtr	2020 2nd Qtr	2020 1st Qtr	2019 4th Qtr	2019 3rd Qtr	2019 2nd Qtr	2019 1st Qtr	2018 4th Qtr
Operating data:								
Gold produced (ounces)	58,454	48,228	56,247	65,237	56,271	57,882	60,601	55,260
Gold sold (ounces)	59,633	45,078	63,701	59,169	56,284	59,368	59,045	56,360
Average realized gold price (1)	$ 1,875	$ 1,696	$ 1,570	$ 1,480	$ 1,458	$ 1,293	$ 1,298	$ 1,198
Silver sold (ounces)	57,917	43,281	61,280	55,957	53,578	58,062	54,712	48,536
Average realized silver price (1)	$ 23	$ 15	$ 16	$ 16	$ 16	$ 14	$ 15	$ 14
Total cash costs (1, 2)	796	713	667	685	684	655	621	698
All-in sustaining costs (1, 2)	1,122	1,045	890	1,003	951	878	832	934
All-in costs (1, 2)	1,190	1,114	978	1,048	991	903	843	951
Financial data:								
Revenue								
Gold	$ 111,826	$ 76,465	$ 99,995	$ 87,545	$ 82,073	$ 76,783	$ 76,656	$ 67,545
Silver	1,312	669	981	918	879	827	799	662
Total	113,138	77,134	100,976	88,463	82,952	77,610	77,455	68,207
Cost of sales	55,255	37,942	50,259	49,486	46,220	47,227	46,626	48,335
G&A	4,938	4,248	4,890	4,339	4,865	3,146	3,329	3,245
Impairment charge (3)	-	-	-	175,989	-	-	-	-
Share-based compensation	702	1,999	2,765	362	342	686	767	-
Social programs and contributions	2,765	2,515	2,202	2,096	1,767	1,666	1,408	1,256
Income (loss) from operations	49,478	30,430	40,860	(143,809)	29,758	24,885	25,325	15,371
Finance costs, net of income	(11,368)	(2,379)	(5,848)	(3,155)	(2,978)	(3,476)	(2,436)	(797)
Bluenose RTO Transaction costs	-	-	(16,700)	(273)	-	-	-	-
(Loss) gain on financial instruments	(2,364)	(35,403)	16,507	(9,425)	(7,466)	(11,057)	(4,591)	(6,195)
Gain on sale of securities, net	-	3,099	-	-	-	-	-	-
Foreign exchange	(410)	(2,648)	5,784	(1,143)	629	(427)	(132)	215
Equity-accounted income (loss)	200	(1,497)	(720)	(1,671)	(134)	(128)	(82)	(171)
Income (loss) before taxes	35,536	(8,398)	39,883	(159,476)	19,809	9,797	18,084	8,423
Income tax (expense) recovery	(17,509)	(10,180)	(15,628)	10,627	(10,795)	(9,029)	(10,181)	(385)
Net income (loss)	18,027	(18,578)	24,255	(148,849)	9,014	768	7,903	8,038
Per share								
Basic	0.39	(0.27)	0.42	(2.65)	0.18	0.02	0.16	0.17
Diluted	0.17	(0.27)	0.42	(2.65)	0.18	0.02	0.16	0.17
Adjusted EBITDA (2)	56,688	37,563	50,437	40,607	37,595	33,198	35,275	23,736
Adjusted net income (2)	29,503	17,504	21,232	17,113	16,168	14,164	13,015	14,517
Adjusted per share (2)								
Basic	0.47	0.29	0.37	0.33	0.33	0.29	0.27	0.30
Diluted	0.40	0.24	0.32	0.27	0.27	0.25	0.24	0.29
Net cash provided by operating activities	67,712	6,431	31,811	34,635	30,606	18,217	19,818	23,463
Free Cash Flow (2)	53,365	(4,375)	17,831	21,953	19,630	7,751	11,277	14,444

(1) Per ounce sold.
(2) Refer to "Non-IFRS Measures" on pages 27-31.
(3) The Company recorded an impairment charge in the fourth quarter of 2019 related to Zona Alta at its Marmato Project.

Liquidity and Capital Resources

The Company's management of its operations in the first nine months of 2020, particularly in light of the COVID-19 situation, and continued improvement in spot gold prices, enabled it to maintain a solid financial position. Record quarterly Free Cash Flow of $53.4 million in the third quarter of 2020 brought the total Free Cash Flow for the first nine months of 2020 (refer to computation on page 31) to $66.8 million, more than sufficient to meet debt service and lease obligations, all of which totaled approximately $17.0 million. In addition, $21.1 million was used from the net proceeds of the 2020 Private Placement to fund an early redemption of the Gold Notes at the end of March 2020 and the remaining net proceeds, together with proceeds from the Caldas Gold private placements, the net proceeds from the purchase and sale of the Guyana Goldfields' shares, and the exercise of stock options and warrants funded the $10.0 million acquisition of SARC, the additional $1.1 million of investments in Western Atlas and Gold X Mining, the $1.8 million used to repurchase shares of the Company for cancellation and increased the Company's cash and cash equivalents at September 30, 2020 to $138.2 million, up from $84.2 million at the end of 2019. The aggregate principal amount of the Gold Notes was reduced to $38.4 million as of June 30, 2020 compared with $68.8 million at the end of 2019.

The Company's working capital increased to $112.6 million at September 30, 2020 from $50.0 million at the end of 2019. Key components of the Company's working capital at September 30, 2020 include:

- *Cash and cash equivalents - $138.2 million,* up from $84.2 million at the end of 2019, as noted above, and includes $43.0 million in Caldas Gold, of which $34.7 million represents the net proceeds of Caldas Gold's Special Warrant financing completed in the third quarter of 2020 that will be used as part of the funding for its MDZ expansion project at Marmato.
- *Subscription Receipts cash in trust and payable* - In February 2020, the $4.8 million cash in trust from the Caldas Subscription Receipts Financing in December 2019 was released on closing of the Caldas RTO Transaction and the Subscription Receipts were exchanged for common shares and warrants of Caldas Gold. In August 2020, Caldas Gold completed the GLN Subscription Receipts financing (as described on page 8). At September 30, 2020, cash in trust includes the $77.4 million net proceeds which are being held in escrow pending certain escrow release conditions and Subscription Receipts payable of $71.8 million represents the fair value of the GLN Subscription Receipts held by third parties awaiting conversion into Gold-Linked Notes and warrants of Caldas Gold, expected to be completed in the fourth quarter of 2020.
- *Gold Trust Account - $4.4 million associated with 2,310 ounces on deposit,* compared with $5.8 million associated with 3,900 ounces on deposit at the end of 2019. This represents the physical gold the Company has deposited in accordance with the terms of the Gold Notes to meet the quarterly amortizing payments. The 3,900 ounces held in the Gold Trust Account at the end of 2019 were subsequently sold on January 15, 2020 to fund the quarterly amortizing payment of the Gold Notes at the end of January 2020. As noted on page 6, the Company redeemed 30% of the aggregate principal amount of the Gold Notes on March 31, 2020 using a portion of the net proceeds from the 2020 Private Placement. This reduced the number of ounces required to be set aside in the Gold Trust to fulfill the quarterly Amortizing Payment on November 2, 2020 to 2,310 ounces. Going forward, the number of physical ounces required to be set aside on a monthly basis to meet future scheduled quarterly Amortizing Payments has similarly been reduced by 30% compared with the initial amortization schedule.
- *Accounts receivable – $13.3 million*, down $2.0 million from December 31, 2019, of which $10.2 million is represented by routine claims for recovery of VAT in the Colombian operations.

- *Inventories - $21.3 million,* down $3.0 million from the end of 2019, largely due to the impact of foreign exchange revaluation.
- *Accounts payable and accrued liabilities - $35.3 million*, up $5.4 million from the end of 2019, largely reflecting a policy change implemented early in the third quarter of 2020 adopting the general convention of a 60 days' payment term for suppliers in Colombia.
- *Income tax payable - $21.0 million,* down from $28.8 million at the end of 2019. The change in the first nine months of 2020 principally reflects an increase of $43.7 million for the current provision for income taxes recorded against earnings for the first nine months, primarily associated with the Company's Colombian mining operations, net of $45.7 million of income taxes paid in Colombia related to the balance owing from 2019 and prepayments for 2020 and the balance of the decrease primarily due to the impact of foreign exchange revaluation in the first nine months of 2020.
- *Current portion of long-term debt - $11.3 million*, down from $18.0 million at the end of 2019, primarily reflects the early redemption of 30% of the Gold Notes on March 31, 2020 which has proportionately reduced the schedule of future quarterly amortizing payments.
- *Current portion of lease obligations - $1.5 million,* up from $0.7 million at the end of 2019, representing lease payments to be made over the next 12 months.
- *Current portion of provisions - $1.4 million*, unchanged in aggregate from December 31, 2019. The September 30, 2020 balance includes $0.6 million for the next 12 monthly payments to fund the ongoing health plan obligations at the Segovia Operations and $0.8 million of expected rehabilitation costs to be paid over the next 12 months related to the closure of tailings storage facilities at the Segovia Operations.
- *Amounts payable for acquisitions of mining interests - $2.1 million* related to Zona Alta at the Marmato Project, down from $3.0 million from the end of 2019 primarily reflecting a $0.4 million decrease due to foreign exchange revaluation and $0.3 million of payments in the first nine months of 2020. The Company is continuing to seek a resolution to its obligations under the other remaining compensation agreements, which amount to approximately $1.9 million, including accumulated interest, of the total obligation at September 30, 2020.

As discussed on page 4, Colombia had implemented a national quarantine from late March through the end of August and since then, has been in a selective isolation stage. Although the national quarantine had an adverse impact on production levels in the first half of April at Segovia, overall it has not had a significant impact on Segovia's production or product shipments in the first nine months of 2020. At Marmato, COVID-19 had a more significant impact during the second quarter of 2020 due to restrictions on movement affecting the ability of workers to get to the mine site. The Company activated its business continuity program at its mine sites in Colombia very early on in the COVID-19 crisis and has taken steps to manage its discretionary operating and capital expenditures to preserve its liquidity during this unusual situation. To the extent possible, the Company expects that its mines will continue to operate during the COVID-19 situation in Colombia, maintaining its vigorous health and safety protocols. The Company is continuing to monitor the situation and at this point in time, is continuing to take remedial action as required. The Company's cash balances are sufficient to meet its debt service and other financial obligations over the next year and Caldas Gold has raised sufficient funds to carry out its planned capital program in the existing mine and the commencement of the MDZ expansion project over that period. In the event more stringent COVID-19 restrictions are reinstated in Colombia or other circumstances disrupt the Company's operations for a prolonged period, the Company may have to take further actions to reduce non-discretionary spending in order to preserve liquidity.

Operating activities

Net cash provided by operating activities in the first nine months of 2020 amounted to $106.0 million, well above the $68.6 million in the first nine months of 2019. Higher realized gold prices in the first nine months of 2020, particularly in the third quarter, made a significant contribution to the year-over-year increase in operating cash flow despite the adverse impact of COVID-19 on gold sales volume in the second quarter of 2020 and the increased level of income tax payments in the first nine months of 2020 compared with the same period last year.

Investing activities

Net cash used in investing activities in the first nine months of 2020 of $46.3 million, up from $32.8 million in the first nine months last year, comprised the following:

- additions to mining interests, plant and equipment of $39.1 million, up from $30.0 million in the first nine months last year, including:
  - *Sustaining capital expenditures*. The Company incurred $25.7 million of sustaining capital expenditures in the first nine months of 2020, including $22.2 million at the Segovia Operations and $3.5 million at the Marmato Operations, as outlined below;
  - *Non-sustaining capital expenditures*. The Company incurred $12.7 million of non-sustaining capital expenditures in the first nine months of 2020 with $9.5 million related to further exploration drilling, the preparation of the 2020 PFS and other costs related to the MDZ expansion project at the Marmato Project, $0.2 million on regional exploration at Segovia and a $3.0 million acquisition of an agricultural operation in its Segovia mining title that will form an integral part of its ESG initiatives to create sustainable sources of food and employment within the local community; and,
  - A total of $0.7 million of *accounts payable and accrued liabilities* related to capital expenditures and *amounts payable for acquisitions of mining interests*.
- $9.9 million paid by Caldas Gold in connection with the acquisition of SARC, as described on page 7, including $0.3 million of acquisition costs and net of $0.4 million of cash acquired in SARC;
- Net proceeds of $3.9 million from the purchase and sale of Guyana Goldfields' shares; and,
- $1.1 million spent in the first nine months of 2020 to increase the Company's investments in Western Atlas and Gold X Mining. In the first nine months of 2019, the Company spent $2.8 million for additional investments in Gold X Mining.

Sustaining capital expenditures of $22.2 million at the Segovia Operations in the first nine months of 2020 included (i) $5.8 million for drilling under the Company's ongoing exploration campaign, (ii) $7.0 million for ongoing mine development, (iii) $5.9 million for the mines including additional underground equipment, construction of underground drilling platforms and further infrastructure improvements and expansion at all four mines, including Carla, (iv) $0.7 million for costs related to the ongoing construction activities at the new El Chocho tailings storage facility, (v) $0.3 million for hydrological studies within the Segovia mining area and (vi) $2.5 million associated with upgrades at the Maria Dama plant and the Segovia site facilities. At Marmato, sustaining capital expenditures in the first nine months of 2020 amounted to $3.5 million and included $1.7 million related to mine infrastructure improvements and equipment, including mining equipment associated with the extension of operations into the Transitional Zone, $0.9 million of capital development in the Transitional Zone and $0.9 million associated with mill and tailings storage facility improvements.

Letter of Intent with Renergetica Colombia S.A.S to invest in a solar project in Colombia.

On May 5, 2020 the Company announced that it had signed a Letter of Intent ("LOI") with Renergetica Colombia S.A.S. ("Renergetica"), a subsidiary of Renergetica S.p.A., to acquire through its Segovia Operations, a solar project in the Tolima Region, Colombia (the "Suarez Project"). The Suarez Project will connect to the Colombian National Electric System and will become operational later in 2020. The capital cost of the Suarez Project, expected to total approximately $8.0 million, may be financed by up to 70% through local banks involved in "green financing" and will benefit from special tax incentives in Colombia on investments in renewable energy. The Company is currently in the process of obtaining permits and financing related to the project and expects construction will commence in 2021 and operations to begin before the end of 2021.

Spin out of Zancudo Project to ESV Resources and ESV Private Placement

On September 23, 2020, the Company entered into a letter of intent (the "LOI") with ESV Resources Ltd. ("ESV") (TSXV: ESV.H) to spin out its interest in the Zancudo Project to ESV. Under the terms of the spin out transaction, ESV will issue 27,000,000 common shares to the Company in exchange for its interest in the Zancudo Project. In addition to any escrow restrictions imposed by the policies of the TSXV, all common shares issued to the Company will be subject to a voluntary pooling arrangement from which one-quarter of the shares will be released on each of December 28, 2020, March 27, 2021, June 27, 2021 and September 27, 2021. ESV has also agreed to be bound by the terms of the option agreement with IAMGOLD.

ESV has announced that it has also signed a letter of intent with 1255269 B.C. Ltd. (the "Guia Antigua Vendor"), a company not related to the Company or any insiders of the Company, to concurrently acquire all of the outstanding share capital of the Guia Antigua Vendor. The Guia Antigua Vendor owns the Guia Antigua Project (the "Guia Antigua Transaction") which encompasses the exploration, development and mining rights to a 386-hectare area located in the eastern part of the Company's Segovia mining title focused on the high-grade silver-gold Guía Antigua vein which falls outside the areas associated with the Company's mining operations and exploration activities.

As a condition to completing the acquisitions of both the Zancudo and Guia Antigua Projects, ESV has announced that it intends to complete a non-brokered private placement financing (the "Concurrent Financing") to raise up to CA$8,400,000 through the issuance of up to 18,666,667 subscription receipts of the Guia Antigua Vendor at a price of CA$0.45 per subscription receipt. The Company has subscribed for CA$3,000,000 of the Concurrent Financing.

The proceeds of the Concurrent Financing will be held in escrow, pending ESV receiving all applicable regulatory approvals and completing the Guia Antigua Transaction. Upon satisfaction of the escrow conditions, immediately prior to completion of the Guia Antigua Transaction, each subscription receipt will automatically convert into one common share of the Guia Antigua Vendor for no additional consideration and will be exchanged for common shares of ESV on a one-for-one basis. If the Guia Antigua Transaction is not completed on or before December 31, 2020, the proceeds of the Concurrent Financing will be returned to the subscribers.

It is anticipated that ESV will change its name to "Denarius Silver Corp." in connection with the completion of the aforementioned acquisitions and Concurrent Financing. In addition, the Company will become a new "control person" of ESV (with an approximate 36% equity position) and have two nominees on the reconstituted board of directors of ESV following the transactions. If required by the policies of the TSXV, ESV will obtain shareholder approval for the creation of a new control person by way of written consent of the majority of the outstanding common shares of ESV prior to completion of the acquisition transactions.

Financing activities

In the first nine months of 2020, net cash provided by financing activities was $3.5 million, compared with $6.7 million used in the first nine months of 2019, including:

- the Company generated net proceeds of $29.5 million through the 2020 Private Placement in February 2020. In the first nine months of 2019, the Company generated net proceeds of $13.7 million through the issuance of the Convertible Debentures;
- the Company used $21.1 million of the 2020 Private Placement proceeds to fund a partial early redemption of 30% of the aggregate principal amount of the Gold Notes on March 31, 2020, including approximately $2.0 of Applicable Premium;
- following the partial early redemption, the schedule for the future quarterly amortizing payments was adjusted to reflect the lower aggregate principal amount of Gold Notes outstanding, resulting in a 30% reduction in the quantity of physical gold required to be deposited in the Gold Trust and improving the Company's cash flow by $2.0 million;
- the Company completed three quarterly amortizing payments on the Gold Notes totaling approximately $14.9 million, including approximately $3.7 million of Gold Premiums, compared with $15.6 million of quarterly amortizing payment in the first nine months last year, including approximately $0.9 million of Gold Premiums;
- the closing of the Caldas RTO Transaction triggered the release of $4.7 million of funds held in escrow from the Caldas Subscription Receipts Financing and a total of $0.7 million of share issue costs associated with the private placements in Caldas Gold were incurred;
- the Company paid $1.4 million of lease obligations, up from $0.8 million in the first nine months last year;
- the Company paid net interest totaling $2.7 million, down from $5.1 million in the first nine months last year due to the reduction in the Company's debt;
- the Company received approximately $2.6 million from exercises of stock options and warrants compared with $3.9 million from stock option exercises in the first nine months last year;
- the Company used approximately $1.8 million to repurchase 406,000 common shares under the NCIB for cancellation during the first nine months of 2020. In the first nine months of 2019, the Company used $0.3 million under an NCIB to repurchase 137,100 of its 2024 Warrants for cancellation; and,
- the Company used $1.8 million to acquire additional common shares of Caldas Gold in the open market;
- in connection with the funding for the planned expansion of mining activities into the MDZ at Marmato, Caldas Gold raised US$19.7 million of net proceeds from third party investors in its Special Warrants private placement and $66.8 million of net proceeds from third party investors in its GLN Subscription Receipts private placement, both of which closed in the third quarter of 2020. A total of $77.4 million, including funds invested in the GLN Subscription Receipts financing by the Company, were placed into escrow pending certain escrow release conditions and are included in cash in trust at September 30, 2020.

Fitch Rating Upgrade

On October 15, 2020, Fitch Ratings announced that it has upgraded the Company's rating to 'B+' from 'B' with a Stable Outlook. In its commentary regarding the rating action, Fitch Ratings stated that the upgrade reflects the improvement in the Company's capital structure due to strong free cash flow and capital raising that has led to substantial debt repayment. Fitch Ratings noted several key rating drivers including (i) positive strategic decisions over the past 12 months that have given it a stronger balance sheet and have lowered risk, including the spin out of Marmato to Caldas Gold and the planned spin out of Zancudo to ESV Resources, (ii) turnaround in the Company's net cash position, (iii) solid free cash flow, (iv) single-asset risk and (v) competitive cost structure. Additional information with respect to this rating may be found at www.fitchratings.com.

Subsequent Event - Wheaton Precious Metals Stream

On November 5, 2020, the Caldas Gold entered into a definitive Precious Metals Purchase Agreement (the "Precious Metals Stream") with Wheaton Precious Metals International Ltd. ("Wheaton International"), a wholly-owned subsidiary of Wheaton Precious Metals™ Corp., in respect to the Marmato Project. The Marmato Project comprises an, both of which are covered by the Precious Metals Stream covers both existing operating Upper Mine and the MDZ development.

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

The upfront deposit will be used by Caldas Gold to fund the advancement of the development and construction of the MDZ project.

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

Financial Instruments

The fair values of cash and cash equivalents, cash in trust, accounts receivable and accounts payable and accrued liabilities (including amounts payable for acquisitions of mining interests), approximate their carrying values due to the short term to maturity of these financial instruments. The Gold X Mining warrants, Gold X Convertible Debentures, DSU and PSU liabilities, Gold Notes, Convertible Debentures, 2024 Warrants, 2019 PP Warrants and 2020 PP Warrants are all carried at fair value through profit and loss. The $41.0 million estimated fair value of the Gold Notes at September 30, 2020 has been determined based on Monte-Carlo simulations that capture all the features of the Gold Notes, including the holders' right to receive the gold premium above $1,250 per ounce and the Company's options to early redeem the outstanding Gold Notes prior to maturity.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Accounting Policy Changes

There were no accounting policy changes during the three and nine months ended September 30, 2020 that had a significant impact on the Company's financial statements.

Critical Accounting Policies and Estimates

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

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

- Exploration and evaluation;
- Assets' carrying values and impairment charges;
- Income taxes;
- Mineral reserves and resources;
- Amortization of mineral properties;
- Fair values of the Gold Notes and Convertible Debentures; and
- Decommissioning liabilities.

Recent Accounting Pronouncements

New and Amended Accounting Policies

The Company has adopted the following new and revised IFRS standards and amendments, effective January 1, 2020. These changes were made in accordance with the applicable transitional provisions.

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

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

IFRS 3 – Business Combinations

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

Accounting Standards Not Yet Adopted

IAS 16, Property, Plant and Equipment

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

IFRS 3 – Business Combinations

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

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

IFRS 9 – Financial Instruments

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

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

IAS 1 – Presentation of Financial Statements

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

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

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate disclosure controls and procedures and internal control over financial reporting as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

There have been no changes in the Company's internal controls over financial reporting during the three months ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Limitations of Controls and Procedures

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

Non-IFRS Measures

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

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

- ***"Total cash costs per ounce sold"*** on a by-product basis is calculated by deducting revenues from silver sales from production cash costs and production taxes and dividing the sum by the number of gold ounces sold. Production cash costs include mining, milling, mine site security and mine site administration costs.
- ***"AISC per ounce sold"*** includes total cash costs (as defined above) and adds the sum of G&A, social contributions related to current operations, sustaining capital and certain exploration and evaluation

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

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

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

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

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

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

	Third Quarter		Nine Months	
	2020	2019	2020	2019
Net income	**$ 18,027**	**$ 9,014**	**$ 23,704**	**$ 17,685**
Income tax expense	17,509	10,795	43,317	30,005
Finance costs, net of finance income	11,368	2,978	19,595	8,890
Depreciation and amortization	6,508	7,495	18,454	24,305
EBITDA	53,412	30,282	105,070	80,885
Share-based compensation	702	342	5,466	1,795
Bluenose RTO Transaction costs	-	-	16,700	-
Loss on financial instruments	2,364	7,466	21,260	23,114
Gain on sale of securities, net	-	-	(3,099)	-
(Income) loss from equity accounting in associates	(200)	134	2,017	344
Foreign exchange loss (gain)	410	(629)	(2,726)	(70)
Adjusted EBITDA	**$ 56,688**	**$ 37,595**	**$ 144,688**	**$ 106,068**

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

	Third Quarter 2020	Third Quarter 2019	Nine Months 2020	Nine Months 2019
Revenue	$ 113,138	$ 82,952	$ 291,248	$ 238,017
Cost of sales, excluding DD&A	(48,761)	(38,739)	(125,046)	(115,811)
G&A, excluding DD&A	(4,924)	(4,851)	(14,032)	(11,297)
Social programs and contributions	(2,765)	(1,767)	(7,482)	(4,841)
Adjusted EBITDA	**$ 56,688**	**$ 37,595**	**$ 144,688**	**$ 106,068**

The following table provides a reconciliation of ***adjusted net income*** to the Interim Financial Statements and the computation of ***adjusted basic and diluted earnings per share***:

	Third Quarter 2020	Third Quarter 2019	Nine Months 2020	Nine Months 2019
Net income	**$ 18,027**	**$ 9,014**	**$ 23,704**	**$ 17,685**
Bluenose RTO Transaction costs	-	-	16,700	-
Loss on financial instruments	2,364	7,466	21,260	23,114
Gain on sale of securities, net	-	-	(3,099)	-
Debt financing costs	9,039	-	9,999	1,265
Foreign exchange loss (gain)	410	(629)	(2,726)	(70)
(Income) loss from equity accounting in associates	(200)	134	2,017	344
Income tax effect on adjustments	(137)	183	384	1,009
Adjusted net income	**$ 29,503**	**$ 16,168**	**$ 68,239**	**$ 43,347**
Adjusted non-controlling interest	(186)	-	612	-
Adjusted net income attributable to shareholders	29,317	16,168	68,851	43,347
Add: Interest expense on Convertible Debentures, net of tax	302	301	884	586
Adjusted net income for fully diluted computation	**$ 29,619**	**$ 16,469**	**$ 69,735**	**$ 43,933**
Weighted average number of shares (000's)				
Basic	61,901	49,283	60,378	48,623
Add: Impact of stock options and warrants	8,837	7,357	7,879	5,948
Add: Impact of conversions of Convertible Debentures	4,211	4,211	4,211	2,761
Fully diluted	74,949	60,851	72,468	57,332
Adjusted earnings per share				
Basic	**$ 0.47**	**$ 0.33**	**$ 1.14**	**$ 0.89**
Diluted	**0.40**	**0.27**	**0.96**	**0.77**

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

($000's except ounces and per ounce data)	Third Quarter 2020	Third Quarter 2019	Nine Months 2020	Nine Months 2019
Gold sales (ounces)	59,633	56,284	168,412	174,697
Total cash costs				
Production costs	$ 43,711	$ 36,025	$ 113,164	$ 106,920
Production taxes	5,050	3,372	11,882	9,627
Silver revenues	(1,312)	(879)	(2,962)	(2,505)
Total cash costs on a by-product basis	$ 47,449	$ 38,518	$ 122,084	$ 114,042
Total cash costs per ounce sold	**$ 796**	**$ 684**	**$ 725**	**$ 653**

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

($000's except ounces and per ounce data)	Third Quarter 2020	Third Quarter 2019	Nine Months 2020	Nine Months 2019
AISC and All-in costs				
Total cash costs on a by-product basis	$ 47,449	$ 38,518	$ 122,084	$ 114,042
Recovery of environmental fees	-	(658)	-	(736)
G&A, excluding DD&A	4,924	4,851	14,032	11,297
Social programs and contributions	2,765	1,767	7,482	4,841
Sustaining capital and E&E costs	11,167	8,777	25,670	24,564
Payment of rehabilitation obligations	3	-	54	14
Sustaining lease payments	611	253	1,418	751
AISC	66,919	53,508	170,740	154,773
Non-sustaining capital and E&E costs	4,016	2,272	12,713	4,415
Total All-in costs	$ 70,935	$ 55,780	$ 183,453	$ 159,188
AISC and All-in costs per ounce sold				
Total cash costs per ounce sold	$ 796	$ 684	$ 725	$ 653
Recovery of environmental fees	-	(12)	-	(4)
G&A, excluding DD&A	83	86	83	65
Social programs and contributions	46	32	45	28
Sustaining capital, E&E costs and payment of rehabilitation obligations	187	156	153	140
Sustaining lease payments	10	5	8	4
AISC per ounce sold	**1,122**	**951**	**1,014**	**886**
Non-sustaining capital and E&E costs	68	40	75	25
All-in costs per ounce sold	**$ 1,190**	**$ 991**	**$ 1,089**	**$ 911**

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

	Third Quarter		Nine Months	
	2020	2019	2020	2019
Sustaining capital and E&E costs	$ 11,167	$ 8,777	$ 25,670	$ 24,564
Non-sustaining capital and E&E costs:				
Segovia ESG initiative	-	-	3,000	-
Segovia exploration	81	438	216	729
Marmato expansion project	3,935	1,834	9,497	3,686
Juby Project	23	-	23	-
Change in accounts payable and accrued liabilities related to capital expenditures	(957)	(116)	451	933
Change in amounts payable for acquisitions of mining interests	98	43	276	71
Additions to mining interests, plant and equipment	**$ 14,347**	**$ 10,976**	**$ 39,133**	**$ 29,983**

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

	Third Quarter		Nine Months	
	2020	2019	2020	2019
Net cash provided by operating activities	**$ 67,712**	**$ 30,606**	**$ 105,954**	**$ 68,641**
Additions to mining interests	(14,347)	(10,976)	(39,133)	(29,983)
Free Cash Flow	**$ 53,365**	**$ 19,630**	**$ 66,821**	**$ 38,658**

Risks and Uncertainties

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

Such risks include:

- Liquidity risks;
- Metal price volatility;
- Future production rates;
- Financing risks;
- Indebtedness of the Company;
- Servicing indebtedness;
- Indebtedness – restrictive covenants;
- Current global markets and economic conditions;
- Availability and cost of supplies;
- Exploration, development and operations;

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

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

Readers are encouraged to read and consider the risk factors listed above, which are more specifically described in the Company’s Annual Information Form dated as of March 30, 2020 which is available at www.sedar.com. Such risk factors could materially affect the future operating results of the Company and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Cautionary Note Regarding Forward Looking Statements

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