GRAN COLOMBIA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED DECEMBER 31, 2017
March 27, 2018

The following discussion and analysis of the results of operations and financial condition ("MD&A") for Gran Colombia Gold Corp. (the "Company" or "Gran Colombia") should be read in conjunction with the audited consolidated financial statements and related notes thereto for the year ended December 31, 2017 (the "Financial Statements"), which are available on the Company's web site at www.grancolombiagold.com and on www.sedar.com. Readers are encouraged to read the Cautionary Note Regarding Forward Looking Information included on page 29 of this MD&A and the Company's Annual Information Form dated as of March 27, 2018, also available on the Company's website and SEDAR. The financial information in this MD&A is derived from the Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Reference should also be made to pages 25-28 for information about non-IFRS measures referred to in this MD&A. ***All figures contained herein are expressed in United States dollars ("USD"), except for production, share data or as otherwise stated.***

Fourth Quarter and Full Year 2017 Highlights

- ***The Company exceeded its guidance for 2017 with total gold production reaching 173,821 ounces, up 16% over 2016.*** Fueled by continued growth in the Company's high-grade Segovia Operations, total gold production increased to 51,699 ounces in the fourth quarter of 2017, up 26% over the fourth quarter last year. The Company expects its Segovia Operations will produce 158,000 to 167,000 ounces in 2018, raising 2018's total gold production guidance to a range of 182,000 to 193,000 ounces.

- In 2017, the Company completed approximately 17,500 meters of drilling at the ***Segovia Operations***, leading to an ***updated Mineral Resource estimate*** as of December 31, 2017 with 3.4 million tonnes at an average grade of 11.4 g/t representing 1.2 million ounces of gold in Measured and Indicated Resources, an increase of 13% from the March 2017 Mineral Resource estimate. Inferred Resources include 3.4 million tonnes at an average grade of 10.1 g/t representing 1.1 million ounces of gold, also up 13%. The Company also reported its ***first Mineral Reserve for Segovia*** with a total of 1.7 million tonnes at an average grade of 12.4 g/t representing 660,000 probable ounces of gold as of December 31, 2017.

- In October 2017, the Company announced an ***updated Mineral Resource estimate*** for its ***Marmato Project***, shifting focus for potential future development from the previous open pit concept, and increasing cut-off grades in anticipation of developing an expanded underground mining operation. Measured and Indicated Resources consist of 41.0 million tonnes at an average grade of 2.9 g/t representing 3.9 million ounces of gold and Inferred Resources are 52.0 million tonnes at an average grade of 2.5 g/t representing 4.2 million ounces of gold. Technical studies and further drilling are planned for 2018.

- The Company announced in March 2017 that it signed an option agreement with IAMGOLD for the exploration and potential sale of an interest in the Company's ***Zancudo Project***. IAMGOLD completed approximately 4,000 meters of drilling on the Zancudo Project in 2017 and has plans to complete further drilling in 2018.

- ***Revenue*** increased 17% over 2016 to $215.4 million in 2017, positively impacted this year by the increased level of gold production compared with last year. Gold sales volume in the fourth quarter of 2017 rebounded following the civil disruption at Segovia in the third quarter, and combined with 4% better realized gold prices in the fourth quarter of 2017 compared with the fourth quarter last year, contributed to a 41% year-over-year improvement in fourth quarter revenue to $70.9 million in 2017.

- ***Total cash costs*** and ***all-in sustaining costs ("AISC")*** averaged $720 per ounce and $918 per ounce, respectively, for the full year in 2017, up from $706 per ounce and $850 per ounce, respectively, last year. See pages 27-28 for the computation of these non-IFRS measures. An increase in Marmato's production costs on a per ounce basis and the impact of the third quarter civil disruption on Segovia's total cash costs increased the Company's total cash costs average for 2017. The Company's commitment to exploring, expanding and modernizing its Segovia Operations led to a planned increase in sustaining capital expenditures, funded by the Company's improved operating cash flow, from $96 per ounce sold in 2016 to $150 per ounce sold in 2017 and was a key driver behind the increased AISC in 2017.

- ***Adjusted EBITDA*** increased 14% over 2016 to $75.5 million in 2017, nearly double its adjusted EBITDA from two years ago driven by production growth, improved gold prices and relatively stable total cash costs. See page 26 for the computation of this non-IFRS measure.

- The Company generated $8.6 million of ***Excess Cash Flow*** (see page 26 for the computation) in the fourth quarter of 2017, bringing the total for 2017 to $16.4 million, meeting its guidance for the year and well above the $2.9 million generated in 2016 while it finished cleaning up its working capital deficit.

- The Company continued to execute its strategy in 2017 to ***reduce its Senior Debentures*** ahead of maturity. Using its Excess Cash Flow to repurchase and cancel debt through its Normal Course Issuer Bid ("NCIB"), completing a $3.0 million partial redemption at par of the 2020 Debentures on July 31, 2017 and through holders' conversions, the total aggregate principal amount of the Senior Debentures decreased $10 million in 2017 to $140.9 million at the end of the year (less than two times adjusted EBITDA) while total cash in the sinking funds increased from $0.5 million at the end of 2016 to $11.9 million at the end of 2017. The Company recently announced a proposed best efforts financing to refinance its 2020 and 2024 Debentures. See page 5 for further details.

- The Company reported ***net income*** for the fourth quarter of 2017 of $4.9 million, or $0.23 per share, compared with a net loss of $15.3 million, or $0.82 per share, in the fourth quarter last year, which included an $11.4 million after-tax impairment charge. For the full year, 2017's net income was $36.8 million, or $1.81 per share, including a $30.4 million after-tax ($1.49 per share) reversal of impairment related to the Segovia Operations, compared with $3.7 million, or $0.30 per share, in 2016.

- ***Adjusted net income*** for the fourth quarter of 2017 was $9.1 million, or $0.44 per share, up from $3.4 million, or $0.19 per share, in the fourth quarter last year. For the full year, 2017's adjusted net income amounted to $23.0 million, or $1.13 per share, compared with $15.6 million, or $1.26 per share, last year. See the reconciliation on page 27 for the computation of this non-IFRS measure. The improvement in 2017's annual adjusted net income compared with last year reflects the positive impact on income from operations of the higher gold production this year, lower financing costs due to debt reductions and a decrease in Colombian wealth tax compared with the prior year.

Selected Financial Information

	Fourth Quarter 2017	Fourth Quarter 2016	Year 2017	Year 2016	Year 2015
Operating data					
Gold produced (ounces)	51,699	40,879	173,821	149,708	116,857
Gold sold (ounces)	56,100	41,357	173,645	148,962	118,446
Average realized gold price ($/oz sold)	$ 1,252	$ 1,201	$ 1,226	$ 1,218	$ 1,124
Total cash costs ($/oz sold) [1]	719	725	720	706	729
All-in sustaining costs ($/oz sold) [1]	899	899	918	850	863
Financial data *($000's, except per share amounts)*					
Revenue	$ 70,938	$ 50,366	$ 215,365	$ 184,074	$ 134,949
Adjusted EBITDA [1]	26,758	16,447	75,456	66,044	38,423
Impairment reversal (charges), net of tax	-	(11,395)	30,355	(11,395)	(24,648)
Net income (loss)	4,896	(15,254)	36,848	3,709	(13,020)
Per share [2]					
Basic	0.23	(0.82)	1.81	0.30	(8.24)
Diluted	0.11	(0.82)	0.61	0.23	(8.24)
Adjusted net income (loss) [1]	9,137	3,430	22,895	15,641	(1,114)
Per share [2]					
Basic	0.44	0.19	1.13	1.26	(0.70)
Diluted	0.11	0.05	0.30	0.24	(0.70)

	December 31, 2017	December 31, 2016	December 31, 2015
Balance sheet ($000's):			
Cash and cash equivalents	$ 3,272	$ 2,783	$ 3,004
Cash in trust for Senior Debentures [3]	11,911	537	-
Senior debt, including current portion [4]	98,713	84,602	100,740
Other debt, including current portion	439	1,652	3,012

(1) Refer to "Non-IFRS Measures" on pages 25-28.

(2) Per share information has been adjusted to reflect the 1:15 consolidation completed on April 25, 2017.

(3) Represents amounts deposited into sinking funds for the Senior Debentures, net of amounts used for the NCIBs and partial redemption.

(4) Represents carrying amounts, which are at a discount to principal amounts, for the Senior Debentures. At December 31, 2017, the aggregate principal amounts of the 2018 Debentures, 2020 Debentures and 2024 Debentures issued and outstanding were $45.2 million, $48.7 million and $47.0 million, respectively (December 31, 2016 - $49.7 million, $101.2 million and Nil, respectively). December 31, 2015 figures represent the carrying amounts of the Gold Notes and Silver Notes.

Description of Business

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

Share Consolidation, Issued and Outstanding Securities and NCIBs for Senior Debentures

At March 27, 2018, the Company had the following securities issued and outstanding:

Securities	TSX Symbol	Number	Shares Issuable	Exercise price per share	Expiry date
Common shares	GCM	23,672,389			
Stock options		47,000	47,000	CA$27.60	July 2019
		723,332	723,332	CA$2.55	April 2021
		1,034,661	1,034,661	CA$2.55	April 2022
		81,666	81,666	CA$2.55	December 2022
		1,886,659	1,886,659		
Senior convertible debentures					
2018 Debentures	GCM.DB.U	43,985,301	22,556,564	$1.95	August 11, 2018
2020 Debentures	GCM.DB.V	48,022,940	24,627,148	$1.95	January 2, 2020
2024 Debentures	GCM.DB.X	43,330,953	22,221,001	$1.95	January 2, 2024
Warrants	GCM.WT.A	4,211,918	280,795	CA$48.75	March 18, 2019

Following approval by the Company's shareholders at a Special Meeting of Shareholders held on April 24, 2017, ***the Company's issued and outstanding common shares were consolidated on a one post-consolidation share for every fifteen pre-consolidation shares (1:15) basis***. The common shares commenced trading on a post-consolidated basis on the Toronto Stock Exchange ("TSX") at market open on April 27, 2017. The number of common shares on a post-consolidated basis underlying the issued and outstanding stock options and warrants of the Company, and the exercise prices thereof, were adjusted to reflect the 1:15 consolidation. Similarly, the conversion prices of the Company's Senior Debentures were also adjusted in accordance with the applicable indenture.

NCIBs for Senior Debentures

The Company has utilized NCIBs, funded by Excess Cash Flow allocated to the sinking funds for the Senior Debentures, as part of its strategy to reduce its Senior Debentures prior to maturity to reduce ongoing interest costs and dilution from the potential conversion of the Senior Debentures.

On July 21, 2016, the Company commenced NCIBs related to its 2018 Debentures and 2020 Debentures which remained open until July 20, 2017. Under the terms of these initial NCIBs, the Company had the right to purchase for cancellation up to a maximum of $6.6 million aggregate principal amount of 2018 Debentures and a maximum of $9.6 million aggregate principal amount of 2020 Debentures. During the 12-month term of these initial NCIBs, the Company purchased and cancelled $0.8 million aggregate principal amount of 2018 Debentures at an average price of $73.13 per $100 principal amount and $3.9 million aggregate principal amount of 2020 Debentures at an average price of $83.09 per $100 principal amount.

On July 21, 2017, the Company commenced a second 12-month term for the NCIB related to its 2020 Debentures that will remain open until the earlier of July 20, 2018 or the date on which the Company has purchased the new maximum amount permitted under the terms of this NCIB of $5.2 million aggregate principal amount of 2020 Debentures. Management of the Company will determine the actual number of 2020 Debentures that may be purchased on the open market through the facilities of the TSX or alternative

Canadian trading systems and the timing of any such purchases, subject to compliance with applicable TSX rules. Daily purchases will be limited to $12,570 principal amount of 2020 Debentures, other than block purchase exceptions. The price that the Company will pay for any such 2020 Debentures will be the market price at the time of the acquisition. The Company will not purchase 2020 Debentures when the market price per $100 principal amount of 2020 Debentures exceeds $100. As of March 27, 2018, the Company has purchased and cancelled approximately $0.7 million aggregate principal amount of 2020 Debentures under this NCIB at an average price of $87.00 per $100 principal amount.

Extension of Maturity of $47.0 Million of 2020 Debentures to 2024

On May 12, 2017, the Company announced it had received approval through a consent solicitation process (the "2024 Consent Solicitation") from holders representing 77.4% of the total principal amount of the 2020 Debentures issued and outstanding to amend the Amended and Restated Indenture dated as of January 20, 2016, as amended January 1, 2017, (the "Indenture") to provide an option for holders to extend the maturity date of the 2020 Debentures to January 2, 2024 (the "2024 Debentures"). The 2024 Debentures carry largely the same terms and conditions as the 2020 Debentures except that the maturity date has been extended and interest will be paid monthly over the remaining term of the 2024 Debentures at an annual rate of 8% commencing with the first monthly interest payment on June 30, 2017. Pursuant to the 2024 Consent Solicitation, holders representing $47.0 million aggregate principal amount of 2020 Debentures elected to exchange their holdings into 2024 Debentures effective May 31, 2017.

$3.0 Million Partial Redemption of 2020 Debentures at Par on July 31, 2017

On July 31, 2017, the Company completed a partial redemption at par of $3.0 million aggregate principal amount of its 2020 Debentures using its excess cash flow deposited to the sinking fund. This partial redemption represents approximately 5.8% of the total 2020 Debentures issued and outstanding at the time of the redemption. The Company paid a redemption amount of $1.00 for each $1.00 principal amount of 2020 Debentures being redeemed, equivalent to a pro-rata payment to holders of approximately $0.05789 for each $1.00 principal amount of 2020 Debentures issued and outstanding. Pursuant to the indenture, the partial redemption was not applicable to the 2024 Debentures.

Debentures Conversions

In 2017, debenture holders elected to convert a total of $4.6 million aggregate principal amount of 2018 Debentures into 2,350,630 common shares.

Subsequent to December 31, 2017 and through to March 27, 2018, debenture holders elected to convert $1.2 million aggregate principal amount of 2018 Debentures, $0.7 million aggregate principal amount of 2020 Debentures and $3.6 million aggregate principal amount of 2024 Debentures into a total of 2,806,640 common shares.

Subsequent Event – Proposed Refinancing of 2020 and 2024 Debentures and Option for Immediate Liquidity on 2018 Debentures

On March 22, 2018, the Company announced that it intends to proceed with a private placement of up to 95,000 units (the "Units") of the Company for anticipated aggregate gross proceeds of up to $95,000,000 (the "Offering") to refinance its 2020 Debentures and its 2024 Debentures. The Offering is being made on a

best efforts basis and is subject to market conditions, necessary approvals and consents, including TSX and shareholder approvals and consent from holders of the 2018 Debentures as described in further detail below. Each Unit will consist of $1,000 principal amount of senior secured gold-linked notes (the "New Notes") and 124 common share purchase warrants (the "New Warrants") of the Company. Each New Warrant will have an exercise price of CA$2.21 per warrant and will entitle the holder thereof to purchase one common share at any time prior to the maturity of the New Notes. It is a condition to closing the Offering that the New Notes and the New Warrants are conditionally approved for listing on the TSX. The New Notes will bear interest at 8.25% per annum, paid monthly and will have a six-year term. The Company will be required to set aside an amount of physical gold each month in a trust account (the "Gold Trust Account") and the proceeds from the quarterly sale of the gold will be used to repay the principal amount of the Notes based on a guaranteed floor price of $1,250 per ounce. The scheduled annual number of physical gold ounces to be deposited into the Gold Trust Account will vary by year, representing approximately 10% of the projected annual gold production from the Company's Segovia Operations and ranging from 15,000 ounces in the first year down to 10,000 ounces in the final year of the term of the New Notes. Closing of the Offering is expected to take place following receipt of shareholders' approval for issuance of the New Warrants at a special meeting of the shareholders scheduled to take place on April 19, 2018 and receipt of consent from the holders of the 2018 Debentures to permit the Offering in light of certain negative covenants in the indenture for the 2018 Debentures. If the requisite consent is received from the 2018 Debenture holders, the Company will increase the annual interest rate on the 2018 Debentures from 1% to 5% from closing of the Offering to the maturity date of the 2018 Debentures.

In addition, on March 22, 2018, the Company announced that concurrently with the 2018 Debentures consent solicitation process, it will be offering holders of the 2018 Debentures the opportunity to exchange their debt at the closing of the Offering for a cash payment equal to 19% of the principal amount of their debt and the remaining 81% of the principal amount will be settled with common shares based on the conversion price of $1.95 per common share.

Reserves and Resources

Segovia Mineral Resource Estimate Update Effective December 31, 2017

The Company has completed an updated Mineral Resource estimate for its Segovia Operations prepared in accordance with the Canadian Institute of Mining Metallurgy and Petroleum ("CIM") Definition Standards incorporated by reference in National Instrument 43-101 ("NI 43-101") with an effective date of December 31, 2017.

Highlights of the December 31, 2017 Mineral Resource estimate include:

- Total Measured & Indicated Resources increased to 3.4 million tonnes at a grade of 11.4 g/t totalling 1.2 million ounces of gold, up 13% compared to the Mineral Resource estimate as of March 15, 2017. Infill drilling in 2017 contributed to the increase in the Measured & Indicated categories of Segovia's Mineral Resource estimate with the largest gains at El Silencio focused in the Veta National area at depth.
- The updated Mineral Resource estimate reaffirms the high grade nature of the gold deposits at Segovia with the grade of the Measured & Indicated Mineral Resources averaging 11.4 g/t. By comparison, the head grade of the material mined in the Company-operated areas at Segovia averaged 10.4 g/t during the year ended December 31, 2017.
- The Company added 129,000 ounces of gold to the Inferred category of the updated Mineral Resource estimate compared to the Mineral Resource estimate as of March 15, 2017, with the largest gains at El

Silencio, mainly at the Veta National area at depth and due to improved geological understanding and reclogging the vein in one fault area from Veta Manto to Veta National. After the upgrade of material to the Measured & Indicated categories as noted above, Inferred Mineral Resources reflect a total of 3.4 million tonnes at an average grade of 10.1 g/t representing 1.1 million ounces of gold.

- The Mineral Resource estimates for Las Verticales and Carla have not been updated as no new information is currently available and the previous estimates for these projects remain valid.

The following table summarizes the Mineral Resource estimate for the Segovia Operations as of December 31, 2017 and changes by category in tonnes, grade and ounces of gold compared with the total Mineral Resource estimate as of March 15, 2017:

Project	Deposit	Type	Measured			Indicated			Measured & Indicated			Inferred		
			Tonnes (kt)	Grade (g/t)	Au Metal (koz)	Tonnes (kt)	Grade (g/t)	Au Metal (koz)	Tonnes (kt)	Grade (g/t)	Au Metal (koz)	Tonnes (kt)	Grade (g/t)	Au Metal (koz)
Segovia	Providencia	LTR	122	24.2	95	327	14.0	147	449	16.8	242	179	9.4	54
		Pillars	91	17.3	51	110	10.4	37	202	13.5	88	378	19.8	241
	Sandra K	LTR				288	9.3	86	288	9.3	86	313	8.4	85
		Pillars				111	10.8	39	111	10.8	39	2	9.6	1
	El Silencio	LTR				782	11.0	276	782	11.0	276	1,203	8.8	339
		Pillars				1,416	10.3	468	1,416	10.3	468	396	12.5	159
	Verticales	LTR										771	7.1	176
	Subtotal Segovia Project	LTR	122	24.2	95	1,397	11.3	508	1,519	12.4	603	2,466	8.3	654
		Pillars	91	17.3	51	1,638	10.3	544	1,729	10.7	594	776	16.1	400
Carla	Subtotal Carla Project	LTR				154	9.7	48	154	9.7	48	178	9.3	53
December 31, 2017 (1)			**213**	**21.3**	**146**	**3,189**	**10.7**	**1,100**	**3,402**	**11.4**	**1,245**	**3,420**	**10.1**	**1,107**
March 15, 2017 (2)			189	19.1	116	2,673	11.4	984	2,861	12.0	1,100	3,073	9.9	978
% Change vs previous			13%	12%	26%	19%	-6%	12%	19%	-5%	13%	11%	2%	13%

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

(2) Derived from the NI 43-101 Technical Report on a Mineral Resource Estimate on the Segovia Project, Colombia, dated June 5, 2017, prepared by SRK Consulting (US) Inc.

During 2017, Gran Colombia continued its routine infill underground drilling programs designed to confirm and increase the confidence in the grade distribution at its mines. The updated Mineral Resource estimate for the Segovia Project incorporates assay results from 157 diamond drillholes totalling 20,509 meters of additional sampling information in the databases compared to the previous model, including some drillholes from the 2016 drilling program not previously included. All diamond core has been logged and sent for preparation at the SGS laboratories in Medellin. In addition to the drilling, a total of 5,894 channel samples totalling some 5,931 meters in length have been completed. The Mineral Resource estimate was prepared using a block model constrained with 3D wireframes of the principal veins, which have been sub-domained using high-grade mineralisation wireframes to constrain the influence of higher grade material. Assays are capped prior to compositing. Values were interpolated using ordinary kriging and inverse distance squared. All models have been depleted using projections of the mining faces through the entire width of the veins.

Classification has been applied based on a combination of data quality, confidence in the spatial location, and confidence in the mining depletion shapes. Only material reporting above a cut-off of 3.0 g/t over a minimum stope width of 1.0 m has been included in the Mineral Resource estimate.

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

Segovia Life-of-Mine ("LoM") Mineable Gold Reserves of 660,000 Contained Ounces Effective December 31, 2017

SRK has also completed preliminary results of a Preliminary Feasibility Study ("PFS") for the Segovia Operations effective December 31, 2017 and is currently finalizing the technical report. The PFS has provided Segovia's first reported Mineral Reserve of 660,000 probable ounces of gold based on 1.7 million tonnes of material at an average head grade of 12.4 g/t.

For this PFS, SRK included the geological and resource modelling of the various deposits and mining areas that comprise the operating mine site of the Segovia Operations. The following table shows a breakdown of the Mineral Reserve as of December 31, 2017 by area:

Area	Category	Tonnes (kt)	Grade (g/t)	Au Metal (koz)
Providencia	Probable	190	25.5	156
Sandra K	Probable	187	8.3	50
El Silencio	Probable	1,148	11.3	417
Carla	Probable	135	8.6	37
Total	**Probable**	**1,660**	**12.4**	**660**

(1) Ore reserves are reported using a gold cutoff grade ranging from 3.5 to 4.6g/t depending on mining area and mining method. The cutoff grade calculations assume a $1,250.50/oz Au price, 90.5% metallurgical recovery, $24/oz smelting and refining charges, $25/t G&A, $24/t Processing cost, and projected LoM mining costs ranging from $71/t to 110/t. Note that current mining costs are higher than that projected for the life of mine. The reserves are valid as of December 31, 2017. 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. The Mineral Reserves were estimated by Fernando Rodrigues, BS Mining, MBA, MMSAQP #01405, MAusIMM #304726 of SRK, a Qualified Person.

A mining study and schedule was prepared by both SRK's and the Company's technical professionals to create a LoM production schedule, including both Company-operated areas and contractor-operated areas within the Company's Providencia, El Silencio, Sandra K and Carla mines. The PFS production schedule includes only Probable Reserves, and as such, the projected mine life for the PFS will be shorter than the Company's current expectations due to the exclusion of Inferred Resources which the Company currently mines and intends to mine in the future. The contract miner material processed at the Company's Maria Dama plant from the small mines located in the Company's mining title is also not included in the LoM production schedule in the PFS as it falls outside the Company's mines and Mineral Resource estimate.

The PFS LoM production schedule foresees the total 1.7 million tonnes of material being processed over a six-year mine life resulting in a total of 610,000 ounces of gold produced at an average LoM total cash cost

of $669 per ounce and an AISC (excluding corporate G&A) of $915 per ounce. At an expected long-term gold price of $1,300 per ounce, total LoM undiscounted after-tax free cash flow from mining operations amounts to $142 million.

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

Marmato Underground Mineral Resource Estimate effective as of June 16, 2017

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

	Measured			Indicated			Measured & Indicated			Inferred		
	Tonnes (M)	Grade (g/t)	Oz Au (000s)	Tonnes (M)	Grade (g/t)	Oz Au (000s)	Tonnes (M)	Grade (g/t)	Oz Au (000s)	Tonnes (M)	Grade (g/t)	Oz Au (000s)
December 31, 2017 (1)	2.5	4.8	388	38.5	2.8	3,485	41.0	2.9	3,872	52.0	2.5	4,194

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

On October 4, 2017, the Company announced it had completed a Marmato Underground Mineral Resource estimate that reflects an increase in the cut-off grade used from 0.3 g/t in the previous open pit Mineral Resource Estimate in 2012 to 1.2 g/t and 1.9 g/t for the different mineralization styles in the 2017 Marmato Undergound Mineral Resource Estimate together with the addition of new material from the Deeps mineralization below the existing Mineros Nacionales operating mine. Total Measured and Indicated Resources contain 3.9 million ounces of gold and 22.6 million ounces of silver and Inferred Resources contain 4.2 million ounces of gold and 15.0 million ounces of silver. SRK completed a NI 43-101 independent report that includes detailed information on the key assumptions, parameters and methods used in the Marmato Underground Mineral Resource estimate that was filed on the Company's website and SEDAR profile on November 20, 2017.

In addition to shifting from a large-scale, low grade open pit operation at Marmato as previously conceived to a smaller-scale, higher grade underground mining operation, the Company intends to implement its contract mining model to incorporate production from the ancestral and artisanal miners working within its titles. The Company completed a conceptual study including some high level scoping analysis for future mining operations in 2017 and over the next six to nine months, it will be completing additional technical studies leading toward the preparation of a preliminary economic assessment by the end of 2018 targeting higher grade material with the intention of developing an expanded underground mining operation at Marmato. The deep mineralization at Marmato remains open along strike and at depth and the Company's 2018 exploration program will include additional drilling to continue expanding its understanding of the total mineral resource potential of the deposit.

Results of Operations and Overall Performance

Gold production

(Ounces)	Fourth Quarter 2017	Fourth Quarter 2016	Year 2017	Year 2016
Segovia Operations				
Company mines [1]				
Company-operated areas	17,761	9,977	50,248	30,174
Contractor-operated areas	25,723	22,003	87,091	84,586
Total Company mines	43,484	31,980	137,339	114,760
Other contract mines [2]	2,104	2,846	11,320	11,501
Total Segovia Operations	45,588	34,826	148,659	126,261
Marmato Underground	6,111	6,053	25,162	23,447
Total	51,699	40,879	173,821	149,708

(1) Comprises the El Silencio, Providencia and Sandra K mines.
(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 Resource estimate.

For the second consecutive year, the Company surpassed both its initial and revised production guidance for the year. Fueled by continued growth in the Company's high-grade Segovia Operations, total gold production increased to 51,699 ounces in the fourth quarter of 2017, up 26% over the fourth quarter last year, bringing annual gold production for 2017 to 173,821 ounces, up 16% over 2016.

At the Segovia Operations, gold production of 45,588 ounces in the fourth quarter of 2017 represented a 31% increase over the fourth quarter last year. This brings the total gold production from the Segovia Operations for 2017 to 148,659 ounces, up 18% over 2016 and above its guidance for the year.

Production from the Company's mines (El Silencio, Providencia and Sandra K), representing 95% of total production from the Segovia Operations in the fourth quarter of 2017, amounted to 43,484 ounces, up 36% over the fourth quarter of 2016. This increase is largely attributable to improved head grades in the Company-operated areas at the Providencia mine and to additional high-grade material from the contract miners in both the El Silencio and Providencia mines. For the full year, 2017's gold production from the Company mines increased to 137,339 ounces, up 20% over 2016, benefitting primarily from the Company's capital investment through development and infrastructure spending to access the higher grade mineral resources in the Company-operated areas at the Providencia mine.

Production from the other small contract mines operating within the Company's RPP-140 mining title at Segovia amounted to 11,320 ounces for the full year in 2017, almost on par with the previous year. Following the 42-day civil disruption that took place during the third quarter of 2017, the Company has signed seven additional new contracts with small mining collectives and is continuing to negotiate specific operating contracts with each of the remaining mining collectives based on general terms agreed to between the Ministry of Mines, the Governor of Antioquia, the Mayors of Segovia and Remedios, the Mesa Minera and the Company. The monetary compensation under these new operating contracts is being established for each mining collective individually with the Company retaining between 10% and 60% of the spot price for

each ounce of gold produced. The contracts also require that all ore is to be processed at the Company's Maria Dama plant.

At the Marmato Operations, gold production in the fourth quarter of 2017 amounted to 6,111 ounces, comparable to the fourth quarter last year. This brings the full year total to 25,162 ounces, up 7% over its 2016 annual production and within its guidance range for the current year.

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

	2017				2016			
	4th Qtr	3rd Qtr (3)	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
Segovia Operations								
Company mines (1)								
Company-operated areas								
Tonnes milled	31,796	15,947	27,451	33,292	39,448	38,951	34,106	33,036
Head grade (g/t)	12.38	17.46	11.29	4.30	4.77	3.67	4.35	4.07
Gold produced (ozs) (2)	17,761	10,940	13,647	7,900	9,977	7,146	7,962	5,089
Contractor-operated areas								
Tonnes milled	27,771	18,315	21,705	17,866	17,086	13,869	13,539	12,692
Head grade (g/t)	31.79	32.91	36.76	39.74	44.64	57.28	53.29	50.58
Gold produced (ozs)	25,723	17,555	23,243	20,570	22,003	23,020	21,027	18,536
Other contract mines (4)								
Tonnes milled	17,564	10,850	27,479	28,165	19,066	19,880	22,491	20,731
Head grade (g/t)	4.11	5.00	4.12	5.24	5.13	5.90	4.24	3.79
Gold produced (ozs)	2,104	1,580	3,338	4,298	2,846	3,386	2,895	2,374
Total Segovia Operations								
Tonnes milled	77,131	45,112	76,635	79,323	75,600	72,700	70,136	66,459
Tonnes per day (tpd)	838	490	842	881	822	790	771	730
Head grade (g/t)	17.48	20.73	15.93	12.62	13.87	14.51	13.76	12.87
Mill recovery	90.6%	90.6%	90.6%	90.1%	89.7%	90.1%	90.7%	89.8%
Gold produced (ozs) (2)	45,588	30,075	40,228	32,768	34,826	33,552	31,884	25,999
Silver produced (ozs)	35,610	23,068	35,810	31,844	33,215	27,993	33,997	30,434
Marmato Underground								
Tonnes milled	90,752	101,234	84,772	89,727	88,024	88,883	89,788	74,613
Tonnes per day (tpd)	986	1,100	932	997	957	966	987	820
Head grade (g/t)	2.44	2.45	2.48	2.48	2.55	2.40	2.64	2.64
Mill recovery	85.9%	87.4%	86.6%	87.2%	83.9%	81.0%	83.3%	86.7%
Gold produced (ozs)	6,111	6,964	5,847	6,240	6,053	5,559	6,345	5,490
Silver produced (ozs)	9,881	11,067	8,881	9,835	9,174	9,639	9,725	7,992
Total Company								
Gold produced (ozs)	51,699	37,039	46,075	39,008	40,879	39,111	38,229	31,489
Silver produced (ozs)	45,491	34,135	44,691	41,679	42,389	37,632	43,722	38,426

(1) Comprises the El Silencio, Providencia and Sandra K mines.
(2) Gold production includes additional ounces recovered from the mill circuit during the period. Tonnes milled, head grade and mill recovery statistics do not include any data related to these additional gold ounces produced.
(3) Segovia Operations' production data for the third quarter of 2017 reflects the impact of a 42-day civil disruption that slowed down mining and milling operations.
(4) Comprises other small mining operations within the Company's mining title that are operated by miners under contract to deliver the ore mined to the Company's Maria Dama plant for processing. Production from these sources is not included in the Company's Mineral Resource estimate.

Revenues

($000's except ounce and $/oz data)	Fourth Quarter 2017	Fourth Quarter 2016	Year 2017	Year 2016
Gold				
Ounces sold	56,100	41,357	173,645	148,962
Average realized price ($/oz)	1,252	1,201	1,226	1,218
Silver				
Ounces sold	49,145	47,786	166,235	179,569
Average realized price ($/oz)	14	15	14	14
Revenues				
Gold	$ 70,243	$ 49,671	$ 212,962	$ 181,503
Silver	695	695	2,403	2,571
	$ 70,938	$ 50,366	$ 215,365	$ 184,074

Revenues of $70.9 million in the fourth quarter of 2017 brought the total revenues for 2017 to $215.4 million, up 17% over last year. Revenues rebounded in the fourth quarter of 2017 after the adverse impact of the civil disruption at Segovia on gold sales volume in the third quarter of 2017. Fourth quarter 2017 revenues were up 41% over the fourth quarter last year, benefitting from 36% higher gold sales volumes, driven by this year's production growth at Segovia, and 4% higher realized gold prices. Annual revenues for 2017 reflected the 17% increase in gold sales volume compared with last year and the impact of 1% higher spot gold prices on the Company's average realized gold prices.

Cost of sales

	Fourth Quarter 2017	Fourth Quarter 2016	Year 2017	Year 2016
Production costs	$ 37,981	$ 28,406	$ 118,135	$ 99,003
Production taxes	3,028	2,259	9,263	7,990
Workforce reduction costs	-	-	-	728
Provision for environmental discharges	-	(150)	787	86
Depreciation, depletion and amortization	6,785	3,933	18,367	12,546
Total cost of sales	$ 47,794	$ 34,448	$ 146,552	$ 120,353
Total cash costs per ounce (1)				
Production costs	$ 677	$ 687	$ 681	$ 664
Production taxes	54	55	53	54
Workforce reduction costs	-	-	-	5
By-product credits (silver)	(12)	(17)	(14)	(17)
	$ 719	$ 725	$ 720	$ 706

(1) See "Non-IFRS Measures" on pages 25-28.

The Company's total cash cost increased to $720 per ounce in 2017 from $706 per ounce last year as a result of an increase in Marmato's production costs on a per ounce basis compared with last year and the adverse impact on production costs at the Segovia Operations of the 42-day civil disruption during the third quarter of 2017.

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

	2017					2016				
	Year	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	Year	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
Segovia Operations	$664	$662	$700	$620	$690	$655	$664	$672	$627	$659
Marmato Underground	1,049	1,109	958	1,062	1,061	981	1,023	1,094	933	847
Company average	$720	$719	$748	$676	$748	$706	$725	$728	$680	$685

At the Company's Segovia Operations (which represented approximately 86% of total gold sales in 2017), total cash costs per ounce averaged $664 per ounce in 2017 compared with an average of $655 per ounce in 2016. Segovia's production costs were adversely impacted by the 42-day civil disruption which occurred during the third quarter of 2017. Although certain operating costs are variable in nature, such as the amounts paid to contract miners based on gold production and production taxes, other costs associated with the operation and maintenance of the mines are more fixed in nature and could not be fully reduced to offset the impact on production of the civil disruption. In addition, in the latter part of 2017, the Company started receiving additional, higher cost high-grade material from the contract miners operating in the Providencia and El Silencio mines which raised Segovia's total cash cost per ounce in the fourth quarter of 2017, offset partially by the positive impact of the increased production level on reducing fixed costs on a per ounce basis. The Company expects that Segovia's total cash costs will remain below $700 per ounce in 2018.

At the Company's Marmato Underground mine (which represented approximately 14% of total gold sales in 2017), total cash costs per ounce increased from $981 per ounce in 2016 to $1,049 per ounce in 2017 reflecting an increased level of production costs on a per ounce basis. The Company expects that Marmato's total cash costs per ounce in 2018 will remain below 2017's annual average.

Social contributions

	Fourth Quarter		Year	
($000's)	2017	2016	2017	2016
Segovia social contributions	$ 1,274	$ 836	$ 3,925	$ 3,158
Road paving in municipality of Marmato	-	-	174	-
	$ 1,274	$ 836	$ 4,099	$ 3,158

The Company is required to make contributions to a trust account to fund social programs in Segovia in each quarter in which the Segovia Operations produce a minimum of 15,000 ounces of gold. The amount of the contributions is determined by a formula based on gold production and tied to the spot price of gold. The increased production level at Segovia and higher spot gold prices in the fourth quarter of 2017 compared with the fourth quarter last year, both as explained elsewhere in this MD&A, contributed to the increase in social contribution expense for the fourth quarter of 2017 compared with the fourth quarter last year. For the full year 2017, social contribution expense increased compared with last year primarily as a result of the year-over-year increase in Segovia's gold production. In addition, the Company's mining operation at Marmato funded the paving of a section of the road linking the main trunk from Medellin to the south of the country with the municipality of Marmato, benefitting some 7,500 people in the local community who use the road.

Other items

($000's)	Fourth Quarter 2017	Fourth Quarter 2016	Year 2017	Year 2016
G&A expenses	$ 1,899	$ 2,573	$ 7,674	$ 7,082
Pre-tax impairment (reversal) charges	-	17,008	(45,307)	17,008
Share-based compensation	52	-	634	548
Finance costs	8,373	7,614	32,311	32,843
Wealth tax expense	-	-	918	2,231
Loss (gain) on financial instruments	(1)	346	(55)	(18,815)
Income taxes	6,742	1,521	31,594	14,839

G&A expenses in 2017 amounted to $7.7 million, up from $7.1 million last year as a result of additional legal fees incurred in 2017 by the Company in connection with the ongoing discussions with the Colombian government and others involved in the illegal miner issues at Segovia. The Company expects that its 2018 annual G&A expenses will remain below $8.0 million.

In light of the increased Mineral Resource estimate reported in April 2017 and the resultant update of the LOM plan for the Segovia Operations (see page 6), the Company completed an assessment of the recoverable amount of this cash generating unit in the second quarter of 2017, taking into account future LOM after-tax cash flows and estimates of future metals prices, operating costs, capital expenditures, inflation and foreign exchange rates. The Company recorded a $45.3 million ***reversal of impairment*** ($30.4 million after-tax) in the second quarter of 2017 in respect of its Segovia Operations reflecting the impact on the estimated recoverable amount of the extension of Segovia's expected mine life by four years to 2026 and a $50 increase in the expected long-term gold price to $1,250 per ounce. In the fourth quarter of 2016, the Company completed an assessment of the carrying value of the remaining construction in process assets associated with the new 2,500 tonnes per day processing plant at Segovia. Based on its then-current mine plan, the Company determined that for the foreseeable future, the new plant would not be required. Certain equipment originally acquired for the new plant has already been incorporated into upgrades at the existing Maria Dama plant and the Company expects that it will recover the carrying value of certain other components through upgrades of its existing processing plants or sale. However, the Company recorded an impairment charge of $17.0 million ($11.4 million after-tax) in the fourth quarter of 2016 for expenditures associated with earthworks, buildings and project related overheads which may not be recoverable.

The Company recorded ***share-based compensation expense*** of $0.6 million in 2017 and $0.5 million in 2016 related to the grant and vesting of 1.2 million stock options and 0.8 million stock options, respectively, to directors, management and employees. The stock options granted in the current and prior years both have terms of five years and have an exercise price of CA$2.55 per common share.

Finance costs amounted to $8.4 million in the fourth quarter of 2017, bringing the total for 2017 to $32.3 million, down $0.5 million compared with last year. Finance costs comprise four primary categories as follows:

- *Interest expense - $8.3 million in 2017*, down $1.5 million compared with 2016. Of this total, interest on the Senior Debentures is the largest component, amounting to $6.9 million in 2017, down $0.2 million compared with 2016, as a result of the reduction in the aggregate principal amounts of the Senior Debentures issued and outstanding through holders' conversions, NCIB purchases and the partial redemption of the 2020 Debentures at the end of July 2017, partially offset by the impact of the 2%

increase in the annual coupon of the 2024 Debentures issued on May 31, 2017. The balance of the interest expense is related to the local Colombian bank debt and finance leases, accounts payable in arrears and amounts payable for mining titles and compensation agreements at the Marmato Project, which has decreased by $1.3 million in 2017 compared with last year as a result of the Company's efforts in 2016 to reduce amounts in arrears.

- *Non-cash accretion of the debt discount on the Senior Debentures - $21.9 million in 2017* compared with $19.2 million in 2016. The fair values assigned by the Company to the 2018 Debentures and the 2020 Debentures on the Exchange Date and to the 2024 Debentures on May 31, 2017 reflect a discount to their total principal amount. The debt discount is being accreted to the carrying values of the Senior Debentures over the remaining terms of the debentures using the effective interest method. As of December 31, 2017, there is a total of $42.1 million of unamortized debt discount remaining to be accreted.
- *Non-cash accretion of financial obligations - $2.1 million in 2017* compared with $1.6 million in 2016. The Company has financial obligations associated with its funding of health plan contributions at Segovia, decommissioning liabilities at Segovia and Marmato Underground and environmental discharge 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.
- *Notes restructuring costs - $Nil in 2017*; $2.2 million in 2016, including $1.6 million for the fair value of the additional Gold Notes and Silver Notes issued to holders at the Exchange Date for the 2% restructuring fee included in the terms of the comprehensive debt restructuring. The balance pertains to the success fee paid to GMP Securities L.P., fees paid to the Company's various legal advisors and listing and other fees associated with the issuance of the Senior Debentures.

The Colombian government introduced a ***wealth tax*** in December 2014 applicable for the 2015 through 2017 fiscal years. The taxable basis accrued annually on January 1st of each year and was then payable in two instalments in May and September. The Company recorded wealth tax expense of $0.9 million in 2017, down from $2.2 million in 2016 as the maximum wealth tax rate decreased from 1.00% of gross equity in Colombia (minus allowable debts) held through branches or permanent establishments located in Colombia in 2016 to 0.40% in 2017. Under the December 2016 Colombian tax reform, the wealth tax expired after 2017.

The Company recorded a ***loss on financial instruments*** in 2017 in the amount of $0.1 million resulting from a $1.5 million loss from the partial redemption and the buyback of 2020 Debentures through the NCIB during the year, offset by a $1.4 million gain recognized in the second quarter of 2017 on the extension of a portion of the 2020 Debentures to 2024, representing the excess of the carrying value of the portion of the 2020 Debentures exchanged for 2024 Debentures over the estimated fair value of the 2024 Debentures, net of transaction costs of approximately $0.3 million. In 2016, the Company recorded a net gain on financial instruments totalling $18.8 million that included mark-to-market ("MTM") gains on the estimated fair values of the Gold Notes and the Silver Notes at the Exchange Date of $7.1 million and $9.9 million, respectively, in the period prior to the Exchange Date. The net gain on financial instruments in 2016 also included gains totalling $2.7 million on the settlement of the unpaid and arrears interest on the Gold Notes and the Silver Notes at the Exchange Date that were realized through the issuance of additional Gold Notes and Silver Notes to holders in lieu of cash and $0.9 million of losses and costs related to repurchases of 2018 and 2020 Debentures through their respective NCIBs.

The Company recorded a ***provision for income taxes*** in 2017 of $31.6 million, representing an overall effective tax rate of 46%, up from $14.8 million (80% effective tax rate) in 2016 as a result of the increase in

pre-tax income in 2017 to $68.4 million compared with $14.8 million in 2016. In addition, the effective income tax rate on the Company's reported pre-tax income will ordinarily vary from the expected provision for income taxes based on the 26.5% combined statutory tax rate in Canada as a result of differences in tax rates in Colombia and other foreign jurisdictions, non-deductible expenses, the impact of foreign exchange on the provision for income taxes, the tax impact of future tax rate differences, the tax impact on debt discount of Senior Debentures' conversions and other less individually significant items. Under the December 2016 tax reform, the corporate tax rate (including surcharge) in Colombia is 40% in 2017, 37% in 2018 and 33% thereafter.

The Company reported ***net income*** of $4.9 million, or $0.23 per share, for the fourth quarter of 2017 compared with a net loss of $15.3 million, or $0.82 per share, in the fourth quarter last year, which included an $11.4 million after-tax impairment charge. For the full year, 2017's net income was $36.8 million, or $1.81 per share, including a $30.4 million after-tax ($1.49 per share) reversal of impairment related to the Segovia Operations, compared with $3.7 million, or $0.30 per share, in 2016.

After adjustments to the net income in accordance with IFRS for the after-tax reversal of impairment, the after-tax accretion of the Senior Debentures' discounts included in finance costs, the tax recovery on the Senior Debentures' conversions, the after-tax MTM gains on Gold and Silver Notes in 2016 and certain other items as set out in the reconciliation on page 27 of this MD&A, the Company reported ***adjusted net income*** of $9.1 million, or $0.44 per share, in the fourth quarter of 2017, up from $3.4 million, or $0.19 per share, in the fourth quarter last year. For the full year, 2017's adjusted net income amounted to $23.0 million, or $1.13 per share, compared with $15.6 million, or $1.26 per share, last year. The improvement in 2017's annual adjusted net income compared with last year reflects the positive impact on income from operations of the higher gold production this year, lower financing costs due to debt reductions and a decrease in Colombian wealth tax compared with the prior year.

Summary of Quarterly Results

$000's except ounce, per ounce and per share data	2017 4th Qtr	2017 3rd Qtr	2017 2nd Qtr (5)	2017 1st Qtr	2016 4th Qtr	2016 3rd Qtr	2016 2nd Qtr	2016 1st Qtr
Operating data:								
Gold produced (ounces)	51,699	37,039	46,075	39,008	40,879	39,111	38,229	31,689
Gold sold (ounces)	56,100	33,932	45,179	38,434	41,357	39,017	38,902	29,686
Average realized gold price (1)	$ 1,252	$ 1,246	$ 1,225	$ 1,174	$ 1,201	$ 1,296	$ 1,216	$ 1,144
Silver sold (ounces)	49,145	31,467	44,199	41,424	47,786	39,723	50,705	41,355
Average realized silver price (1)	$ 14	$ 14	$ 15	$ 15	$ 15	$ 17	$ 14	$ 13
Total cash costs (1, 2)	719	748	676	748	725	728	680	685
All-in sustaining cost (1, 2)	899	970	884	941	899	863	811	790
Financial data:								
Revenue								
Gold	$ 70,243	$ 42,287	$ 55,326	$ 45,106	$ 49,671	$ 50,567	$ 47,316	$ 33,949
Silver	695	450	647	611	695	657	698	521
Total	70,938	42,737	55,973	45,717	50,366	51,224	48,014	34,470
Cost of sales	47,794	30,113	35,634	33,011	34,448	32,383	30,083	23,439
G&A	1,899	1,992	1,956	1,827	2,573	1,541	1,663	1,305
Impairment (reversal) charges and loss on disposals of mining interests	-	-	(45,307)	-	18,203	-	-	-
Share-based compensation	52	-	-	582	-	-	-	548
Social contributions	1,274	779	1,200	846	836	808	957	557
Income (loss) from operations	19,919	9,853	62,490	9,451	(5,694)	16,492	15,311	8,621
Finance costs, net of income	(8,300)	(8,020)	(7,911)	(7,774)	(7,542)	(7,815)	(8,033)	(9,132)
Gain (loss) on financial instruments	(1)	(1,196)	1,142	-	(346)	(528)	-	19,689
Wealth tax	-	-	16	(934)	-	-	61	(2,292)
Foreign exchange and other	20	(107)	(271)	65	(151)	103	(8)	(188)
Income (loss) before taxes	11,638	530	55,466	808	(13,733)	8,252	7,331	16,698
Income tax (provision) recovery	(6,742)	(1,577)	(21,683)	(1,592)	(1,521)	(180)	(7,266)	(5,872)
Net income (loss)	4,896	(1,047)	33,783	(784)	(15,254)	8,072	65	10,826
Per share								
Basic	0.23	(0.05)	1.65	(0.04)	(0.82)	0.52	0.01	1.68
Diluted	0.11	(0.05)	0.40	(0.04)	(0.82)	0.13	0.01	0.15
Adjusted EBITDA (2)	26,758	13,844	21,263	13,591	16,447	19,712	18,299	11,586
Adjusted net income (2)	9,137	3,835	6,839	3,084	3,430	8,103	3,857	251
Adjusted per share (2) (3)								
Basic	0.44	0.19	0.33	0.16	0.19	0.52	0.42	0.04
Diluted	0.11	0.06	0.08	0.04	0.05	0.10	0.05	0.01
Excess Cash Flow (2) (4)	8,659	2,293	3,228	2,276	503	112	2,276	23

(1) Per ounce sold.
(2) Refer to "Non-IFRS and Additional Financial Measures" on pages 25-28.
(3) Per share information has been adjusted to reflect the 1:15 consolidation completed on April 25, 2017.
(4) As defined by the indentures for the Senior Debentures. See page 26 for the reconciliation for the fourth quarter and year ended December 31, 2017 and 2016.
(5) Net income for the second quarter of 2017 has been adjusted from the amounts previously reported to correct the amount of reversal of impairment and tax expense related to extension of 2020 Debentures to 2024. The reversal of impairment has been reduced by $7.6 million for accumulated foreign exchange impact on the initial impairment of the Segovia Operations

and to reduce income taxes have been reduced by $2.5 million for the related tax effect. Also, income taxes were reduced by $2.7 million for the tax effect on contributed surplus associated with the issuance of the 2024 Debentures. The correction of these amounts will be reflected prospectively in future filings containing financial information for the second quarter and first half of 2017 and for the first nine months of 2017.

Liquidity and Capital Resources

With the 2018 Debentures maturing in August 2018, at December 31, 2017, the $33.9 million carrying value of the debt obligation is included in current liabilities and the corresponding cash in trust in the sinking fund is included in current assets. This increases the Company's working capital deficit to $39.6 million compared with $11.3 million at the end of 2016. However, pursuant to the terms of the indenture for the 2018 Debentures, the Company has the option of issuing common shares to settle this obligation at maturity in August 2018, subject to the share price being above $1.95 per share. If the share price is below $1.95 per share at maturity, the Company must pay 19% of the principal amount outstanding in cash, equivalent to approximately $8.4 million based on the issued and outstanding balance as of March 27, 2018, and the balance of 81% of the aggregate principal amount can be settled by issuance of common shares. At December 31, 2017, the Company has accumulated $4.3 million of cash in the sinking fund for the 2018 Debentures and the Company believes that it will be able to generate the remaining funds required to settle the cash portion of the 2018 Debentures at maturity, if necessary, from its Excess Cash Flow. The principal amount of the 2018 Debentures outstanding at maturity is also subject to change if holders elect to convert their debt into shares prior to maturity or if holders elect to accept the Company's offer to settle their debt ahead of maturity (see *Subsequent Event* discussion on page 5).

In 2017, the Company maintained its focus on reducing its operating working capital deficit (excluding the 2018 Debentures and sinking fund) which improved to $9.9 million at December 31, 2017 from $11.3 million at December 31, 2016, key components of which include:

- *Cash - $3.3 million*; up $0.6 million from the end of 2016 after reflecting $16.4 million of Excess Cash Flow (see computation on page 24 of this MD&A) generated in 2017 that has been deposited to the sinking funds for the Senior Debentures, of which $2.1 million was used under the NCIB to repurchase 2020 Debentures at a discount for cancellation and $3.0 million was used for a partial redemption of the 2020 Debentures at par.
- *Accounts receivable – current portion of $14.4 million*, up $3.0 million from December 31, 2016 principally due to a $2.5 million increase in recoverable VAT as certain refund claims were delayed and subsequently received in early 2018.
- *Inventories - $12.9 million,* up $2.1 million from the end of 2016 primarily as a result of an increase in materials and supplies to support the expansion and modernization of the Segovia Operations.
- *Accounts payable and accrued liabilities - $18.8 million*, up $2.1 million from December 31, 2016, largely driven by the impact of the Company's production growth and increased level of capital expenditures in 2017. The Company is maintaining the aging of its suppliers' accounts in line with normal terms.
- *Amounts payable for acquisitions of mining interests - $11.0 million* related to the Marmato Project, about the same as December 31, 2016. Of the total amounts payable at December 31, 2017, $10.7 million relates to compensation agreements with artisanal miners in the Croesus area of the Marmato Project. Payments related to these compensation agreements have been suspended since 2013 and the Company is currently evaluating its options with respect to these obligations in light of its expected future underground development activities.
- *Current portion of long-term debt, excluding the 2018 Debentures - $0.4 million*, down from $1.2 million at December 31, 2016, for payments over the next 12 months under finance leases for mining and other equipment at the Segovia Operations. The Company made the final repayments of its local Colombian

bank term loan at maturity in the third quarter of 2017.

- *Current portion of provisions - $4.0 million*, up from $3.3 million at December 31, 2016. The December 31, 2017 balance includes $0.7 million for the next 12 monthly payments to fund the ongoing health plan obligations at the Segovia Operations and $3.3 million related to the payments to be made over the next 12 months for environmental discharge fees at Segovia related to 2012 through 2017.
- *Income tax payable - $8.4 million,* up from $6.1 million at December 31, 2016. The increase in 2017 reflects $18.7 million of current provision for income taxes recorded against earnings for 2017, principally associated with the Company's Colombian mining operations, net of $16.9 million of income taxes paid (mainly in the first half of the year) during the year.

Operating activities

Net cash provided by operating activities in 2017 amounted to $50.5 million, a $17.3 million increase over 2016. Factors contributing to this year-over-year increase included the positive impact of the increased production levels in 2017 on operating cash flow together with an $11.8 million decrease in cash used for non-cash working capital items (VAT in arrears and supplier payment programs in 2016) and a $5.6 million decrease in equity and wealth tax payments, partially offset by a $7.4 million net increase in income taxes paid in 2017 compared with the same period last year.

Investing activities

Cash used in investing activities in 2017 largely represented additions to mining interests in the amount of $25.0 million as follows:

- *Sustaining capital expenditures*. The Company incurred $26.1 million of sustaining capital expenditures in 2017, including $23.9 million at the Segovia Operations, $1.5 million at the Marmato Underground mine, $0.6 million on the Marmato Project and less than $0.1 million at its new corporate office in Toronto;
- A $0.5 million decrease in *amounts payable for the acquisitions of mining interests,* principally related to mining titles at the Marmato Project (refer to discussion on page 15); and,
- A $1.6 million increase in *accounts payable and accrued liabilities* related to capital expenditures during 2017.

Sustaining capital expenditures at the Segovia Operations of $23.9 million in 2017 included (i) $9.8 million for exploration and mine development, including the 2017 drilling program of 17,500 meters, (ii) $9.3 million for the mines including completion of a ventilation shaft at the Providencia mine, commencement of ventilation improvements at the El Silencio mine, installation of mine refuge stations, mine equipment and other infrastructure upgrades, (iii) $3.3 million for further upgrades of equipment in the Maria Dama plant and laboratory, including initiation of the project to expand the tailings storage facility, and (iv) $1.5 million related to the installation of a water treatment plant as part of the Company's plan to improve the quality of water being discharged into the environment from dewatering of the mines and tailings ponds. It should also be noted that the Company completed a number of initiatives in the third quarter of 2017 that have eliminated the discharge of excess operational waters to the environment, thereby reducing future environmental discharge fees.

In 2017, the Company received $0.4 million of the amounts receivable from the sale of its CIIGSA refinery interest in May 2015. As of December 31, 2017, there is a balance of $0.7 million to be received in one final instalment in April 2018.

Financing activities

In 2017, the Company used a total of $25.4 million of its operating cash flow to fund financing activities, including $7.9 million of net interest payments, of which $6.9 million related to the Senior Debentures, and $1.2 million of long-term debt repayments. The Company also deposited $16.4 million of Excess Cash Flow into the sinking funds for the Senior Debentures, of which $2.1 million was used to fund the repurchase and cancellation of 2020 Debentures and $3.0 million was used to fund the partial redemption of 2020 Debentures on July 31, 2017.

Excess Cash Flow and Sinking Funds for the Senior Debentures

The Company is obligated to pay 25% and 75% of its Excess Cash Flow (as defined on page 23) into separate sinking funds for the 2018 Debentures and the 2020/2024 Debentures, respectively. The payments are to be made no later than five business days following the date on which the Company files its financial information each quarter. To date, the Company has deposited a total of $4.8 million and $14.5 million into the sinking funds for the 2018 Debentures and the 2020/2024 Debentures, respectively, in connection with its Excess Cash Flow for 2016 ($2.9 million) and 2017 ($16.4 million). As noted on page 4 of this MD&A, the Company commenced NCIBs in July 2016 to repurchase debentures on the open market for cancellation to be funded by these sinking funds as permitted under the indentures for the Senior Debentures. As of December 31, 2017, after NCIB repurchases and the $3.0 million partial redemption of the 2020 Debentures on July 31, 2017, current cash in trust included $4.3 million of cash on deposit in the sinking fund for the 2018 Debentures and non-current cash in trust included $7.6 million of cash on deposit in the sinking fund for the 2020/2024 Debentures.

Colombian Finance Lease Facilities

The Company has three finance leases amounting to a total of approximately COP 1.3 billion (net of future interest) at December 31, 2017, equivalent to approximately $0.4 million, relating to the acquisition of mining and other equipment in Segovia. These finance leases are paid on a monthly basis over terms expiring through March 2019. The Company has the option to purchase the assets under lease at the end of the lease terms for a total of approximately $0.1 million.

Financial Instruments

The carrying value of accounts payable and accrued liabilities and amounts payable for property acquisitions approximates their respective fair values as they are short-term in nature. The carrying value of the long-term debt (excluding the Senior Debentures) approximates its fair value as it is at floating rates. The Senior Debentures are carried at amortized cost. Based on the quoted TSX closing market prices on December 29, 2017, the estimated fair values of the 2018 Debentures, 2020 Debentures and 2024 Debentures would be approximately $38.4 million, $46.3 million and $44.6 million, respectively.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

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;
- Indebtedness of the Company;
- Servicing indebtedness;
- Metal price volatility;
- Future production rates;
- Financing risks;
- 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 2018 Debentures:
    - Ranking; absence of covenant protection; financing the change of control provision; market for the 2018 Debentures; dilution and potential material change of control; and requirement to sell common shares in certain circumstances;
- Risks related to the 2020 Debentures and 2024 Debentures:
    - Ranking; collateral; voiding the 2020/2024 Debentures or guarantees; bankruptcy and insolvency laws; subordinated collateral; reduction of pool of assets securing the 2020/2024 Debentures; release of collateral; perfecting security interests; financing the change of control provision; no public market for 2020/2024 Debentures; dilution and potential material change of control; and requirement to sell common shares in certain circumstances;
- Tax risks related to the Debentures;
    - Change in tax laws; withholding tax and participating debt interest;
- Interest rate risk;
- Price risk;
- Currency risk;
- Regulatory approvals;
- Environmental permits;
- Changes in legislation;
- Corruption;
- Labour matters and employee relations;
- Economic and political factors:
    - Colombia:
        - Emerging market country; economic and political developments; exchange controls; decline in economic growth; seizure or expropriation of assets; local legal and regulatory systems; Colombia – less developed country; sanctions by the United States government; and guerilla and other criminal activity;
    - Venezuela;
- Use of and reliance on experts outside Canada;

- Operating history in Colombia;
- Integration risks;
- Governmental regulation and permitting;
- Decommissioning liabilities;
- Shortage of experienced personnel and equipment;
- Potential conflicts of interest;
- Possible volatility of stock price;
- Repatriation of earnings;
- Enforcement of civil liabilities;
- Forward-looking information may prove inaccurate;
- Infrastructure;
- Joint ventures;
- Competition;
- Dividends;
- Service of process and enforcement of judgments outside Canada; and
- Other risks.

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

Readers are encouraged to read and consider the risk factors more specifically described in the Company's Annual Information Form dated as of March 27, 2018 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.

Accounting Policy Changes

On January 19, 2016, the IASB issued Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12). The amendments apply retrospectively for annual periods beginning on or after January 1, 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences. The implementation of this amendment did not have a material impact on the Company's consolidated financial statements.

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows. The amendments apply prospectively for annual periods beginning on or after January 1, 2017. These amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The implementation of this amendment did not have a material 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 consolidated financial statements are consistent with those applied and disclosed in Notes 3 and 4 to the Company's consolidated financial statements for the year ended December 31, 2017, including:

- Exploration and evaluation;
- Assets' carrying values and impairment charges;
- Income taxes;
- Mineral reserves and resources;
- Purchase price allocations;
- Impairment;
- Amortization and depletion of mineral properties;
- Fair values of the Gold and Silver Notes and Senior Debentures; and
- Decommissioning liabilities.

Recent Accounting Pronouncements

Accounting Standards Not Yet Adopted

The following new standards, and amendments to standards and interpretations, are not effective for the year ending December 31, 2017, and have not been applied in preparing the Company's consolidated financial statements.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). The standard replaces IAS 11, Construction Contracts, IAS 18, Revenue, IFRS Interpretations Committee ("IFRIC") 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfer of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. The Company has completed a preliminary analysis of the new standard and has concluded that implementation of the new standard will not have a material impact on the measurement of the Company's revenue.

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

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption provided that IFRS 15 is also adopted. The objective of IFRS 16 is to bring all leases on-balance sheet for lessees. IFRS 16 requires lessees to recognize a "right of use" asset and liability calculated using a prescribed methodology. The Company is in the process of identifying and evaluating all leasing contracts that may be impacted by IFRS 16. The Company plans to complete the analysis on the impact of adopting IFRS 16 in its financial statements by the end of 2018.

In June 2016, the IASB issued amendments to IFRS 2, Share-based Payments which include guidance on how to measure the fair value of the liability incurred in a cash-settled share-based payments and clarifies that a cash-settled share-based payment is measured using the same approach as for equity-settled share-based payments (i.e. the modified grant date method). The amendments also clarify the conditions under which a share-based payment transaction with employees settled net of tax withholding is accounted for as equity-settled. Additional amendments clarify the accounting for modifications to plans that result in plans changing from equity to cash settled. Companies are required to apply the amendments for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company believes that implementation of the new standard will not have a material impact in its financial statements in future periods.

In December 2016, the IASB issued IFRIC 22, Foreign Currency Transactions and Advance Consideration ("IFRIC 22"), which clarifies the date that should be used for translation when a foreign currency transaction involves an advance payment or receipt. IFRIC 22 is applicable for annual periods beginning on or after January 1, 2018. The Company is in the process of determining the impact of IFRIC 22 on its financial statements.

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

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Disclosure controls and procedures and internal controls over financial reporting have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for evaluating the disclosure controls and procedures and internal controls over financial reporting. In making its assessment of internal controls, management used the *Internal Control – Integrated Framework (2013)* published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures and internal controls over financial reporting were effective as at December 31, 2017. There have been no changes in the Company's internal controls over financial reporting during the three months ended December 31, 2017 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 adjusted EBITDA, Excess Cash Flow, adjusted net income or loss and total cash costs (by-product) and AISC on a per ounce basis. These non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to other issuers. The Company reports total cash costs and AISC on a sales basis. In the gold mining industry, this is a common performance measure but does not have any standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's underlying performance of its core operations and its ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Non-IFRS measures referred to in this MD&A are defined as follows:

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

"*Excess Cash Flow*" is a term defined under the amended and restated indentures for the Company's Senior Debentures and represents adjusted EBITDA less capital, development and exploration expenditures, cash payments of principal and interest on debt, changes in non-cash working capital items and payment of taxes and certain other existing financial obligations of the Company.

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

"total cash costs per ounce" on a by-product basis is calculated by deducting by-product silver sales revenues from production cash costs, workforce reduction 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" includes total cash costs per ounce (as defined above) and adds the sum of G&A, sustaining capital and certain exploration and evaluation ("E&E") costs and a provision for environmental discharge fees, if applicable, all divided by the number of ounces sold. As this measure seeks to reflect the full cost of gold production from current operations, new project capital is not included in the calculation of AISC per ounce. Additionally, certain other cash expenditures, including income and equity tax payments and financing costs, are not included.

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

	Fourth Quarter		Year	
	2017	2016	2017	2016
Net income (loss)	**$ 4,896**	**$ (15,254)**	**$ 36,848**	**$ 3,709**
Depreciation and amortization	6,787	3,938	18,416	12,563
Impairment (reversal) charges	-	17,008	(45,307)	17,008
Loss on disposals of mining interests	-	1,195	-	1,195
Share-based compensation	52	-	634	548
Finance costs, net of finance income	8,300	7,542	32,005	32,522
Wealth tax	-	-	918	2,231
Loss (gain) on financial instruments	1	346	55	(18,815)
Foreign exchange (gain) loss	(20)	151	293	244
Income taxes	6,742	1,521	31,594	14,839
Adjusted EBITDA	**$ 26,758**	**$ 16,447**	**$ 75,456**	**$ 66,044**

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

	Fourth Quarter		Year	
	2017	2016	2017	2016
Revenue	$ 70,938	$ 50,366	$ 215,365	$ 184,074
Cost of sales, excluding depreciation and amortization	(41,009)	(30,515)	(128,185)	(107,807)
G&A, excluding depreciation and amortization	(1,897)	(2,568)	(7,625)	(7,065)
Social contributions	(1,274)	(836)	(4,099)	(3,158)
Adjusted EBITDA	**$ 26,758**	**$ 16,447**	**$ 75,456**	**$ 66,044**

The following table provides a reconciliation of ***Excess Cash Flow***, as defined in the indentures for the Senior Debentures, to the consolidated financial statements:

	Fourth Quarter		Year	
	2017	2016	2017	2016
Adjusted EBITDA	**$ 26,758**	**$ 16,447**	**$ 75,456**	**$ 66,044**
Additions to mining interests	(7,044)	(5,533)	(24,967)	(16,710)
Repayment of long-term debt	(70)	(376)	(1,238)	(1,487)
Change in cash held for debt service	30	(27)	248	(157)
Interest paid, net	(2,155)	(2,554)	(7,917)	(10,462)
Debt restructuring costs paid	-	-	-	(1,714)
Repurchase costs for 2018 and 2020 Debentures	-	(60)	(42)	(60)
Equity and wealth taxes paid	-	(1,719)	(936)	(6,526)
Income taxes paid, net of refunds	(2,099)	(3,738)	(16,935)	(7,903)
Payments of health obligations	(250)	(192)	(871)	(1,186)
Environmental discharges fees paid	(1,661)	(67)	(2,693)	(1,259)
Proceeds received from sale of CIIGSA refinery	-	69	372	194
Changes in non-cash working capital items	(4,850)	(1,747)	(4,021)	(15,860)
Excess Cash Flow	**$ 8,659**	**$ 503**	**$ 16,456**	**$ 2,914**

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

	Fourth Quarter		Year	
	2017	2016	2017	2016
Net income (loss)	**$ 4,896**	**$ (15,254)**	**$ 36,848**	**$ 3,709**
(Reversal of impairment) impairment charge, net of tax	-	12,196	(30,355)	12,196
Loss (gain) on financial instruments, net of tax	1	254	41	(13,829)
Tax impact of conversions of Senior Debentures	-	-	67	(3,729)
Accretion of senior debt discount, net of tax	4,247	3,788	16,110	14,092
Foreign exchange loss (gain), net of tax	(7)	119	184	266
Impact of foreign exchange on provision for income taxes	-	2,327	-	2,936
Adjusted net income	**$ 9,137**	**$ 3,430**	**$ 22,895**	**$ 15,641**

Adjusted basic and diluted earnings per share were determined as follows:

	Fourth Quarter		Year	
	2017	2016	2017	2016
Adjusted net income	$ 9,137	$ 3,430	$ 22,895	$ 15,641
Add: Interest expense, net of tax	1,321	1,227	5,085	4,714
	$ 10,458	$ 4,657	$ 27,980	$ 20,355
Weighted average number of shares (000's)				
Basic	20,866	18,515	20,338	12,458
Add: Impact of conversions of Debentures	72,211	77,870	74,153	83,583
	93,077	96,385	94,491	96,041
Adjusted earnings per share				
Basic	**$ 0.44**	**$ 0.19**	**$ 1.13**	**$ 1.26**
Diluted	**0.11**	**0.05**	**0.30**	**0.21**

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

	Fourth Quarter		Year	
($000's except ounces and per ounce data)	2017	2016	2017	2016
Gold sales (ounces)	56,100	41,357	173,645	107,605
Total cash costs				
Production costs	$ 37,981	$ 28,406	$ 118,135	$ 99,003
Production taxes	3,028	2,259	9,263	7,990
Workforce reduction costs	-	-	-	728
Silver revenues	(695)	(695)	(2,403)	(2,571)
Total cash costs on a by-product basis	$ 40,314	$ 29,970	$ 124,995	$ 75,180
Total cash costs per ounce sold	**$ 719**	**$ 725**	**$ 720**	**$ 706**

($000's except ounces and per ounce data)	Fourth Quarter 2017	Fourth Quarter 2016	Year 2017	Year 2016
AISC				
Total cash costs on a by-product basis	$ 40,314	$ 29,970	$ 124,995	$ 105,150
G&A, excluding depreciation and amortization	1,897	2,568	7,625	7,065
Sustaining capital and E&E costs	8,216	4,777	26,068	14,361
Provision for environmental charges	-	(150)	787	86
Total AISC	$ 50,427	$ 37,165	$ 159,475	$ 126,662
AISC per ounce sold				
Total cash costs on a by-product basis	$ 719	$ 725	$ 720	$ 706
G&A, excluding depreciation and amortization	34	62	44	47
Sustaining capital and E&E costs	146	116	150	96
Provision for environmental charges	-	(4)	4	1
AISC per ounce sold	**$ 899**	**$ 899**	**$ 918**	**$ 850**

Sustaining capital expenditures are defined as those expenditures which do not increase annual gold ounce production and, if applicable, excludes all expenditures at the Company's special projects and certain expenditures at the Company's operations which are deemed by management to be expansionary in nature. The following table reconciles ***sustaining capital expenditures and E&E costs*** to the Company's total additions as reported in the consolidated statements of cash flows:

	Fourth Quarter 2017	Fourth Quarter 2016	Year 2017	Year 2016
Additions to mining interests				
Sustaining capital and E&E costs	$ 8,216	$ 4,777	$ 26,068	$ 14,361
Segovia plant expansion project	-	168	-	1,163
Change in accounts payable and accrued liabilities related to capital expenditures	(1,166)	112	(1,630)	(321)
Change in amounts payable for acquisitions of mining interests	(6)	470	529	1,501
Total additions to mining interests	**$ 7,044**	**$ 5,527**	**$ 24,967**	**$ 16,704**

Outlook

The Company started off 2018 with a total of 34,039 ounces of gold production in the first two months and expects to produce a total of 182,000 to 193,000 ounces of gold for the full year compared with the 173,821 ounces produced in 2017. Production growth will continue to be fuelled by the Company's mines at its high-grade Segovia Operations which are expected to produce between 158,000 and 167,000 ounces in 2018.

In 2018, the Company plans to execute a 20,000 meters drilling campaign to continue its efforts to upgrade and extend its mineral resources at the Segovia Operations, of which a total of 5,372 meters or approximately 27% of the program has been completed thus far. Capital investment in 2018 at the Segovia Operations will continue to focus on ongoing mine development at its Providencia and El Silencio mines, and commence mine development at its Sandra K mine, along with ongoing investments in mine infrastructure

upgrades, ventilation, health, safety and environmental initiatives, mine equipment and expansion of tailings storage facilities.

At Marmato, the Company completed a conceptual study in 2017 to consider the potential for underground mining operations combining the existing operating mine with the Deeps mineralization. In 2018, the Company will follow up with further technical studies and up to 10,000 meters of drilling leading toward the expected completion of a preliminary economic assessment by the end of the year.

The Company's total cash cost averaged $720 per ounce sold in 2017. In 2018, the Company expects that its total cash cost will increase slightly, averaging less than $735 per ounce sold for the full year, as a result of entering contracts in the latter half of 2017 for additional higher cost, high-grade material from the contract miners operating within its Providencia and El Silencio mines. The Company also expects that with its capital investment program in 2018, including the ongoing exploration activities at Segovia and execution of the drilling program and technical studies at Marmato, its AISC for the full year will increase from 2017's full year AISC average of $918 per ounce but will remain below $950 per ounce.

As outlined on page 5 under "*Subsequent Event – Proposed Refinancing of 2020 and 2024 Debentures and Option for Immediate Liquidity on 2018 Debentures",* the Company is pursuing the opportunity to refinance its 2020 Debentures and 2024 Debentures to implement new senior secured gold-linked notes with a continuing disciplined approach to reducing debt, providing the Company with access to its internally generated free cash flow to explore, expand and modernize its mining operations, and significantly reducing the potential dilution to the Company's shareholders compared with the current capital structure. The Company has also made a concurrent offer to holders of its 2018 Debentures to voluntarily settle their debt prior to maturity with a combination of cash and common shares. The Company continues to expect that it will use its option to settle its remaining 2018 Debentures at maturity in August with common shares to the maximum extent possible.

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, reductions of total cash costs and AISC per ounce sold and interest payments, sinking funds and NCIBs related to the Senior Debentures, involve known and unknown risks, uncertainties and other factors which may cause the actual actions, events and results to be materially different from estimated actions, events or results expressed or implied by such forward-looking statements. The Company believes the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "*Risk Factors*" in the Company's Annual Information Form dated as of March 27, 2018, 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.